

EY Ireland Financial reporting update

September 2020



Building a better
working world

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Foreword

At EY, we strive to simplify complex accounting and reporting requirements for our clients. With that in mind, this publication brings together the significant changes in accounting standards, legal and regulatory requirements, as well as key enablers to help you respond to the changing landscape.

Many months after it broke, the COVID-19 situation remains a challenge to humans and the world economy. It also remains unclear how long it may take for the pandemic to fade away or for the global economy to recover. The pandemic and its uncertainties have therefore resulted in significant, unprecedented disruptions to businesses and the financial markets.

The accounting and disclosure implications of the pandemic on reporting entities range from narrow to extensive, depending on the circumstances. This publication highlights some of the key considerations for preparers to consider when addressing the financial effects of the COVID-19 pandemic in the preparation of financial statements.

We also discuss recent IFRS developments including, among other things, the COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases and the completion of the IBOR reform programme.

If you have any questions or would like to discuss how your company is impacted by any of the topics in this publication, please get in touch with your EY contact, who will be supported by the individuals below.



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Section 1: International Financial Reporting Standards (IFRS)

Amendment to IFRS 16 – COVID-19-Related Rent Concessions

In May 2020, the International Accounting Standards Board (IASB or the Board) issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases (the amendment). The amendment applies to annual reporting periods beginning on or after 1 June 2020 and provides practical reliefs to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The relief applies to lessees only. Lessors are required to apply the existing requirements of IFRS 16.

While the IASB permits early application of the amendment, the amendment is yet to be EU-endorsed. This triggered concerns on its eligibility for use in the EU. The FRC, in August 2020, confirmed [it will not pursue regulatory action](#) where issuers take advantage of the provisions contained in the amendment while it is still subject to EU adoption.

Also, ESMA, in an acknowledgement of the practical difficulties lessees may potentially face applying the existing IFRS 16 requirements to COVID-19-related rent concessions, has issued a [statement](#) recommending supervisory coordination by National Competent Authorities (NCAs) (in Ireland, IAASA) on accounting for COVID-19-related rent concessions.

NCAs therefore will not prioritise supervisory actions in relation to the application of the requirements for lease modifications contained in IFRS 16 as currently endorsed by the EU to COVID-19-related rent concessions that would otherwise fall within the scope of the amendment.

Where reporting entities apply the amendment, they are expected to disclose that fact in the notes to the financial statements.

Our [Applying IFRS: Accounting for COVID-19 related rent concessions \(July 2020\)](#) discusses how IFRS 16, including the recently issued amendments to IFRS 16's lessee guidance, is applied to rent concessions and is intended to help entities consider the effects of applying it.



ESMA Public statement on supervisory action on accounting for COVID-19 lease modification



[Applying IFRS: Accounting for COVID-19 related rent concessions \(July 2020\)](#)

IFRS accounting considerations of the Coronavirus outbreak

The COVID-19 pandemic continues to significantly impact the world economy; businesses are dealing with lost revenue and disrupted supply chains. In addition, various governments have announced measures to provide both financial and non-financial assistance to the disrupted industry sectors and the affected business organizations. Our August 2020 edition of [Applying IFRS, Accounting considerations of the coronavirus pandemic](#) provides accounting considerations for the financial effects of the coronavirus when preparing annual or interim IFRS financial statements in 2020. Disclosure considerations for interim financial reporting are also covered in this publication. The matters discussed are by no means exhaustive and their applicability depends on the facts and circumstances of each entity.



Applying IFRS, Accounting considerations of the coronavirus pandemic (Updated August 2020)

Previous editions in our *Applying IFRS, Accounting considerations of the coronavirus pandemic* include:



Accounting considerations of the coronavirus outbreak (Updated July 2020)



Accounting considerations of the coronavirus outbreak (Updated April 2020)



Accounting considerations of the coronavirus outbreak (Updated March 2020)



Accounting considerations of the coronavirus pandemic (February 2020)

While the February 2020 edition addresses the financial effects of the COVID-19 outbreak in preparing IFRS financial statements for the year ended 31 December 2019, the later editions provide guidance on a number of additional accounting and reporting considerations for the effects of the COVID-19 outbreak in the preparation of IFRS financial statements for the annual or interim reporting periods ending in 2020.

Applying IFRS - Impact of coronavirus on alternative performance measures and disclosures

Entities may consider using alternative performance measures (APMs) and disclosures to communicate the impact of the coronavirus outbreak. This [Applying IFRS](#) contains reminders for the relevant IFRS requirements for the inclusion of APMs, and regulators' guidelines for APMs. It also discusses ways of reflecting the impact of the outbreak in APMs and disclosures.



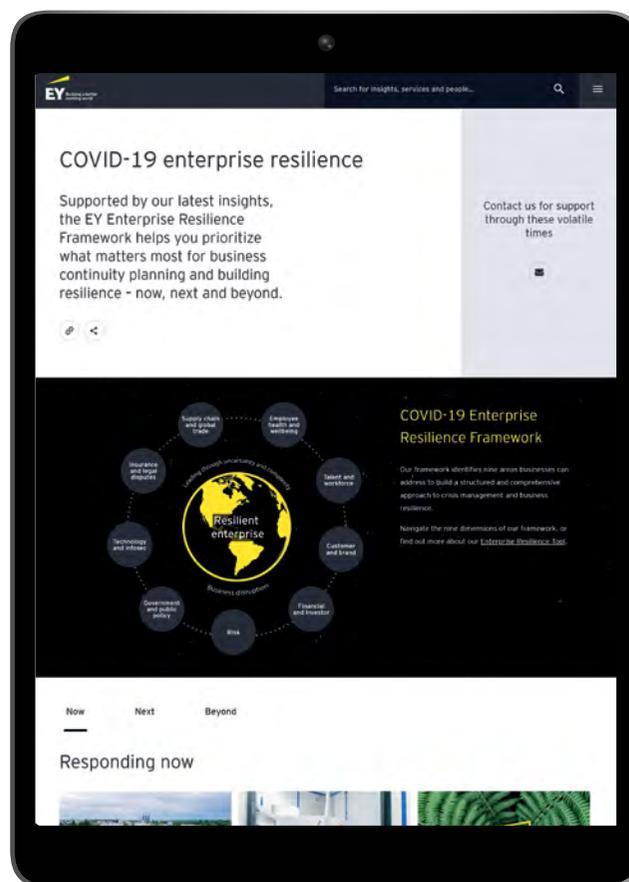
Applying IFRS - Impact of coronavirus on alternative performance measures and disclosures

Responding to COVID-19

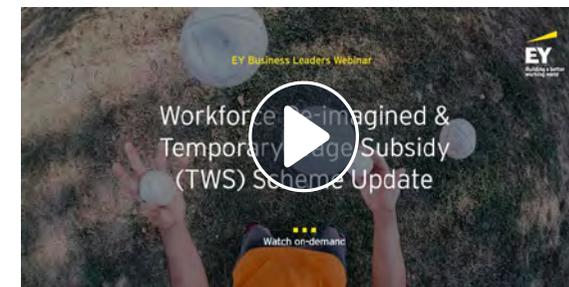
To assist entities as they navigate the business challenges imposed by the COVID-19 pandemic, we are offering a 30-day free trial to [EY Atlas Client Edition](#). The free trial is available to both EY clients and non-EY clients.

[EY Atlas Client Edition](#) is our accounting research platform that provides users direct access to a range of tools, content and financial reporting information. This online accounting guidance, information and thought leadership is an especially useful research tool as companies complete financial close processes in a time of unprecedented disruption.

Furthermore, on our [Responding to COVID-19](#) client support page, you will find our latest articles and webcasts that have been developed across our service lines and sectors, which can help support your response to COVID-19 volatilities.



EY Ireland COVID-19 [Business Leaders Webinar](#) are also available below.



EY Business Leaders webinar: *Workforce re-imagined and temporary wage subsidy scheme update*



EY Business Leaders webinar: *The Future Consumer*

The webinars are updated on an ongoing basis. Keep an eye on the dedicated [EY Ireland COVID-19 response website](#) where we continue to share our latest insights and guidance.

IASB completes its IBOR reform programme

On 27 August 2020, the IASB published Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the amendments). In this publication, we summarise the amendments, highlight the main changes since the Exposure Draft and provide our views.



IBOR reform programme

IFRS Update of standards and interpretations in issue at 30 June 2020

IFRS Update is an overview of upcoming changes in standards and interpretations issued by the IASB and the IFRS IC, as at 30 June 2020, that will be effective for the first time for reporting periods ended at that date or thereafter. It also summarises key features of selected IASB projects and recent IFRS IC agenda decisions.



IFRS Update of standards and interpretations in issue at 30 June 2020

IFRS adopted by the European Union - 30 June 2020

This publication provides an overview of the status of the EU endorsement process for IFRS at 30 June 2020 with an EU effective date after 1 January 2020.

Some standards and amendments are adopted by the EU with an effective date later than that established by the IASB. Therefore, the effective date of application in the EU is separately listed in this publication.



IFRS adopted by the European Union - 30 June 2020

EFRAG Endorsement Status Report

The latest [EFRAG endorsement status report](#) provides an overview of IFRS Standards and IFRS interpretations pending endorsement. It includes mention of the IASB effective date, an indication of when the various decisions, including final endorsement, are expected to be made and of whether the timetable is compatible with the IASB effective date.

The report further contains a list of all IFRS, amendments to IFRS and IFRS Interpretations endorsed in the EU, providing for each of them the date when it became effective in the EU, the date the endorsement decision was made and the date when it was published in the Official Journal of the European Union.



EFRAG Endorsement Status Report

EY IFRS Core Tools

EY IFRS illustrative financial statements

EY publishes a series of illustrative financial statements to assist reporting entities in the preparation of their own financial statements. The illustrative financial statements are intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of companies across a wide variety of industries. Certain disclosures are included in these financial statements merely for illustrative purposes, even though they may be regarded as items or transactions that are not material for Good Group; a fictitious, large publicly listed manufacturing company.

Commentaries are also provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. For a more comprehensive list of disclosure requirements, do refer to [EY's Online International GAAP® Disclosure Checklist](#).



Good Group illustrative consolidated financial statements (December 2020)



Good Group - Interim consolidated financial statements (March 2020)



Good First-time Adopter (International) Limited Consolidated Financial Statements (December 2019)



Good Real Estate Illustrative Financial Statements 2019

Other EY IFRS technical resources including practical technical guidance, latest thinking and tools from EY financial reporting professionals are available [here](#).



Contact us

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