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EFRAG

Stig Enevoldsen
35 Square Meeûs
B-1000 Brussels
Belgium

Berlin, 20 January 2010

EFRAG's Assessment of the Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

Dear Stig,

The German Accounting Standards Board (GASB) appreciates the opportunity to comment on EFRAG's Assessment of the Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*.

We agree with EFRAG's technical assessment of the amendments regarding the technical criteria for endorsement; that is we support the positive endorsement advice to the European Commission regarding the adoption of the Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*.

This view is supported by the answers that we received from a survey that the GASB carried out with selected companies in Germany. For this purpose we sent your questionnaire to the DAX 30 companies. We received responses from two preparers and from one user as a result of the survey, all of whom fully support the EFRAG's technical assessment regarding the amendments.

The GASB, as a standard setter, has not itself evaluated the costs and benefits that are likely to arise for preparers and users through the implementation of the amendments. However, all three respondents to the survey mentioned above agree with EFRAG's assessment of the costs and benefits that could arise; this means they also support EFRAG's conclusion that the benefits to be derived from applying the amendments will exceed the costs involved.

For your convenience, we have attached the responses that we received as a result of our survey to this letter. Please note that one response has not been attached because the respective company wants to remain anonymous.

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

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS OF THE AMENDMENTS TO IFRIC 14 'PREPAYMENTS OF A MINIMUM FUNDING REQUIREMENT'

Comments should be sent to commentletter@efrag.org by 20 January 2010

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* (the Amendments). In order to do that, EFRAG has been carrying out a technical assessment of the Amendments to IFRIC 14 against the criteria for endorsement set out in Regulation (EC) No 1606/2002 and has also been assessing the costs and benefits that are likely to 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)

- (b) Are you/Is 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:

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

Germany

- (e) Contact details including e-mail address:

Liesel Knorr

Zimmerstrasse 30, D-10969 Berlin

knorr@drsc.de

- 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.

- (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?

There are no other issues.

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.

4 The results of the initial assessment are set out in Appendix 3. To summarise, EFRAG believes that for the Amendments will likely reduce costs for preparers affected by them, but the decrease is likely to be insignificant. Do you agree with this assessment?

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?

As a national standard setter we did not ourselves evaluate these aspects.

5 As also explained in Appendix 3, EFRAG believes that for the Amendments will not involve users in any incremental year one or ongoing costs. 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?

As a national standard setter we did not ourselves evaluate these aspects.

- 6 Based on the conclusions described in paragraphs 3 and 4 above, EFRAG has tentatively concluded that the benefits to be derived from applying the Amendments will 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?

As a national standard setter we did not ourselves evaluate these aspects.

- 7 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?

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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Linde AG,

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

X Preparer

User

Other (please specify)

EFRAG Invitation to Comment on the amendments to IFRIC 14

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

industrial gases company

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

Germany

- (e) Contact details including e-mail address:

Linde AG Klosterhofstr. 1, 80331 Munich

cc Björn Schneider; Crispin Teufel

bjoern.schneider@linde.com; crispin.teufel@linde.com

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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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Yes No

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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?

EFRAG Invitation to Comment on the amendments to IFRIC 14

- 6 Based on the conclusions described in paragraphs 3 and 4 above, EFRAG has tentatively concluded that the benefits to be derived from applying the Amendments will exceed the costs involved.

Do you agree with this assessment?

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?

- 7 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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Munich Re

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

Preparer User Other (please specify)

EFRAG Invitation to Comment on the amendments to IFRIC 14

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

Reinsurance

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

Germany, multinational company;

- (e) Contact details including e-mail address:

ipfaller@munchre.com; whoermann@munchre.com;

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no

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EFRAG Invitation to Comment on the amendments to IFRIC 14

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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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Do you agree that there are no other factors?

Yes No

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