

# The Impact of Coronavirus on Financial Reporting and Preparers of the Annual Financial Statements

April 2020

All preparers of Annual Financial Statements should consider the impact of the Coronavirus (COVID-19) on interim and annual financial statements.

## The following should be considered by preparers of Financial Statements

- Perform risk assessment procedures and assess the impact of COVID-19 on the entity and the financial report
- Assessment whether the impact of COVID-19 is **material** to the entity?
- Whether it has a **financial impact** on the entity?

### Examples of direct financial impact:

- ❖ Asset impairment / changes in assumptions for impairment testing
- ❖ Changes in the useful life of assets
- ❖ Change in FV of assets or NRV of inventory
- ❖ Changes in ECL for loans and other financial assets
- ❖ Increased costs and/or reduced demand for products and services affecting impairment calculations and / or requiring recognition of provisions
- ❖ Potential provisions and contingent liabilities arising from fines and penalties
- ❖ Uncertainty that cast significant doubt on the ability to continue as going concern (unknown duration of the impact)

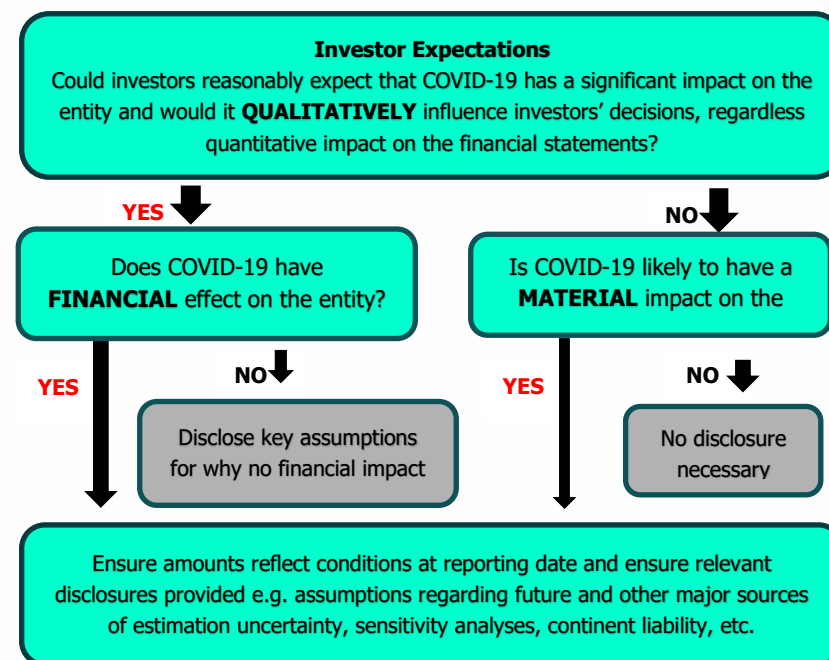
### Indirect financial impact:

- ❖ Customers, suppliers, financiers or investments in other entities leading to impairments, increased costs or reduced revenues

- Whether sufficient and appropriate **disclosures** is included in the financial statements?
- Consideration of events after the reporting date (**subsequent events**) and where these events or conditions should be accounted for as an adjusting or non-adjusting event
- Assessment whether the entity is considered to be a going concern in the foreseeable future by considering the impact of COVID-19 and relevant future information on the entity and its operations for at least, but not limited to, twelve months after reporting date.

*It is important that TCWG, CEO's, CFO' and preparers of the Annual Financial Statements discuss and assess the impact of COVID-19 at an early stage of the financial reporting process.*

## Considerations regarding the impact on the Annual Financial Statements



### Subsequent events

