

**Report by the ASCG on the
73rd meeting of its IFRS Technical Committee
28th February and 1st March 2019 in Berlin**

At the beginning of the meeting, the IFRS Technical Committee discussed possible accounting effects in the event of a Brexit in connection with **LCH Derivatives Clearing**. Some had questioned whether the change of the central counterparty would lead to derecognition of the respective derivatives resulting in recognition of any accumulated gains and losses. The IFRS Technical Committee agreed with and confirmed the view of the ASCG Secretariat that there is no room in the current IFRS literature to transfer any balances from derecognised derivatives to newly acquired derivatives if existing portfolios are transferred to a new central counterparty.

Further the IFRS Technical Committee continued the discussion of its comment letter to the IASB draft **ED/2018/2 Onerous Contracts – Cost of Fulfilling a Contract (Proposed amendments to IAS 37)**. The Committee confirmed its opinion that the directly-related cost approach provides a more faithful representation of the cost of fulfilling a contract than the incremental cost approach.

The IFRS Technical Committee then deliberated the issues and decisions of the **IFRS Interpretations Committee** reached at its January 2019 meeting. As its earlier comments on technical details were not considered appropriately, the IFRS Technical Committee reiterated its criticism as to how the IFRS IC approaches issues or questions received.

Taking into consideration the introduction of the **European Single Electronic Format (ESEF)**, the ASCG staff presented to the IFRS Technical Committee a variety of open questions. As a result of this presentation, the Committee agreed that the ASCG should reach out to the relevant regulatory bodies again to address the identified need for clarification, especially with regard to implementation questions.

The Committee also dealt with the European Commission's current draft **Non-binding Guidelines on Non-financial reporting**. A week earlier, the Commission had published a draft of a new annex to these guidelines and submitted it for consultation. Since the current draft is obviously based on the recommendations of the TEG on Sustainable Finance, on which the IFRS-FA recently commented, the ASCG will orientate its submission to that response.

Subsequently, the IFRS Technical Committee was informed about current discussions and decision by the IASB in respect of **IFRS 17 Insurance Contracts**. This included a report on the recent and future activities of the ASCG insurance working group. A further update dealt with the IASB research project on **Business Combinations under Common Control (BCUCC)**. The Technical Committee received an overview of the current project status and considered the various information requirements of the parties affected by a BCUCC

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transaction, the accounting and valuation methods under discussion, and any associated differentiation problems depending on the specifics of the respective BCUCC transaction.

At next, the Technical Committee finalized its comment letter to EFRAG Discussion Paper ***Non-exchange Transfers (NETs): A role for societal benefit?*** with one amendment regarding the scope of the DP

The IFRS Technical Committee also discussed the EFRAG Draft Endorsement Advice regarding the IASB's pronouncement ***Definition of a Business (Amendments to IFRS 3)***. The IFRS Technical Committee agreed with EFRAG's assessment to support the endorsement of the amendments, especially since the IASB had taken almost all of the ASCG's recommendations into account when finalizing the amendment.