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Berlin, 18 January 2009

Dear Stig,

**EFRAG's DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON
AMENDMENTS TO IAS 24 *Related Party Disclosures***

On behalf of the German Accounting Standards Board (GASB) I am writing to comment on EFRAG's draft endorsement advice and effect study report on amendments to IAS 24 Related Party Disclosures.

We agree with the views set out in the draft endorsement advice. As a national standard-setter we are not in a position to answer the questions in the effects study report regarding the costs that will arise for preparers and for users to implement the amendment of the standard.

As attachment to this letter you will find our comments to the above mentioned assessment.

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

Yours sincerely,

Liesel Knorr
President



European Financial Reporting Advisory Group ■

DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON AMENDMENTS TO IAS 24 *Related Party Disclosures*

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS

Comments should be sent to commentletter@efrag.org or
uploaded via our website by 10 January 2010

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the amendment to IAS 24 *Related Party Disclosures*. In order to do that, EFRAG has been carrying out a technical assessment of the amendment 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 amendment 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.

EFRAG initial assessments summarised in this questionnaire will be amended to reflect EFRAG's decisions on Appendix 2 and 3.

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)

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

Preparer User Other (please specify)

National Standard Setter

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

See above.

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

Germany

(e) Contact details including e-mail address:

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2 EFRAG’s initial assessment of the amendment is that it meets the technical criteria for endorsement. In other words, it is not contrary to the true and fair principle and it meets 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.

NA

(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 amendment? If there are, what are those issues and why do you believe they are relevant to the evaluation?

No.

3 EFRAG is also assessing the costs that will arise for preparers and for users on implementation of the amendment 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 paragraphs 2-12 of Appendix 3. To summarise, EFRAG’s initial assessment is that:

Amendments to IAS 24 – Invitation to Comment on EFRAG’s Initial Assessments

- (a) the Amendment to the related party definition is likely to involve additional year one and ongoing costs for some preparers. For some preparers those costs will be insignificant; and
- (b) the Amendment to provide a partial exemption from the disclosure requirements in IAS 24 for government-related entities is likely to result in year one and ongoing cost savings for the preparers affected. For some of these preparers those cost savings are likely to be significant.

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?

We as a national standard setter are not in a position to
comment on the costs that will arise for preparers and
for users on implementation of the amendment in the EU.

- 4 As explained in Appendix 3, EFRAG believes that the Amendments to the related party definition is likely to result in improvements in the quality of the information provided (see Appendix 3, paragraph 6-12) and that the benefits to be derived from that will exceed the costs involved.

However, the Amendment to provide a partial exemption from the disclosure requirements in IAS 24 for government-related entities creates a loss of some information and consequently is likely to result in an increase in costs for users. EFRAG thinks that these additional costs should be insignificant because the disclosure requirements for entities that apply the exemption would allow users to understand the effect of significant related party transactions on the financial position and performance of the reporting entity.

As a result, EFRAG’s overall assessment is that the Amendments will result in net benefits for users.

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
comment on this issue.

Amendments to IAS 24 – Invitation to Comment on EFRAG’s Initial Assessments

- 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?

NA - see above.

- 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 amendment.

Do you agree that there are no other factors?

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?
