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Berlin, 26 February 2014

Dear Françoise,

## **DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON ANNUAL IMPROVEMENTS TO IFRSs 2011-2013 CYCLE**

On behalf of the German IFRS Committee I am writing to comment on EFRAG's Assessment of the amendments made by the IASB within the annual improvements project which were included in the standard *Annual Improvements to IFRSs 2011-2013 Cycle*.

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. We therefore sent your assessment-form to the DAX30 entities and got feedback from one company, which indicated that it agrees to the assessment made by EFRAG.

As attachments to this letter you will find our comments to the above mentioned assessment as well as the comments received from one DAX30 entity.

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

Yours sincerely,

Liesel Knorr  
*President*

**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON  
ANNUAL IMPROVEMENTS TO IFRSs 2011-2013 CYCLE****INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS**

Comments should be sent to [commentletters@efrag.org](mailto:commentletters@efrag.org) by 3 March 2014

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the *Annual Improvements to IFRSs 2011-2013 Cycle* ('the Amendments'). In order to do that, EFRAG has been carrying out an assessment of the Amendments against the technical 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 European Union ('the EU') and European Economic Area.

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

**Note to constituents**

*Annual Improvements to IFRSs 2011-2013 Cycle* refer to IFRS 9 *Financial Instruments*, which has not yet been endorsed in the EU. These references to IFRS 9 are not addressed in this Draft Endorsement Advice and will be considered together with the related requirements in IFRS 9.

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:

Liesel Knorr, ASCG (Accounting Standards Committee  
of Germany)

- (b) Are you a:

Preparer  User  Other (please specify)

National Standard Setter

- (c) Please provide a short description of your activity:

see above (b)

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Invitation to Comment on EFRAG's Initial Assessments*

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(d) Country where you are located:

Germany

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(e) Contact details including e-mail address:

Liesel Knorr - c/o DRSC e.V.

Zimmerstr. 30; 10969 Berlin

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knorr@drsc.de

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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 principle of true and fair view 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?

none

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3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation 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 of costs on implementation of the Amendments are set out in paragraphs 3, 8 and 12 of Appendix 3. To summarise, EFRAG's initial assessment of the Amendments to IAS 40 is:

(a) Users: the Amendments to IAS 40 are likely to result in cost savings that will outweigh any incremental costs incurred by users to incorporate the new requirements in their analysis when entities elect to apply them retrospectively; and

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- (b) Preparers: the Amendments to IAS 40 will not result in significantly increased costs to preparers (i.e. it is likely to be cost neutral).

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 this issue.

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The constituent responding to this survey agrees with EFRAG's assessment.

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- 4 In addition, EFRAG is assessing the benefits that are likely to be derived from the Amendments. The results of the initial assessment of benefits are set out in paragraphs 3 and 16 of Appendix 3. To summarise, EFRAG's initial assessment is that the Amendments to IAS 40 *Investment Property* are likely to bring benefits to both users and preparers as:

(a) Users: the information resulting from the implementation of the Amendments to IAS 40 will increase comparability between entities and therefore will enhance users' analysis; and

(b) Preparers: the Amendments to IAS 40 will provide clarification to preparers regarding the process to select the accounting treatment that best represents the substance and the economics of the acquisition of an investment property with associated insignificant ancillary services.

Do you agree with this assessment?

Yes  No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

We as a national standard setter are not in a position to comment on this issue.

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The constituent responding to this survey agrees with EFRAG's assessment.

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- 5 EFRAG's initial assessment is that the benefits to be derived from implementing the Amendments in the EU as described in paragraph 4 above are likely to outweigh the costs involved as described in paragraph 3 above.

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Do you agree with this assessment?

Yes                       No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

We as a national standard setter are not in a position to comment on this issue.

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The constituent responding to this survey agrees with EFRAG's assessment.

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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?

Yes                       No

If you do not agree, please provide your arguments and indicate how this should affect EFRAG's endorsement advice?

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**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON  
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A summary of the Amendments is set out in Appendix 1.

**Note to constituents**

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**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:

[Infineon Technologies AG, Neubiberg, Germany](#)

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- (b) Are you a:

X Preparer  User  Other (please specify)

- (c) Please provide a short description of your activity:

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Infineon Technologies AG designs, develops, manufactures and markets a broad range of semiconductors and systems solutions. The focus of activities is on automotive electronics, industrial electronics and chip-card based security

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(d) Country where you are located:

Germany

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(e) Contact details including e-mail address:

Alexander Foltin  
Am Campeon 1-12  
85579 Neubiberg  
Phone: +49 (89) 234 23766

Email: [alexander.foltin@infineon.com](mailto:alexander.foltin@infineon.com)

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(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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3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation 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.

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- (b) Preparers: the Amendments to IAS 40 will not result in significantly increased costs to preparers (i.e. it is likely to be cost neutral).

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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- (b) Preparers: the Amendments to IAS 40 will provide clarification to preparers regarding the process to select the accounting treatment that best represents the substance and the economics of the acquisition of an investment property with associated insignificant ancillary services.

Do you agree with this assessment?

X Yes  No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG’s endorsement advice?

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Do you agree with this assessment?

X Yes  No

If you do not agree with this assessment, please provide your arguments and indicate how this should affect EFRAG’s endorsement advice?

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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 agree, please provide your arguments and indicate how this should affect EFRAG’s endorsement advice?

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