



DRSC e. V. • Zimmerstr. 30 • 10969 Berlin

Telefon +49 (0)30 206412-12

Telefax +49 (0)30 206412-15

E-Mail info@drsc.de

Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

Berlin, 7. Oktober 2008

United Kingdom

Dear David,

IASB Exposure Draft “International Financial Reporting Standard for Private Entities”

In its September 2008 meeting the International Accounting Standards Board almost completed its re-deliberations on the Exposure Draft for an *International Financial Reporting Standard for Private Entities* (ED-IFRS for PEs). The German Accounting Standards Board (GASB) would like to take this opportunity to share its thoughts with you after having reflected the decisions made.

We affirm our opinion that an IFRS for PEs will be of significant importance worldwide. Hence we have supported this project by conducting surveys on German SMEs and German banks as well as carrying out field tests with SMEs preparing trial-financial statements under the draft IFRS for PEs rules.

In analysing the decisions the Board made in the course of its re-deliberations, we acknowledge the efforts undertaken to arrive at a stand-alone document by removing all references to full IFRSs included in the original ED. However, when reflecting the Board’s decisions but also considering the results and findings of the surveys and field tests mentioned above, we believe that a standard for PEs in its proposed form will still remain too complex and burdensome for many if not most SMEs/PEs. Our complexity concerns particularly apply to the structure and wording, certain measurement and disclosure requirements and the consideration of cost-benefit aspects. Accordingly, we have considerable doubts that the standard in its current form will find acceptance in Germany.

Zimmerstr. 30 · 10969 Berlin · Telefon +49 (0)30 206412-0 · Telefax +49 (0)30 206412-15 · E-Mail: info@drsc.de

Bankverbindung: Deutsche Bank Berlin, Konto-Nr. 0 700 781 00, BLZ 100 700 00

IBAN-Nr. DE26 1007 0000 0070 0781 00, BIC (Swift-Code) DEUTDEBB

Vereinsregister: Amtsgericht Berlin-Charlottenburg, VR 18526 Nz

Vorstandsausschuss: Heinz-Joachim Neubürger (Vorsitzender), Prof. Dr. Helmut Perlet (Stellvertreter),

Prof. Dr. Rolf Nonnenmacher (Schatzmeister), Dr. Kurt Bock, Dr. Werner Brandt

Generalsekretär: Prof. Dr. Manfred Bolin



The comment letters on the ED-IFRS for SMEs and the recommendations of the Working Group led to several proposals for simplification of the standard, that were presented to the IASB during its re-deliberation of the ED. While we see the reasons for the Board to reject the majority of these proposals, we strongly believe that the sum of the rejected simplification proposals will finally lead to non-acceptance of the standard.

One of the key issues in this respect is the decision of the IASB to reject the goodwill amortisation approach. We again strongly suggest that the Board should allow SMEs/PEs to amortise goodwill. Under cost-benefit considerations the currently required impairment only approach for goodwill does not seem appropriate for SMEs/PEs. We believe that combining a goodwill amortisation approach with a requirement stipulating a rebuttable assumption, that goodwill has a useful life not exceeding a certain period, is a practical solution that would be one step to enhance the acceptance of the ED.

We would like to point out that the other issues regarding simplification proposals have been presented in detail in our comment letter dated 14 December 2007.

If you would like to discuss any aspects of this comment letter in more detail, please do not hesitate to contact me.

Yours sincerely,

Liesel Knorr

President