

**Report by the ASCG on the
95th meeting of the IFRS Technical Committee
on 11th January 2021**

At the beginning of its meeting, the IFRS Technical Committee was informed about the issues and results from the **IFRS Interpretations Committee's (IFRS IC) video conference** in December 2020. The IFRS Technical Committee agreed with all four tentative agenda decisions as well as the final decision, not without making additional comments on two of these.

In the context of the tentative agenda decision on IAS 1 (Classification of liabilities with covenants) the IFRS Technical Committee redeliberated the relevant requirement and the principal behind. It concluded that under certain facts and circumstances – as with Case 3 that the IFRS IC had discussed – the classification of liabilities may appear counter-intuitive.

As regards the tentative agenda decision on IAS 38 (accounting for configuration or customizing costs with SaaS arrangements) the IFRS Technical Committee acknowledged that the reference to IFRS 15 – to be applied by analogy – may imply that recognition of costs by the entity and recognition of revenue by the counterparty would follow a simultaneous pattern. If so, it remains unclear whether and to what extent this would be the case.

In addition to the tentative agenda decision on IAS 1, the IFRS Technical Committee deliberated whether the IFRS IC's discussion should affect the endorsement of the recent IAS 1 amendment. The IFRS Technical Committee unanimously stated that the IFRS IC's debate would not justify deferral or denial of the endorsement.

Further, the IFRS Technical Committee discussed the content of IASB **ED/2020/4 Lease Liability in a Sale and Leaseback**. The proposals were not supported by the participating members of the IFRS Technical Committee. Instead, the deferral of the profit attributable to the retained interest in the right-of-use asset over the term of the leaseback was considered as an alternative. With regard to possible transitional provisions, the proposed requirements of the IASB or, if applicable, the alternative proposed by the IFRS Technical Committee should only apply to sale and leaseback transactions that were contracted in the current period and its prior period and thus should not affect further existing old contracts. The discussion will be resumed in one of the next meetings of the IFRS Technical Committee.

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