

**Report by the ASCG on the
99th meeting of the IFRS Technical Committee
on 15th and 16th March 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 February 2021. The IFRS Technical Committee agreed with both tentative decisions. As regards the issue of sale and leaseback transactions in a corporate wrapper (IFRS 10/16), it was noted that the proposal of a narrow-scope amendments effectively addresses a potential lack of clarity or consistence in respect of how IFRS 16 interrelates to other IFRSs. However, the additional question of whether the existence of a corporate wrapper does or does not have an influence on the accounting of a transaction, has not been solved yet. Therefore, the latter aspect should be raised within the current PiR on IFRS 10-12.

Further, the IFRS Technical Committee discussed the draft of its comment letter on the **IASB ED/2020/4 Lease Liability in a Sale and Leaseback** and had only minor editorial remarks. The proposals of the IASB are not supported. Instead, discussing this topic in the context of the upcoming post-implementation review (PiR) of IFRS 16 is deemed to be more sensible. However, if the IASB, due to the incomplete requirements of the standard and the diversity in practice identified, intends to provide a solution (possibly only in the short term) before the PiR, it should be significantly simpler than the proposals of the ED. As an alternative, the comment letter proposes the deferral of the profit attributable to the retained interest in the right-of-use asset over the expected term of the leaseback.

The IFRS Technical Committee also discussed for the first time its draft comment letter on the **Request for Information (Rfi)** published by the IASB as part of the **Post-implementation Review of IFRS 10-12**. In this meeting the discussions focused on the following topics:

- Control – Power over an investee,
- Control – The link between power and return (Principal and agents), and
- Investment entities.

The IFRS Technical Committee suggested obtaining feedback on the frequency and relevance of the issues addressed by the Rfi in the ASCG's outreach event. Feedback received should be used to add a statement on the relevance of the issues identified by the IASB in the ASCG's comment letter.

The IFRS Technical Committee will continue its discussion of the draft comment letter in a forthcoming meeting.

The Technical Committee also obtained an overview of **IASB ED/2021/1 Regulatory Assets and Regulatory Liabilities**. The focus of the discussion was the scope of the ED. IFRS Technical Committee questioned, among other things, whether the proposed narrow scope can achieve the objectives pursued by the new standard – to make the financial statements of companies subject to rate regulation more useful and more comparable. The Technical Committee asked the reactivated 'Rate Regulated Activities' working group to analyze the proposed scope and, on this basis, to conduct an impact analysis for the German legal area. Furthermore, the IFRS Technical Committee discussed the proposed recognition criteria of regulatory

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assets and regulatory liabilities, the consideration of risks and uncertainties in the context of their measurement, as well as advantages and disadvantages of using the regulatory interest rate for discounting of estimated cash flows, and derived specific questions for the working group from this.

The discussion will be continued at the next meeting.

Finally, the IFRS Technical Committee continued its discussions regarding further contents of the **IASB DP/2020/2 Business Combinations under Common Control**. The IFRS Technical Committee thinks that there is no real need for requirements with regard to the theoretical cases of contributions and distributions when applying the acquisition method, as these cases are unlikely in practice. Would the IASB intend to provide requirements, the IFRS Technical Committee advocates a symmetrical presentation, with recognition of the difference in equity in both cases.