

The influence of COVID-19 on the preparation, presentation and approval of financial statements

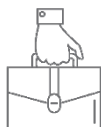
The spread of COVID-19 epidemic in the world is still complicated, causing severe difficulties and challenges for businesses in many fields. This has led to some notable issues in preparing, presenting and approving the financial statements.

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Accounting estimates

Due to changing market circumstances brought about by the effects of the COVID-19 epidemic, some previous accounting estimates might be inappropriate (such as provision for doubtful debts, useful life of fixed assets which is used as a basis for calculating the depreciation and provision of the warranty obligation).



Inventory

Impact

Many businesses are experiencing supply chain disruptions; businesses with seasonal inventory and perishable products may be exposed to risks of deterioration, obsolescence and decline in value. In addition, real estate businesses may be affected by falling real estate prices due to economic downturn

Comment

The entity should evaluate the inappropriateness of inventories at the reporting date in accordance with Vietnamese Accounting Standard No. 2 - Inventories

Conclusion

Evaluation the impairment of inventories in value market conditions for uncertainties as well as the COVID-19 epidemic is a challenge for enterprises



Going concern assumption

Vietnam Standard on Accounting 1 - General Standard has financial statements must be made on the assumption that the business is operating continuously and will continue normal business activities in the near future. That is, the business has no intention nor is it forced to cease operations or to significantly reduce the size of its operations.

With the current situation of the COVID-19 epidemic, many businesses are at risk of dissolution or have to stop operating in some areas, leading to the financial statements must be established on an alternative basis (for example, the price basis reasonable price or actual price).



Conclusion

Businesses have better take consider to the spread the COVID-19 epidemic and identify how it could effect financial performance and business's operation, thereby making decisions and taking measures for risk management.

In the context of Vietnam's efforts to integrate into the international economy, the financial statements are not only an important tool to provide useful financial information about enterprises, but also an effective tool to create trust from readers. And users of financial statements of enterprises.

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