

Beyond the GAAP

MAZARS' NEWSLETTER ON ACCOUNTING
STANDARDS

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EDITORIAL

Unsurprisingly, the financial statements at 30 June 2020 that have been published to date reflect the significant impact of the COVID-19 crisis on companies' financial positions. Given that the outlook for the second half of 2020 is still uncertain in many cases, issuers in particular will (unfortunately) need to draw once again on the guidance from standard-setters, regulators and the accounting profession issued to deal with the consequences of the crisis on the financial information.

Some companies will also need to spend time in the second half finalising the assessments carried out in order to determine lease terms under IFRS 16, in accordance with the IFRS Interpretations Committee decision in November 2019.

Finally, as previously announced, we present the IFRS IC's recent tentative agenda decision on reverse factoring.

Enjoy your reading!

Edouard Fossat

Carole Masson





IFRS highlights

IASB defers effective date of amendments to IAS 1 on classification of liabilities as current or non-current

On 15 July 2020, the IASB published an amendment to the amendments to IAS 1 (published in January 2020, cf. Beyond the GAAP no. 140 – January 2020). It defers by one year the effective date of these amendments, which relate to the classification of liabilities as current or non-current.

The amendments will now be mandatory for financial periods commencing on or after 1 January 2023 and shall be applied retrospectively. Early application is permitted.

IASB work plan updated

Following its July meeting, the IASB updated its work plan. The main changes, by theme, are as follows:

Standard-setting projects

- **Management Commentary:** an exposure draft to revise the IFRS Practice Statement is now scheduled for the first half of 2021 (previously the second half of 2020).
- **Rate-regulated Activities:** an exposure draft is now scheduled for the fourth quarter of 2020 (previously the second half of 2020).

Maintenance projects

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction:** the IASB will decide on the project direction for the proposed amendments to IAS 12 (published in July 2019) during the fourth quarter of 2020.
- **Lease Liability in a Sale and Leaseback:** the exposure draft of proposed amendments to IFRS 16, specifying how a seller-lessee should subsequently measure the liability arising from a sale-and-leaseback transaction with variable lease payments, is now scheduled for November 2020 (previously September 2020).

Research projects

- **Business Combinations under Common Control:** a Discussion Paper will be published in November 2020 (previously the third quarter of 2020).
- **Extractive Activities:** the project direction will be decided in the first half of 2021.
- **Financial Instruments with Characteristics of Equity:** the IASB will decide on the direction of the debt/equity project in the fourth quarter of 2020 (previously the second half).
- **Pension Benefits that Depend on Asset Returns:** a review of the initial research is scheduled for the fourth quarter of 2020 (previously the second half).

- **Post-implementation Review of the consolidation package (IFRS 10, IFRS 11, IFRS 12):** a Request for Information is scheduled for the fourth quarter of this year (previously October 2020).

The IASB's work plan is available on the IASB's website via the following link:

<https://www.ifrs.org/projects/work-plan/#>

Exposure draft on presentation of financial statements: comment deadline coming up soon!

There are only a few days left for stakeholders to submit comments to the IASB on the exposure draft of a proposed new standard on general presentation and disclosure requirements for financial statements, replacing IAS 1. The comment period was extended by three months due to the COVID-19 crisis and will now end on 30 September 2020.


Readers will remember that the IASB's exposure draft, published on 17 December 2019, primarily aims to improve the comparability and transparency of the statement of profit or loss (and, to a lesser extent, the statement of cash flows) by setting out new rules on their structure and content that are more detailed and prescriptive than those currently specified in IAS 1. The IASB is also keen to improve the transparency of disclosures in the notes, particularly those relating to unusual items (often referred to as "non-recurring") and to alternative performance measures that correspond to subtotals of income and expenses (referred to as "management performance measures" in the exposure draft).

Even with the additional three months, time has been tight for stakeholders – especially preparers of financial statements – to consider the potential consequences of all the various proposals put forward by the IASB (cf. our 'A Closer Look' features in Beyond the GAAP no. 139 – December 2019 and Beyond the GAAP no. 141 – February 2020).

However, the IASB has put in a lot of efforts to reach stakeholders during the comment period, with further events organised even in recent weeks, such as live webinars in a range of different languages.

The first two webinars were held on 10 February and 10 June 2020 and addressed, respectively, the general principles of the exposure draft, and the structure of the statement of profit or loss (including the required categories and sub-totals). The IASB staff subsequently held a further webinar, on 9 July, dealing with disaggregation requirements, analysis of operating expenses, and disclosures on unusual income and expenses.

This webinar clarified why the IASB wishes to explicitly prohibit a "mixed" presentation of operating expenses in the statement of profit or loss (i.e. a mix of presentation by nature and presentation by function).



The IASB believes that this approach may result in “incomplete” line items in the statement of profit or loss (e.g. when an entity presents a “Cost of sales” line item and a “Depreciation” line item in the statement of profit or loss).

The webinar also gave the Board the opportunity to explain the practical impacts of the proposed requirements regarding the separate presentation of non-recurring items in the statement of profit or loss. According to the staff, this should still be possible, but only in very strictly limited cases, given the new restrictions on presentation (cf. the categories required in the statement of profit or loss, and the ban on a “mixed” presentation of operating expenses, as discussed above). The staff also emphasised that the new standard would not explicitly prohibit the separate presentation of non-recurring items in the statement of profit or loss.

A final webinar was held on 21 August to present the IASB’s proposals on “management performance measures”, or sub-totals of income and expenses that are not required by or even specified in the new IFRS.

Recordings of the four webinars are available here:

<https://www.ifrs.org/projects/work-plan/primary-financial-statements/#supporting-material>

IASB publishes revised versions of Due Process Handbook and IFRS Foundation Constitution

On 20 August, the IFRS Foundation published a revised version of its Due Process Handbook. Readers will remember that this handbook sets out the due process principles that govern the work of the IASB, the IFRS Interpretations Committee, and their staff. The Foundation’s Constitution has also been amended as a result.

The revisions follow the publication of an exposure draft, the key principles of which were presented in Beyond the GAAP no. 132 – April 2019.

We also presented an overview of the key changes to be made following the consultation in Beyond the GAAP no. 139 – December 2019.

The final version of the revised manual is in line with these changes, particularly as regards the due process applicable to the IFRS IC’s agenda decisions. Readers will remember that these agenda decisions are formal explanations published by the IFRS IC on questions that have been submitted to it, but for which the IFRS IC has concluded that the IFRS framework is sufficiently clear and no further standard-setting work is required by the IASB. They are not the same as Interpretations.

Thus, the following rules will now apply to IFRS IC agenda decisions:

- the IASB will be formally involved in the publication process by confirming that it does not object to publication (nihil obstat): if four or more Board members object, the decision will not be published and the IASB will decide how to proceed;

- furthermore, the explanations provided by agenda decisions cannot add to or modify the requirements of the standard, but can provide “additional insights” that may change how the standard is applied;
- there is no longer any question that such changes could be “voluntary”, as proposed in the March 2018 exposure draft of amendments to IAS 8 (Accounting Policy Changes). The IASB decided in June 2020 that it would drop these proposals: agenda decisions must be applied in the same way as the standards themselves (paragraph 8.5). The IASB will thus ratify practice, even though the “additional insights” do not have to go through the EU endorsement process;
- to facilitate the mandatory application of agenda decisions, the due process principles entitle an entity to “sufficient” time to assess whether a decision requires it to change its accounting policies, and if so, to implement that change. As we explained in Beyond the GAAP no. 131 – March 2019, this time delay is intended to allow entities to address technical obstacles and is not a “grace period”.

Other changes include the following:

- more effect analyses will be carried out when developing standards and amendments and when carrying out post-implementation reviews (PIRs) (paragraph 3.78);
- enhanced levels of internal review will be required for educational material (paragraph 8.10);
- the composition of consultative groups (which may change over time) shall be diverse and geographically balanced (paragraph 3.60).

The Annex to the Due Process Handbook deals with the due process for the IFRS Taxonomy. A table now shows which elements of the taxonomy must be approved by the IASB (new standards and amendments) and which fall within the purview of the IFRS Taxonomy Consultative Group (ITCG) under the supervision of the Due Process Oversight Committee (DPOC).

The amendments to the Foundation’s Constitution only relate to the role of the Advisory Council. It will henceforth advise on strategic matters and can provide its views as a supplement to other consultations.

The revised Due Process Handbook is available on the IASB’s website via the following link:

<https://cdn.ifrs.org/-/media/feature/about-us/legal-and-governance/constitution-docs/due-process-handbook-2020.pdf?la=en>.

The amended Constitution is available here:

<https://cdn.ifrs.org/-/media/feature/about-us/legal-and-governance/constitution-docs/ifrs-foundation-constitution-2020.pdf?la=en>

IASB publishes final amendments from Phase 2 of IBOR reform

On 27 August 2020, the IASB published the final amendments to IAS 39, IFRS 9, IFRS 7, IFRS 16 and IFRS 4 arising from Phase 2 of the IBOR reform project.

These amendments primarily specify the accounting treatment to be applied in the event of changes in the basis for determining contractual cash flows of financial assets or liabilities (e.g. if an amendment to the contract replaces an old interest rate benchmark with a new one), and the impacts of such changes on hedging relationships affected by IBOR reform (hedging instrument and/or hedged item).

They also stipulate the disclosures required on IBOR reform and its accounting impacts, and the accounting treatment of such changes under standards other than those relating to financial instruments (i.e. leases and insurance contracts).

The key amendments to IFRS 9 and IAS 39 are as follows:

- the changes resulting from IBOR reform shall be accounted for by prospectively modifying the effective interest rate of the affected financial assets or financial liabilities, with no impact on profit or loss (in accordance with IFRS 9.B5.4.5);
- various reliefs to the qualifying criteria for fair value hedge accounting and cash flow hedge accounting have been introduced, so that affected hedging relationships can be maintained. These reliefs primarily relate to amendments to the hedge documentation, and effectiveness assessment.

These amendments apply to financial assets and liabilities for which the contractual changes are a direct result of interest rate reform, to the extent that the new basis for determining contractual cash flows is economically equivalent to the previous one.

These amendments are mandatory for financial periods commencing on or after 1 January 2021. They shall be applied retrospectively and early application is permitted.

The amendments are available on the IASB's website with a paid subscription:

<https://www.ifrs.org/projects/2020/ibor-reform-and-its-effects-on-financial-reporting-phase-2/#published-documents>

Four new members join IFRS Interpretations Committee

The IFRS Foundation has announced the appointment of four new members of the IFRS Interpretations Committee (IFRS IC):

- Renata Bandeira, Accounting and Tax Director at GOL Linhas Aéreas Inteligentes – Brazil;
- Sophie Massol, Head of Group Accounting Policies at AXA – France;
- Jon Nelson, Vice President and Corporate Controller at Fiat Chrysler Automobiles – United States;
- Donné Sephton, Head of Advisory Services at FirstRand – South Africa.

Their term began on 1 July 2020 and lasts for three years.

The press release is available here:

<https://www.ifrs.org/news-and-events/2020/08/four-new-members-appointed-to-the-ifrs-interpretations-committee/>

EUROPEAN highlights

Accounting for COVID-19-related rent concessions: ESMA publishes Public Statement on co-ordinated supervisory action by national regulators

On 21 July, ESMA published a Public Statement on co-ordination of supervisory action by national regulators, in light of the current situation in which the EU has not yet adopted the amendment to IFRS 16 published by the IASB on 28 May. Readers will remember that the amendment permits issuers to use a practical expedient when accounting for COVID-19-related rent concessions (cf. Beyond the GAAP no. 144 – May 2020).

In its Public Statement, ESMA affirms its expectation that national regulators carrying out supervisory activities on IFRS financial statements will not prioritise supervisory actions relating to the application of the requirements for lease modifications specified in IFRS 16 as currently endorsed by the European Union (i.e. prior to the May 2020 amendments) in the accounting for COVID-19-related rent concessions.

ESMA states that this position applies exceptionally to financial periods ending no later than 31 July 2020, and is subject to issuers accounting for these transactions in accordance with the amendment to IFRS 16 as published by the IASB.

The Public Statement is available here:

https://www.esma.europa.eu/sites/default/files/library/esma32-61-417_public_statement_on_supervisory_action_on_accounting_for_covid-19_lease_modifications.pdf

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A CLOSER LOOK

IFRS IC publishes tentative agenda decision on reverse factoring

On 16 June 2020, the IFRS IC published a tentative agenda decision entitled, “Supply Chain Financing Arrangements – Reverse Factoring”. Comments on the decision should be sent to the IFRS IC by 30 September 2020 at the latest. The tentative decision is available on the IASB’s website via the following link: <https://www.ifrs.org/news-and-events/updates/ifric-updates/june-2020/#1>.

This decision primarily relates to the impact of reverse factoring arrangements on the presentation in the balance sheet of the liabilities to which the arrangements relate; the presentation in the statement of cash flows; and disclosures about the arrangement required in the notes to the financial statements.

The decision follows a request from Moody’s Investors Service, which noted that the use of such supply chain financing arrangements has become widespread, and that there are divergences in practice in the classification and disclosure of related liabilities and liquidity risks. More specifically, the request asked:

- how an entity should present the liabilities to which reverse factoring arrangements relate (e.g. how trade payables should be presented when the corresponding invoices are part of a reverse factoring arrangement); and
- what disclosures about reverse factoring arrangements are required in an entity’s financial statements.

The potential significance of the presentation and disclosure of reverse factoring arrangements became apparent following the liquidation of the British construction and facilities management group Carillion in 2018. At the time, some commenters described reverse factoring as a financing tool that had been used to disguise the group’s actual financial position (specifically, there was a lack of information on £480m of financial liabilities to banks that were not included in borrowings).

In this feature, we explore the prevalence of supply chain financing arrangements, provide a recap on reverse factoring, and summarise the key points of the IFRS IC’s tentative agenda decision.

1. The prevalence of supply chain financing arrangements

In their analysis of supply chain financing arrangements, the IFRS IC staff identified the most frequently-used types of arrangement, and investigated whether they are a common approach to financing.

- ❖ What are the most common types of supply chain financing arrangement?

The IFRS IC staff sent out requests for information on this topic to members of IFAS, securities regulators, and large audit firms. They received 13 responses: seven from national standard-setters, four from large audit firms and two from organisations representing a group of securities regulators.

Three types of arrangement were identified in the responses:

- reverse factoring, which we discuss further in section 2 of this feature;
- dynamic discounting, which is an arrangement between an entity purchasing goods and a supplier. The supplier offers a range of possible discounts, which vary depending on when the entity settles the amount payable to the supplier. The discount is often designed to be highest on the date on which the supplier would prefer to be paid, with lower discounts if the payment is made later than this date;
- supplier inventory financing, where an intermediary (usually a financial institution) purchases an item of inventory from the supplier and sells it to the entity. This may allow the entity to obtain longer credit terms for the purchase of inventory than it would obtain if it purchased its inventory directly from the supplier.

Based on the information received, the IFRS IC staff concluded that most respondents use the term “supply chain financing” to refer to reverse factoring; financing implying dynamic discounting and supplier inventory financing are less commonly used.

- ❖ Are supply chain financing arrangements widely used?

The staff’s research via the AlphaSense search engine showed that a large number of entities present disclosures on supply chain financing arrangements in their financial statements, and that most of these are referring specifically to reverse factoring arrangements.

The staff also examined various publicly-available reports on reverse factoring. One report stated that around 50% of respondents already had a reverse factoring arrangement, and a further 40% were considering it. Another estimated that payables being factored had risen by USD 327bn since 2014.

These reports are linked from the staff paper on the IFRS IC’s tentative decision, available here:

<https://cdn.ifrs.org/-/media/feature/meetings/2020/april/ifric/ap03-supply-chain-financing.pdf>

The IFRS IC staff therefore concluded that supply chain financing is widely used by companies, and that reverse factoring is the most common type. They also noted that the request from Moody’s Investors Service identified several types of financing arrangement, but that the focus was on reverse factoring. Therefore, the IFRS IC staff decided to concentrate on reverse factoring in their analysis and in their recommendation for the tentative agenda decision.

2. A recap on reverse factoring

There is a great variety of reverse factoring arrangements, with a range of different terms. We present the most frequently-used approach below.

❖ What is a reverse factoring arrangement?

A reverse factoring arrangement involves the sale of trade receivables to a factor by the debtor ("the customer" or "the buyer").

This is thus the opposite of a traditional factoring arrangement, in which the supplier/creditor approaches the factor directly to sell its receivables.

In addition to organising the sale to the factor, it is usually the customer which selects the suppliers to be involved in the reverse factoring arrangement.

Reverse factoring arrangements thus involve three parties (the customer, the supplier and the factor) signing multiple contracts. At a minimum:

- the supplier enters into a contract with the factor for the sale of its customer receivables;
- the customer signs an agreement with the factor, under which it will set up a mechanism for approving invoices and committing to pay the invoices sold by its supplier(s) to the factor at the due date, or sometimes later.

Reverse factoring is thus a form of framework agreement for financing, arranged by the ordering party with financial partners for its choice of supplier(s).

3. Key points of the IFRS IC tentative agenda decision

Respondents to the IFRS IC's request for information noted that entities account for reverse factoring arrangements differently, and the amount of information disclosed also differs.

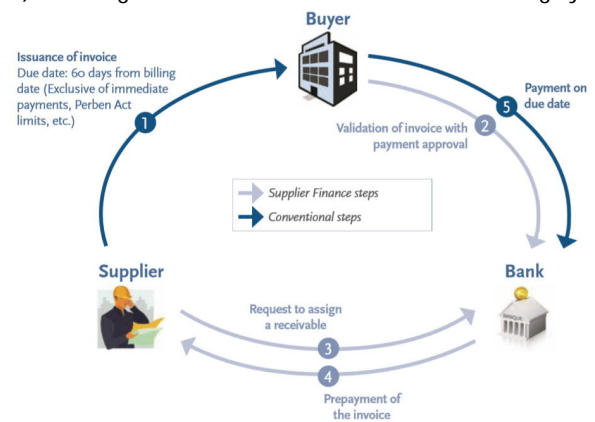
In the light of this, the IFRS IC analysed how IFRSs apply to reverse factoring, particularly in the statement of financial position, the statement of cash flows, and disclosures required in the notes.

❖ Statement of financial position

As regards the statement of financial position (balance sheet), the tentative agenda decision notes that two standards apply to reverse factoring: IFRS 9 (should the liability be derecognised?) and IAS 1 (how should the liability be presented?)

❖ What is the reverse factoring cycle?

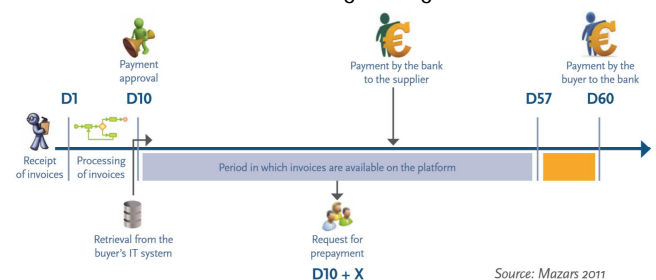
1) The diagram below shows the reverse factoring cycle:



Source: Mazars 2011

1. The supplier sends the buyer an invoice.
 2. The buyer makes its invoices from suppliers firmly and irrevocably available on a technological exchange platform as soon as it approves their payment.
 3. The supplier may, at any time, ask the bank to pay the buyer's invoices.
 4. The bank prepays the invoices assigned by the supplier.
 5. The buyer pays the bank on the due date shown in sales contracts with the suppliers enrolled in the Supplier Finance program.
- N.B. some reverse factoring arrangements allow the buyer to pay the bank later than the due date of the relevant invoices.

2) The diagram below shows the journey of a customer receivable in a reverse factoring arrangement:




Source: Mazars 2011

1. Should the liability be derecognised?

The tentative agenda decision states that an entity shall assess whether and when to derecognise a liability that forms part of a reverse factoring arrangement by applying the derecognition requirements in IFRS 9.

As a reminder, paragraph 3.3.1 of IFRS 9 stipulates that an entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished; that is, when the obligation specified in the contract is discharged or cancelled or expires, or is substantially modified.

When a trade payable is extinguished as a result of a reverse factoring arrangement, the entity derecognises the trade payable and recognises a financial liability to the financial institution.



The tentative agenda decision specifies that an entity that derecognises a trade payable and recognises a new financial liability to a financial institution shall apply IAS 1 to determine how to present this new liability in its statement of financial position (see below).

2. Impact of reverse factoring on presentation of liabilities in the balance sheet

As discussed above, the tentative agenda decision states that an entity shall apply IAS 1 to determine how to present liabilities that form part of a reverse factoring arrangement in its statement of financial position. IAS 1 stipulates that trade and other payables must be presented separately.

The IFRS IC stated that a financial liability shall be presented under trade payables only when it:

- represents a liability to pay for goods or services (IAS 37.11a);
- is invoiced or contractually agreed with the supplier (IAS 37.11a); and
- is part of the working capital used in the entity's normal operating cycle (IAS 1.70).

The Committee also stated that "other payables" may only be presented with trade payables if they are similar in nature and function (e.g. they form part of the working capital used by the entity in its normal operating cycle).

However, liabilities that form part of a reverse factoring arrangement must be presented separately if their size, nature or function make separate presentation necessary for a proper understanding of the financial statements. When assessing this, an entity must take account of the amounts, nature and due dates of these liabilities. Similarly, the Committee notes that an entity may also need to take other considerations into account in its analysis, such as:

- whether additional security is provided as part of the arrangement that would not be provided without that arrangement;
- any substantial differences between the terms of liabilities that are part of the arrangement and the entity's trade payables that are not part of the arrangement.

❖ Statement of cash flows

The tentative agenda decision states that an entity that has entered into a reverse factoring arrangement shall determine whether cash flows relating to the arrangement should be classified as operating cash flows or financing cash flows.

The IFRS IC noted that the assessment of the nature of the instrument, carried out to determine how it should be presented in the balance sheet, is also relevant to determining the classification in the statement of cash flows.

For example, if the entity considers the liability to be a trade payable or other payable forming part of the working capital used in the entity's normal operating cycle, cash outflows to settle the liability shall be presented as cash flows arising from operating activities.

Conversely, if the entity considers that the liability is not a trade payable or other payable because it represents the entity's borrowings, cash outflows to settle the liability shall be presented as cash flows arising from financing activities.

Drawing on paragraph 43 of IAS 7, the tentative agenda decision reminds preparers that investing and financing transactions that do not require the use of cash shall be excluded from the statement of cash flows.

As a result, when an invoice is covered by a factoring arrangement:

- if a cash inflow and outflow result from this transaction, the entity presents these cash flows in its statement of cash flows;
- if no cash flows result from the transaction, the entity records the transaction elsewhere in the financial statements, in such a way as to provide all relevant information on this financing activity (paragraph 43 of IAS 7).

Moreover, the Committee notes that if cash flows are presented as arising from financing activities, additional disclosures must be presented in accordance with paragraph 44A of IAS 7.

❖ Disclosures required

The tentative agenda decision draws attention to the definition of liquidity risk in IFRS 7: "the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset".

The Committee observed that reverse factoring arrangements often give rise to liquidity risk in that:

- they concentrate a portion of the entity's liabilities with a single financial institution rather than a diverse group of suppliers. If the entity were to encounter any difficulty in meeting its obligations, such a concentration would increase the risk that the entity may have to pay a significant amount, at one time, to one counterparty;
- some suppliers may have become used to, or come to depend on, earlier settlement of their trade receivables under the reverse factoring arrangement. If the financial institution were to withdraw the reverse factoring arrangement, those suppliers could demand shorter credit terms. Shorter credit terms could affect the entity's ability to settle its liabilities, particularly if the entity were already in financial distress.

The tentative agenda decision reminds preparers of the disclosure requirements relating to liquidity risk in IFRS 7.

It specifies that an entity shall use its judgement to determine whether it needs to provide additional information about the impact of reverse factoring arrangements on its financial position, financial performance and cash flows.



It also noted that:

- the presentation of liabilities and cash flows relating to reverse factoring arrangements may require the use of judgement. Where relevant, an entity shall disclose the judgements made by management on these issues that have the most significant effect on the amounts recognised in the financial statements (paragraph 122 of IAS 1);

- reverse factoring arrangements may have a material impact on the financial statements. In this case, an entity shall provide any additional information on reverse factoring arrangements that is useful to an understanding of its financial statements (paragraph 112 of IAS 1).

The IFRS IC also noted that materiality judgements involve both quantitative and qualitative considerations.

4. What is the IFRS IC's tentative decision?

The IFRS IC's tentative agenda decision states that IFRSs provide an adequate basis for an entity to determine how to present liabilities that form part of reverse factoring arrangements, the associated cash flows, and the disclosures required in the notes on, for example, liquidity risks arising from these arrangements.

As a result, the Committee decided not to add these questions to its work plan.

However, the Committee is considering a narrow-scope standard-setting project to develop disclosure requirements for arrangements entered into to finance payables to suppliers.

Key points to remember

- Supply chain financing is widely used by companies and reverse factoring is the most common type.
- Reverse factoring involves the sale of trade receivables to a factor by the debtor ("the customer" or "the buyer"); thus, it is the opposite of a traditional factoring arrangement, in which the supplier/creditor approaches the factor directly to sell its receivables.
- The IFRS IC's tentative agenda decision on reverse factoring states that:
 - as regards the statement of financial position: an entity shall first assess whether and when to derecognise a liability that forms part of a reverse factoring arrangement by applying IFRS 9. It then applies IAS 1 to determine how to present the liability in its statement of financial position. The entity shall:
 - only present a financial liability as a trade payable if it represents a liability to pay for goods or services, is invoiced or contractually agreed with the supplier, and is part of the working capital used in the entity's normal operating cycle;
 - present the financial liability separately from trade and other payables "when the size, nature or function of those liabilities makes separate presentation relevant to an understanding of the entity's financial position";
 - as regards the statement of cash flows: an entity shall usually determine the classification of cash flows relating to reverse factoring (operating cash flows or financing cash flows?) in accordance with the presentation in the balance sheet;
 - as regards disclosures in the notes: an entity may need to present additional disclosures on reverse factoring, based on the current disclosure requirements for liquidity risk. It shall use its judgement to determine whether it needs to provide additional information about the impact of reverse factoring on its financial position, financial performance and cash flows.
- The Committee is also considering a narrow-scope standard-setting project to develop disclosure requirements for arrangements aimed at financing payables to suppliers.

Frequently asked questions

IFRSs

- Lessor accounting for COVID-19-related rent concessions
- Lessee accounting for COVID-19-related rent concessions
- Changes to non-market performance conditions for IFRS 2 plans
- Sale of a business in a hyperinflationary economy
- COVID-19 crisis and disclosures in the half-yearly accounts
- Repayment by a subsidiary of a loan classified as a net investment in a foreign operation
- Accounting for loss of significant influence
- Debt waivers with better-fortunes clauses
- Accounting for mutually binding promises to buy and sell securities

UPCOMING MEETINGS OF THE IASB, IFRS INTERPRETATIONS COMMITTEE AND EFRAG

IFRS		EFRAG	
IASB	Committee	Board	TEG
21-25 September	15-16 September	10 September	24 September
26-30 October	1-2 December	8 October	21-22 October
16-20 November		17 November	3 December

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