

**Report by the ASCG on the
67th meeting of its IFRS Technical Committee
(in part jointly with members of the German GAAP Committee)
4th and 5th June 2018 in Berlin**

The first public topic on the agenda was the ASCG draft comment letter regarding the IASB **ED/2018/1 Accounting Policy Changes**. The IFRS Technical Committee decided to maintain its key criticism that the proposed changes should apply only to agenda decisions of the IFRS Interpretations Committee but to soften the tone of the draft comment letter. It was decided to finalise and approve the comment letter by written procedure.

The IFRS Technical Committee also continued its discussion on the **Fitness check on the EU framework for public reporting by companies**. For this agenda item, the Committee was joined by fellow members of the German GAAP Committee. The IFRS Technical Committee confirmed its rejection of the European Commission's proposal aimed at changing the IAS Regulation and allowing for amending IFRS standards in the course of or post endorsement. With regard to the NFI Directive, the Committee repeatedly argued in favor of giving preparers sufficient time to experiment and markets to develop before further regulatory intervention is carried out by the EU. The same applies to integrated reporting. It should not be overlooked that integrated thinking is the most important condition for the positive effects of integrated reporting.

Further, the IFRS Technical Committee was informed about current discussions concurrently taking place in respect of **IFRS 17 Insurance Contracts**. First, the Committee received an overview on the issues and results from the latest TRG meeting and the ASCG working group meeting. In this context, remaining questions on the subject of CSM release and determining coverage units were identified as a key issue. The IFRS Technical Committee and the ASCG's insurance working group work jointly towards soliciting issues where there is a most urgent need for clarification or even potential amendment to IFRS 17, thus representing key issues. Finally, EFRAG's work plan towards an endorsement advice was presented and deliberated.

In addition, the IFRS Technical Committee deliberated the issues and decisions of the **IFRS Interpretations Committee** reached at its May 2018 meeting. The findings on the IAS 37 issue appears debatable, therefore deserve being commented on. The discussion of the question around IAS 21 will be continued in the next meeting.

The IFRS Technical Committee also discussed the first draft of an ASCG pronouncement on the **accounting for interest and penalties related to income taxes in accordance with IFRS**. The Committee confirmed its view on the appropriateness of the application of IAS 37 against the German Tax Code. The Committee decided to publish an ASCG Interpretation within the meaning of section 342(1) No. 4 of the German Commercial Code. The public consultation on the Draft Interpretation is expected to start in July.

Finally, the IFRS Technical Committee deliberated a current draft of two supplements on the IDW's (Institute of Public Auditors in Germany) modular position paper **RS HFA 50** relating to IFRS 3. For the scenarios outlined in the supplements, the Committee agreed with the accounting consequences proposed by the IDW and decided that no written comment letter was necessary. A few editorial remarks will be passed on orally.

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