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Berlin, 15 June 2010

Dear Françoise,

**EFRAG's Assessment of the  
IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

On behalf of the German Accounting Standards Board (GASB) I am writing to comment on EFRAG's Assessment of the improvements to IFRSs.

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-form to the DAX30 entities and got feedback from two companies, which indicated that the benefits of the amendments will exceed the costs involved.

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*

**INVITATION TO COMMENT ON THE EFRAG'S ASSESSMENTS OF THE IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Comments should be sent to [commentletter@efrag.org](mailto:commentletter@efrag.org) or uploaded via our website by 17 June 2010

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the *Improvements to International Financial Reporting Standards* ('the Amendments'). In order to do that, EFRAG has been carrying out a technical assessment of the Amendments 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 their 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)

Standard Setter

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

National Standard Setter of Germany.

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(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 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.

N.A.

(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?

No, there are not any such issues.

3 EFRAG is also assessing the costs that will arise for preparers and for users to implement the Amendments, 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 the Amendments are:

(a) likely to involve preparers in:

(i) year one incremental costs and insignificant ongoing costs for preparers in relation to the IAS 34 *Interim Financial Reporting – Significant events and transactions amendment*;

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- (ii) significant cost savings in year one in relation to the amendments to IFRS 1 *First-time Adoption of IFRSs* relating to (1) the use of deemed cost for operations subject to rate regulation and (2) revaluation basis as deemed cost.
- (b) likely to involve users in:
- (i) insignificant incremental costs in year one and on-going insignificant costs in relation to IFRS 1 *First-time Adoption of IFRSs* - Use of deemed cost for operations subject to rate regulation;
  - (ii) incremental benefits because the Amendment to IAS 34 *Interim Financial Reporting* – Significant events and transactions will result in improved quality of information in the interim reports.

**Question to constituents:**

Based on EFRAG’s preliminary assessment, the IFRS 1 *First-time Adoption of IFRSs* - Use of deemed cost for operations subject to rate regulation is likely to subject users to insignificant year one costs. Do you agree that years one costs will be insignificant? If not, please explain why?

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 are not in a position to comment on this issue; however, based on feedback from two DAX 30 entities, there is agreement with this assessment.

- 4 The Amendments are likely to result in improvements in the quality of the information provided. Taken individually, most of these improvements are likely to be relatively small; however, EFRAG believes that two amendments, IAS 34 Interim Financial Reporting – Significant events and transactions and IFRS 1 First-Time Adoption of IFRSs – Revaluation basis as deemed cost and Use of deemed cost for operations subject to rate regulation, will have a noticeable effect on the quality of the information provided. Its initial assessment furthermore is that the benefits to be derived from applying the amendments will exceed the costs involved (Appendix 3, paragraphs 17).

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 are not in a position to comment on this issue; however, based on feedback from two

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DAX30 entities, there is agreement with this assessment.

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- 5 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?

N.A.

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