



The Institute of  
Chartered Accountants  
of Pakistan

CA  
PAKISTAN

Islamabad

Circular No. 8/2020

July 21, 2020

**ALL MEMBERS OF THE INSTITUTE**

Dear Member

**Publication of Financial Reporting Guidance**

***Key considerations for Impairment of Property, plant and equipment,  
Right of use assets and Intangible assets under the COVID-19 situation***

The COVID-19 pandemic has resulted in disruption in operations of companies and downturn in the general business environment and market conditions. These events and conditions have significant financial reporting implications, including increased likelihood of existence of indicators of impairment in accordance with IAS 36 *Impairment of Assets*.

In current circumstances, management of companies would be required to consider the indicators for impairment, perform impairment tests in light of latest available information and provide appropriate and meaningful disclosures in the annual and interim financial statements.

The Institute's Technical Services team has prepared the guidance titled "*Key considerations for Impairment of Property, plant and equipment, Right of use assets and Intangible assets under the COVID-19 situation*" to help members and preparers of financial statements in their preparation of annual and interim financial statements. The publication, in consideration of COVID-19 situation:

- Summarizes important concepts of IAS 36;
- Highlights key considerations for management in identifying the indicators for impairment and calculating recoverable amount; and
- Provides extracts from annual reports of various international companies - relating to impairment of assets as disclosed and discussed in the financial statements and auditors' reports of these companies.

You can access the publication at

<http://www.icap.net.pk/wp-content/uploads/2020/07/Financial-Reporting-Guidance-Key-considerations-for-impairment.pdf>

We hope you find the publication helpful.

Yours truly

Sohail Malik  
Director Technical Services

Encls: As above

**(Established under the Chartered Accountants Ordinance, 1961-X of 1961)**

G-10/4, Mauve Area, Islamabad (Pakistan) UAN: (92 51) 111-000-422 Fax: 051 9106095 E-mail: [islamabad@icap.org.pk](mailto:islamabad@icap.org.pk)

HEAD OFFICE: Chartered Accountants Avenue, Clifton, Karachi - 75600 (Pakistan) UAN: (92 21) 111 000 422 Fax: 021-99251626 [http:// www.icap.org.pk](http://www.icap.org.pk)