

**Report by the ASCG
on the 24th meeting of the Financial Reporting Technical Committee
18 January 2024**

The Financial Reporting Technical Committee (FR TC) received an overview on the status quo in the IASB's project on „**Power Purchase Agreements**“, on occasion of the upcoming **Accounting Standards Advisory Forum (ASAF) meeting**.

Initially, the FR TC was reported on the recent decision taken by the IASB during its December 2023 meeting. The FR TC had no fundamental objections to the two approaches supported by the IASB. However, it was noted that precisising the details of those proposals might be challenging. A third approach which has already been dismissed by the IASB for conceptual reasons, was considered not appropriate, for the same reasons. Further, an additional proposal raised by the EFRAG staff was presented to the FR TC. This idea has already been considered, and then rejected, by the IASB. The FR TC shared the IASB's reservations.

Subsequently, the FR TC has initially deliberated the contents of the **IASB ED/2023/5 Financial Instruments with Characteristics of Equity**.

First, the FR TC was informed about the history of the project as well as the aim of the current proposals. The IASB's basic premise is that the principle for classifying financial instruments in IAS 32 is working well and, therefore, only selected amendments are required. The FR TC agrees with this understanding, by confirming that there are no fundamental issues that would have justified fundamental changes of IAS 32. However, the FR TC is aware that many application issues have effectively been resolved by applying IAS 32 over many years, hence, this basic premise is rather true for practical reasons.

The FR TC then has deliberated, and tentatively commented on, some of the proposed amendments (ie. 1. Effects of laws or regulations, 5. Effect of shareholder discretion, 6. Reclassification, and 8. Disaggregation). The discussion on these proposals shall be continued, and the remaining proposals will be deliberated initially, during the next two meetings of the FR TC. The FR TC intends to develop a comment letter.

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