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Berlin, 7 October 2009

Dear Stig,

**EFRAG'S ASSESSMENTS OF THE REVISED VERSION OF IFRS 1 "FIRST-TIME ADOPTION OF IFRS: ADDITIONAL EXEMPTIONS FOR FIRST-TIME ADOPTERS"**

On behalf of the German Accounting Standards Board (GASB) I am writing to comment on EFRAG's Assessments of the revised Version of IFRS 1 *First-time adoption of IFRS: Additional Exemptions for First-time Adopters*.

We agree with the views set out in the assessment. As a national standard-setter we are not in a position to answer the questions regarding the costs that will arise for preparers and for users to implement the amendment and the interpretation. We therefore sent your assessment to the DAX30 entities, but we only got feedback from one company listed in the DAX30.

As attachment to this letter you will find our comments to the above mentioned EFRAG's assessments. The comment as provided by one company listed in the DAX30 has been made available to you.

If you have any further questions, please do not hesitate to contact me.

Yours sincerely,

Liesel Knorr  
*President*

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Vorstandsausschuss:

Heinz-Joachim Neubürger (Vorsitzender), Prof. Dr. Helmut Perlet (Stellvertreter),  
Prof. Dr. Rolf Nonnenmacher (Schatzmeister), Dr. Kurt Bock, Dr. Werner Brandt

## INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS OF THE REVISED VERSION OF IFRS 1 'FIRST-TIME ADOPTION OF IFRS: ADDITIONAL EXEMPTIONS FOR FIRST-TIME ADOPTERS'

Comments should be sent to [commentletter@efrag.org](mailto:commentletter@efrag.org) by 7 October 2009

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Additional Exemptions for First-time Adopters* (the Amendments). In order to do that, EFRAG has been carrying out a technical assessment of the Amendments to IFRS 1 against the criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that would arise from its implementation in the EU.

A summary of the Amendments is set out in Appendix 1.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

1 Please provide the following details about yourself:

- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

German Accounting Standards Board (GASB)

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*EFRAG's Invitation to Comment on the amendments to IFRS 1 Additional Exemptions*

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(b) Are you/Is your organisation or company a:

Preparer

User

☒ Other (please

Standard Setter

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(c) Please provide a short description of your activity/the general activity of your organisation or company:

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(d) Country where you/your organisation or company is located:

Germany

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(e) Contact details including e-mail address:

Liesel Knorr

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Zimmerstr. 30, 10969 Berlin, Germany

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knorr@drsc.de

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*EFRAG's Invitation to Comment on the amendments to IFRS 1 Additional Exemptions*

2 EFRAG's initial assessment of the Amendments is that they meet the technical criteria for endorsement. In other words, they are not contrary to the true and fair principle and they meet the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.

a) Do you agree with this assessment?

☒ Yes

☐ No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG's endorsement advice.

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(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

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*EFrag's Invitation to Comment on the amendments to IFRS 1 Additional Exemptions*

3. EFRAG is also assessing the costs that will arise for preparers and for users on application of the Amendments in the EU, both in year one and in subsequent years. Some initial work has been carried out, and the responses to this Invitation to Comment will be used to complete the assessment.

The results of the initial assessment are set out in Appendix 3. To summarise, EFRAG's initial assessment is that:

- (a) the deemed cost and decommissioning, restoration and similar liability amendments are likely to be cost neutral for the preparers affected both in year one and on an ongoing basis; and
- (b) the lease determination amendment is likely to result in year one cost savings for the preparers affected and no change in ongoing costs for preparers.

Furthermore, as entities have a choice as to whether they implement the Amendments, EFRAG believes it can be assumed that an entity will implement one or more of the amendments set out only if it believes the benefits to it of implementation are likely to exceed the implementation costs involved.

Do you agree with this assessment?

☒ Yes

☐ No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

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- 4 As also explained in Appendix 3, EFRAG believes that the Amendments will involve users in additional but insignificant year one costs and ongoing costs. However, the Amendments will make it possible for more entities to adopt IFRS, and EFRAG's assessment is that will result in a significant reduction in costs for users. As a result, EFRAG's overall assessment is that the Amendments will result in reduction in costs for users.

*EFRAG's Invitation to Comment on the amendments to IFRS 1 Additional Exemptions*

Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

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We as a national Standard-setter are not in a position to answer this question.

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- 5 Based on the conclusions described in paragraphs 3 and 4 above, EFRAG has tentatively concluded that the benefits to be derived from implementing the Amendments in the EU are likely to exceed the costs involved.

Do you agree with this assessment?

Yes

No

If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?

We as a national Standard-setter are not in a position to answer this question.

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6 EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the Amendments.

Do you agree that there are no other factors?

X Yes

No

If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?

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A summary of the Amendments is set out in Appendix 1.

Before finalising its two assessments, EFRAG would welcome your views on the issues set out below. Please note that all responses received will be placed on the public record unless the respondent requests confidentiality. In the interest of transparency EFRAG will wish to discuss the responses it receives in a public meeting, so we would prefer to be able to publish all the responses received.

1 Please provide the following details about yourself:

(a) Your name or, if you are responding on behalf of an organisation or company, its name:

Isabell Nehmeyer-Srocke on behalf of Allianz Group

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(f) Are you/Is your organisation or company a:

☒ Preparer

☐ User

☐ Other (please specify)

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(g) Please provide a short description of your activity/the general activity of your organisation or company:

Insurance Industry

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(h) Country where you/your organisation or company is located:

Head office: Germany, Group is operating worldwide

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(i) Contact details including e-mail address:

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*EFRAG's Invitation to Comment on the amendments to IFRS 1 Additional Exemptions*

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a) Do you agree with this assessment?

☒ X Yes

☐ No

If you do not, please explain why you do not agree and what you believe the implications of this should be for EFRAG's endorsement advice.

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(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

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*EFRAG's Invitation to Comment on the amendments to IFRS 1 Additional Exemptions*

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The results of the initial assessment are set out in Appendix 3. To summarise, EFRAG's initial assessment is that:

- (c) the deemed cost and decommissioning, restoration and similar liability amendments are likely to be cost neutral for the preparers affected both in year one and on an ongoing basis; an
- (d) the lease determination amendment is likely to result in year one cost savings for the preparers affected and no change in ongoing costs for preparers.

Furthermore, as entities have a choice as to whether they implement the Amendments, EFRAG believes it can be assumed that an entity will implement one or more of the amendments set out only if it believes the benefits to it of implementation are likely to exceed the implementation costs involved.

Do you agree with this assessment?

☒ X Yes

☐ No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

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Do you agree with this assessment?

☒ Yes

☐ No

If you do not, please explain why you do not and (if possible) explain broadly what you believe the costs involved will be?

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- 5 Based on the conclusions described in paragraphs 3 and 4 above, EFRAG has tentatively concluded that the benefits to be derived from implementing the Amendments in the EU are likely to exceed the costs involved.

Do you agree with this assessment?

☒ Yes

☐ No

☐

If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?

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*EFRAG's Invitation to Comment on the amendments to IFRS 1 Additional Exemptions*

- 6 EFRAG is not aware of any other factors that should be taken into account in reaching a decision as to what endorsement advice it should give the European Commission on the Amendments.

Do you agree that there are no other factors?



X Yes

N

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If you do not, please explain why you do not and what you think the implications should be for EFRAG's endorsement advice?

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