Report by the ASCG on the 102nd meeting of the IFRS Technical Committee on 21st May 2021

At the beginning of the meeting, the IFRS Technical Committee discussed further contents of the **IASB DP/2020/2 *Business Combinations under Common Control*.** The IFRS Technical Committee fully agreed with the IASB's preliminary views on "Reporting the difference between the consideration paid and assets and liabilities received" and "Reporting transaction costs". The proposals on "Providing pre-combination information" and "Disclosures when applying the acquisition method" were also approved in principle. With regard to the proposed "Disclosures when applying a book value method", the IFRS Technical Committee welcomed the fact that various disclosure requirements of IFRS 3 shall not be required when applying the book value method.

For the first time, the Technical Committee dealt with the **IASB ED/2021/ 4 *Lack of Exchangeability***. The Technical Committee welcomed the IASB's proposal that provides prepares with guidance on how to assess the exchangeability between two currencies and to determine the spot exchange rate when exchangeability is lacking. However, it noted that the ED did not address the issue originally submitted to the IFRS Interpretations Committee, namely the interaction of IAS 29 and IAS 21 in cases where the effects of hyperinflation and a corresponding reduction in the exchange rate are not correlated. Furthermore, the IFRS Technical Committee suggested to include some illustrative examples of possible estimation procedure when no observable exchange rate exists or the conditions in paragraph 19A are not met.

In connection with **IASB ED/2021/1 *Regulatory Assets and Regulatory Liabilities***, the Technical Committee discussed further results from the discussions of the ED by the ASCG 'Rate-regulated Activities' working group. Before finalising the comments on the questions 1 to 3 of the ED, it decided to discuss the core issue – the determination of allowable expenses as one of the components of total allowable compensation under regulatory requirements vs. IFRS requirements – again together with the working group. Further, the Technical Committee was informed about the preliminary results of the working group's discussions on questions 4 to 7 of the ED and agreed with them. The discussion will be continued at the next meeting.

At the end of the meeting, the Technical Committee informed itself about the contents of the **IASB ED/2021/3 *Disclosure Requirements in IFRS Standards - A Pilot Approach (Proposed Amendments to IFRS 13 and IAS 19)*** and discussed the proposals for the first time. The IFRS Technical Committee welcomed the introduction of disclosure objectives, which describe the information needs of users of financial statements and thus shall help entities to apply judgement effectively to assess which information is sufficient to meet user information needs. At the same time, however, the Technical Committee noted the contradiction between disclosures that are comparable across companies and the objective of the ED to provide more entity-specific disclosures. This contradiction is not resolved by the ED. With regard to the proposed amendments to IFRS 13, the Technical Committee stated that the existing weaknesses in IFRS 13 are correctly described by the IASB insofar as the existing disclosures on Level 3 fair value measurements are very extensive, although Level 3 fair value measurements are often immaterial. In this context, it should be analysed in more detail to what extent the disclosure requirements proposed by the IASB, which avoid a direct reference to levels of the fair value hierarchy, would increase disclosures. With regard to the implementation of the proposals, the Technical Committee pointed out that some of the proposed changes would result in a significant effort for banks. With regard to the proposed amendments to IAS 19, the Technical Committee stated that the existing disclosure requirements for defined benefit plans according to IAS 19 are already very extensive and that current reporting practice is perceived as balanced and comprehensive. Overall, it is therefore unclear to what extent and with respect to which disclosures a reduction or an increase of current disclosures would be necessary in the individual circumstances. The Technical Committee will continue the discussion of the proposals at its next meeting.