



Sue Lloyd  
Chair of the IFRS Interpretations Committee  
30 Cannon Street  
London EC4M 6XH

United Kingdom

**IFRS Technical Committee**

Phone: +49 (0)30 206412-12

E-Mail: [info@drsc.de](mailto:info@drsc.de)

Berlin, 6 November 2020

Dear Sue,

**IFRS IC's tentative agenda decision in its September 2020 video conference**

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on the tentative agenda decision on Sale and Leaseback of an Asset in a Single-Asset Entity (IFRS 10/16) taken by the IFRS Interpretations Committee (IFRS IC) as published in the September 2020 *IFRIC Update*.

We agree with the outcome of the tentative agenda decision that we deem appropriate. However, we believe that the rationale of the agenda decision could be improved if the substance of the question was brought out more clearly: Currently, the question raised focusses on the relevant standard to be looked at (or the sequence of two standards); we believe that a more logical, substance-based approach would be to ask whether the existence of a corporate wrapper does or does not have an influence on the transaction concerned. As we see it, a transaction that could have been facilitated standalone or through an empty shell should lead to the same accounting as its substance does not differ (which is where the Committee also landed, but with a different rationale).

If the Committee agreed with our line of thinking, another issue (resulting from a prior submission, termed "Sale of a subsidiary to a customer", or formerly "Sale of a single asset entity containing real estate") should be revisited. This issue had been discussed by the IFRS IC in its June 2019 meeting and also touches on whether a transaction comprising an asset in a corporate wrapper is accounted for under IFRS 10 or another IFRS (ie. IFRS 15). Since then, that issue has not been discussed again by the IFRS IC, but has instead been deliberated twice by the IASB – in October 2019, when a majority proposed to discuss the feasibility of a narrow-scope amendment at a future meeting, and in June 2020, when a majority voted for not adding this project to the Board's work plan.

We suggest the IFRS IC re-deliberate that issue in the context of this recent issue, with the aim of working off both issues/submissions consistently. This seems particularly warranted as both submissions answer the impact of a corporate wrapper on the specific issue differently – which, in our view, seems illogical and not a satisfactory outcome. Even if the guidance in IFRS, as it currently stands, led to that assessment, we do not believe that the co-

**Contact:**

Joachimsthaler Str. 34  
D-10719 Berlin  
Phone: +49 (0)30 206412-0  
Fax: +49 (0)30 206412-15  
E-Mail: [info@drsc.de](mailto:info@drsc.de)

**Bank Details:**

Deutsche Bank Berlin  
IBAN-Nr.  
DE26 1007 0000 0070 0781 00  
BIC (Swift-Code)  
DEUTDE33XXX

**Register of Associations:**

District Court Berlin-Charlottenburg, VR 18526 Nz  
**President:**  
Prof Dr Andreas Barckow  
**Executive Director:**  
Prof Dr Sven Morich



existence of two conflicting outcomes for the same underlying economic question was desirable and should be defended as a principle-based outcome. We therefore suggest that if such difference arose, the issue should be dealt with in one of the upcoming post-implementation reviews (i.e. IFRS 10/11/12, IFRS 15 or IFRS 16).

If you would like to discuss our views further, please do not hesitate to contact Jan-Velten Große ([grosse@drsc.de](mailto:grosse@drsc.de)) or me.

Yours sincerely,

*Andreas Barckow*

President