

**Report by the ASCG on the
65th meeting of its IFRS Technical Committee
28th February until 2nd March 2018 in Berlin**

The first topic on the agenda was the **accounting for interest and penalties on income taxes** according to IAS 12 in the German legal context. The IFRS Technical Committee confirmed its observation that guidance by the ASCG guidance on this subject seems warranted. The issues to be clarified within this guidance were exchanged. The decision on nature and content of the ASCG pronouncement to come will be made at a later stage. The discussion will be continued in the next meeting.

Further, the Committee was briefed about the IFRS Interpretations Committee's (IFRS IC) conference call in January 2018. It agreed with the (only) final agenda decision taken by the IFRS IC.

With the respect to the IASB's research project **Primary Financial Statements**, the IFRS Technical Committee considered the IASB's tentative decisions regarding presentation changes in the statement of cash flows. At this stage, the Committee was not asked to form any tentative views.

The IFRS Technical Committee was further informed about **ESMA's final report on the Regulatory Technical Standard (RTS) on the European Single Electronic Format (ESEF)** and discussed substantive concerns about the RTS proposals and the quality of machine-readable information as prepared in ESMA's field test. The IFRS Technical Committee concluded that the discussed concerns should be communicated to the European Commission to raise awareness of those issues.

Subsequently, the IFRS Technical Committee considered the final report of the **High-Level Expert Group on Sustainable Finance** (HLEG). The Committee mainly discussed the HLEG's recommendation regarding accounting and company reporting. For example, the Committee rejected the HLEG's recommendation to grant the EU competence to amend IFRSs before endorsing them by virtue of changing the IAS regulation. In addition, the IFRS Technical Committee considered the European Commission's Evaluation Roadmap on the upcoming **Fitness Check on public reporting by companies** and decided to comment on this Roadmap.

Further, the IFRS Technical Committee debated EFRAG's **Draft Endorsement Advice on Annual Improvements to IFRSs 2015-2017** as well as the supporting feedback submitted by German companies. The Committee called for the ASCG to send an explicitly positive response to EFRAG as well.

The IFRS Technical Committee thoroughly discussed the current status of the **EFRAG Research Project on Equity Instruments – Impairment and Recycling**. It also deliberated EFRAG's Discussion Paper that has been published recently in this regard. The IFRS Technical Committee considered the ideas in the DP being inappropriate, as they imply that the current IFRS 9 requirements are in need of being modified at EU level (carve-ins/carve-

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outs) – which the IFRS Technical Committee strongly objects to. Also, the IFRS Technical Committee felt its position being confirmed by EFRAG, as, currently, there was no conclusive evidence available proving any effects – positive or negative – on long-term investments. For these reasons, the Committee wants to make clear vis-à-vis EFRAG that there is no support for the alternatives suggested in the DP at this stage. Notwithstanding this position, the Committee believed that this topic might be more appropriately picked up for reconsideration in the post-implementation review of IFRS 9.

In light of the endorsement process of **IFRS 17 Insurance contracts**, the IFRS Technical Committee considered the status of discussions on the subject. Further, the Committee deliberated implementation issues raised by the ASCG's Insurance Working Group as well as those raised with the IASB's Transition Resource Group. In addition, the Committee subsequently discussed, as a topical issue, the requirements and related implementation issues of IFRS 17 in respect of the accounting for reinsurance contracts in the cedent's accounts.