



July 2020

Dear {Goes By},

Welcome to *In balance*, designed to provide you with the latest developments in financial reporting.

The AASB has amended AASB 16 to allow lessees to not treat COVID-19 related rent concessions as lease modifications in certain circumstances. Our publication "[Applying IFRS: Accounting for COVID-19 related rent concessions \(July 2020\)](#)" discusses how AASB 16, including this amendment is applied. We have also released a July 2020 version of our publication "[Accounting considerations of the coronavirus outbreak](#)" with expanded discussions on COVID-19 related accounting topics.

ASIC issued a media release to communicate focus areas for [financial reporting in the COVID-19 environment](#), following its [FAQs on COVID-19 implications for financial reporting and audit](#). The focus areas include asset values, provisions, solvency and going concern, subsequent events and disclosures in the financial report and operating and financial review. The AASB has issued a Staff FAQ with important reminders of various Australian accounting standards that may be applicable when accounting for [COVID-19 related government support](#). The AASB also issued a staff [FAQ on non-financial asset impairment](#).

The IASB has amended [IFRS 17 Insurance Contracts](#) based on feedback received on the ED. The standard is now effective from 1 January 2023. The main changes are summarised in our [Insurance Accounting Alert - IASB meeting \(June 2020\)](#).

Our webcast "Financial Reporting Considerations - Not For Profit Entities" is now available to [listen on demand](#).

Kind regards,
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Quick links

- [EY's IFRS website](#)
- [EY's Australian IFRS home page](#)
- [Illustrative Australian Company's financial report for 31 December 2019 \(and 30 June 2020\)](#)
- [Illustrative Australian SDS financial report for 30 June 2020](#)
- [EY International GAAP® 2020](#)

Hot topics



[AASB 2020-4 Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions](#)

The AASB has issued [AASB 2020-4](#) to amend AASB 16, providing relief to lessees when accounting for COVID-19 related rent concessions such as rent holidays and temporary rent reductions.

Our publication "[Applying IFRS: Accounting for COVID-19 related rent concessions \(July 2020\)](#)" discusses the application of this relief, the accounting if the relief is not elected and the accounting by the lessor.



[AASB Staff FAQs on accounting for Government support and impairment of non-financial assets](#)

The AASB has released Staff FAQs to remind entities of the various Standards that may be applicable when [accounting for government support](#) and [testing non-financial assets for impairment](#).



ASIC media release - Focuses for financial reporting under COVID-19 conditions

ASIC provided further information on focus areas for financial reporting in the COVID-19 environment for years ended 30 June 2020. This follows earlier guidance in its [FAQs on COVID-19 implications for financial reporting and audit](#).

ASIC's [Information Sheet 245 Board oversight of executive variable pay decisions during the COVID-19 pandemic](#) suggests additional disclosures in remuneration reports when boards make decisions to significantly reduce or cancel awards, or to pay amounts where targets have not been met.



IASB issues amendments to IFRS 17 Insurance Contracts

The IASB has amended IFRS 17 Insurance Contracts. The standard is now effective from 1 January 2023.

The key features of the amendments are set out in our [Insurance Accounting Alert - IASB Meeting \(June 2020\)](#).



EY Publication: Applying IFRS - Accounting considerations of the coronavirus outbreak (updated July 2020)

The July 2020 version of our publication "Accounting considerations of the coronavirus outbreak" includes expanded discussion on topics such as lease modifications and amendments to IFRS 16, hedge accounting, share based payments and alternative performance measures.

AASB news



Amendments to Australian Accounting Standards - Annual improvements 2018-2020 and other amendments

The AASB has issued [AASB 2020-3](#) with several small amendments to AASs including AASB 3, AASB 116 and AASB 137.

AASB 137 is amended to specify which costs to include when assessing whether a contract will be onerous, while AASB 116 is amended to require that net sales proceeds during an asset's preparation period to intended use be recognised in profit or loss- rather than deducted from the cost of the asset.

Our [IFRS Developments issue 169](#) elaborates on the amendments to AASB 3, which modify the application of the new Conceptual Framework for Financial Reporting, to business combinations.



ED 302: Minimum disclosures for certain for-profit entities' special purpose financial statements

The AASB issued [ED 302](#) which proposes minimum disclosures about accounting policies applied, when for-profit private sector entities continue to prepare special purpose financial statements.

IFRS news



June 2020 IASB Update

The summary of the June IASB meeting and the [Podcast](#) are now available.



June 2020 IFRS interpretations committee update

The June 2020 IFRS IC Update is now available.

The IFRIC also released two podcasts for [April](#) and [July](#) covering its activities during first and second quarters of 2020.



IASB webinar and webcast recordings

Recordings of the following webinar/webcast are now available:

- [Discussion Paper Business Combinations - Disclosures, Goodwill and Impairment](#) on 5 June 2020
- [Exposure Draft General Presentation and Disclosures](#) on 10 June 2020
- [A primer for investors on how to get the most out of companies' IFRS 9 and IFRS 7 disclosures](#)



Combinations of businesses under common control - one size does not fit all

This publication summarises and discusses the preliminary views reached in the research project on combinations of businesses under common control.



IASB defers the effective date of amendments to IAS 1

In response to the covid-19 pandemic, the IASB has deferred the effective date of amendments to IAS 1 on Classification of Liabilities as Current or Non-current by one year to 1 January 2023.

EY Publications



EY Oceania Financial Reporting Webcast - Recordings

Our EY Financial Reporting Webcasts are designed to keep you apprised of key developments in financial reporting. Recordings of recent webcasts are available to listen on demand.

[COVID-19 Financial Reporting Considerations \(June 2020\)](#)

[Leases: Implementation Challenges \(May 2020\)](#)

[Standards Setters Update \(May 2020\)](#)

[Service Concessions \(May 2020\)](#)

[Australian Framework Changes \(May 2020\)](#)



New Australian accounting pronouncements for 30 June 2020 year-end reports

Our publication "[New Australian accounting pronouncements for 30 June 2020 year-end reports](#)" provides an overview of the Australian accounting pronouncements issued as of 30 June 2020.



IFRS video: IBOR reform - IASB publishes phase two exposure draft

This video provides an overview of the IASB's proposed further amendments to IFRS in response to IBOR reform.



IFRS Developments 171 - sale and leaseback transactions with variable payments

This publication summarises IFRICs agenda decision on sale and leaseback transactions with variable payments.



IGAAP® disclosure checklist for interim condensed financial statements

This IFRS disclosure checklist is applicable for any interim periods for entities with a 31 December 2020 year end.

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