

Opening Remarks and Updates

Extract, IFRS® Discussion Group Report on the Meeting – December 17, 2020

UPDATE ON PREVIOUS ITEMS DISCUSSED BY THE GROUP

Amended IAS 1: Application of Paragraph 72A to Classify a Term Loan as Current or Non-current

At the [September 2020](#) meeting, the Group recommended the AcSB consider raising the issue of applying paragraph 72A to classify a term loan as current or non-current with the International Accounting Standards Board (IASB).

The AcSB discussed this issue at its [December 16, 2020](#) meeting and noted that the IFRS Interpretations Committee (the Interpretations Committee) discussed this issue at its December meeting. The Board has decided that it will formally respond to the IFRIC tentative agenda decision.

OTHER MATTERS

Goodwill and Impairment

In March 2020, the IASB published the Discussion Paper, "[Business Combinations—Disclosures, Goodwill and Impairment](#)." The comments were due December 31, 2020. The Discussion Paper sets out the IASB's preliminary views on how companies can provide better information so that investors can more effectively hold companies to account for their decisions to acquire other businesses. The preliminary views focus on disclosure of information and on accounting for goodwill, including some simplifications for impairment testing.

Sustainability Reporting

The IFRS Foundation Trustees published a [Consultation Paper on Sustainability Reporting](#) to determine whether there is a need for global sustainability standards, whether the IFRS Foundation should play a role, and what the scope of the role should be. The comments were due December 31, 2020.

Configuration or Customization Costs in a Cloud Computing Arrangement

In December 2020, the Interpretations Committee published [a tentative agenda decision](#) on the customer's accounting for costs of configuring or customizing the supplier's application software in a Software as a Service arrangement. In analyzing the fact pattern, the Interpretations Committee considered:

1. whether, applying IAS 38, the customer recognizes an intangible asset in relation to configuration or customization of the application software; and
2. if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs

The Interpretations Committee members agreed with the analysis in the IFRIC [agenda paper](#) on the accounting for costs of configuring and customizing the suppliers' application software to which it receives access and the reference to IFRS 15 to determine when the supplier performs the configuration or customization services in accordance with the contract to deliver them. Stakeholders are encouraged to submit their comments on this tentative agenda decision by February 15, 2021.

Classification of Debt with Covenants as Current or Non-current

In December 2020, the Interpretations Committee published a [tentative agenda decision](#) on the application of the amendments to IAS 1 to determine whether an entity has a right to defer settlement of the liability for at least 12 months after the end of the reporting period. The Committee discussed how an entity applies the IAS 1 amendments to particular fact patterns. In all three fact patterns described in this tentative agenda decision, the Committee concluded that the entity is required to classify the loan as current because the entity does not have the right at the end of the reporting period to defer settlement of the loan for at least 12 months after the reporting period. Stakeholders are encouraged to submit their comments on this tentative agenda decision by February 15, 2021.

Lease Liability in a Sale and Leaseback

The IASB proposes a narrow-scope amendment to IFRS 16 *Leases*, specifying how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in the sale and leaseback transaction. The IASB published the [Exposure Draft](#) in November 2020. Stakeholders are encouraged to submit their comments on this document by March 29, 2021.

Post- implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interest in Other Entities*

The IASB published the Request for Information, "[Post-implementation Review of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*](#)". Post-implementation reviews are part of the IASB's due process and help the IASB assess the effects of requirements on users of financial statements, preparers and auditors. Stakeholders are encouraged to submit their comments on this document by May 10, 2021.

Business Combinations under Common Control

The IASB published the Discussion Paper, "[Business Combinations under Common Control](#)". This Discussion Paper includes proposals that aim to reduce the diversity in practice and improve the transparency and comparability of the reporting on such combinations. Stakeholders are encouraged to submit their comments on this document by September 1, 2021.

PRIVATE SESSION

The Group's mandate includes assisting the AcSB in influencing the development of IFRS Standards (e.g., providing advice on potential changes to IFRS Standards). The Group's discussion of these matters supports the Board in undertaking various activities to ensure Canadian perspectives are considered internationally. Since these discussions do not relate to assisting stakeholders in applying issued IFRS Standards, this portion of the Group's meeting is generally conducted in private (consistent with the Board's other advisory committees).

IASB – Documents for Comments

At its November 2020 meeting, the Group provided input on the following documents for comment to assist in the development of the AcSB's response letters:

- IASB Discussion Paper, "[Business Combinations—Disclosures, Goodwill and Impairment](#)"

At its December 2020 meeting, the Group provided input on the following documents to assist in the development of the AcSB's response letters:

- IASB Exposure Draft, "[Lease Liability in a Sale and Leaseback](#)"