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+49 (0)30 206412-15

E-Mail

info@drsc.de

Berlin, 20 November 2014

**EFRAG** Roger Marshall 35 Square de Meeûs B-1000 Brussels Belgique

Dear Roger,

#### DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON ANNUAL IMPROVEMENTS TO IFRSs 2012–2014 CYCLE

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to comment on EFRAG's Assessment of the IASB's Annual Improvements to IFRSs 2012-2014 Cycle ('AIP').

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 AIP. We therefore sent your assessmentform to the DAX30 entities and got feedback from four entities, which indicated that they agree to the assessment made by EFRAG.

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

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

Yours sincerely, Liesel Knorr President



# Comments should be sent to <u>commentletters@efrag.org</u> by [20 November 2014]

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the *Annual Improvements to IFRSs 2012-2014 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.

#### Notes to constituents

The endorsement advice on the Amendments will be finalised by the EFRAG Board which is expected to be in place by 31 October 2014. The EFRAG Board results from the recent and ongoing governance reform. It will be responsible for all EFRAG positions after considering the technical advice provided by the EFRAG Technical Expert Group and the outcome of EFRAG's due process.

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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 '	vourself:
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(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)					

(d) Country where you are located:

		Germany
	(e)	Contact details including e-mail address:
		Liesel Knorr - c/o DRSC e.V.
		Zimmerstr. 30; 10969 Berlin
		knorr@drsc.de
2	criteria and fa	G's initial assessment of the Amendments is that they meet the technical for endorsement. In other words, they are not contrary to the principle of true ir view and they meet the criteria of understandability, relevance, reliability and trability. 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?
		One of our constituents mentions that they believe that the new guidance on IAS 19 could be misleading as it does not define any quality criteria for government bonds. This might result in diversity in practice and thus reduce comparability of financial statements.
3	user subs	AG is also assessing the costs that are likely to arise for preparers and for s on implementation of the Amendments in the EU, both in year one and in sequent years. Some initial work has been carried out, and the responses to Invitation to Comment will be used to complete the assessment.
		results of the initial assessment of costs are set out in paragraphs 3, 10, 20, 23 of Appendix 3. To summarise FERAG's initial assessment on the

- (a) <u>IFRS 5 Non-current Assets held for Sale and Discontinued Operations:</u> <u>Change of Disposal Method:</u> Overall, EFRAG's initial assessment is that the Amendments to IFRS 5 are likely to result in both some insignificant one-off costs and ongoing costs for preparers while users are likely to incur only insignificant one-off costs; and
- (b) <u>IAS 19 Employee Benefits: Discount rate: Regional market issue</u>: Overall, EFRAG's initial assessment is that the Amendments to IAS 19 are likely to result in insignificant one-off and ongoing costs both for preparers and users.

Do you agree with this assessment?

Amendments to IFRS 5 and IAS 19 is that:

4

☐ Yes ☐ No	
If you do not, please explain why you do not and (if possible) explain broadly v you believe the costs involved will be?	/hat
We as a national standard setter are not in a position comment on this issue.	to
The constituents responding to this survey agree with EFRA assessment.	3's
In addition, EFRAG is assessing the benefits that are likely to be derived from Amendments. The results of the initial assessment of benefits are set out paragraphs 3, 16 and 28 of Appendix 3. To summarise, EFRAG's initial assessment on the Amendments to IFRS 5 and IAS 19 is that:	t in
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(b) <u>IAS 19 Employee Benefits: Discount rate: Regional market issue</u> : Ove EFRAG's initial assessment is that users and preparers are likely to be from the Amendments to IAS 19 as the information resulting from them reduce divergence in practice and increase comparability in applying cur requirements in IAS 19.	nefit will
Do you agree with this assessment?	
☐ Yes ☐ No	
If you do not agree with this assessment, please provide your arguments indicate how this should affect EFRAG's endorsement advice?	and
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EFRAG's initial assessment is that the benefits to be derived from implementing Amendments in the EU as described in paragraph 4 above are likely to outwood the costs involved as described in paragraph 3 above.	
Do you agree with this assessment?	
☐ Yes ☐ No	
If you do not agree with this assessment, please provide your arguments indicate how this should affect EFRAG's endorsement advice?	and
We as a national standard setter are not in a position comment on this issue.	to
The constituents responding to this survey agree with EFRA assessment.	G's

6	EFRAG is unaware of any reason to believe that it is not conducive to the European public good to adopt the Amendments.						
	•	e of any reason to be adopt the Amendmen $ ot\!$	elieve that it is not conducive to the European ts?				
	If yes, please	provide your reasons.					
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					
		agree, please provide 's endorsement advice	your arguments and indicate how this should?				



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	Linde AG					
(b)	Are you a:					
	X Preparer  User Other (please specify)					
(c)	Please provide a short description of your activity:					

		Gases and Eng	ineering			
	(d)	Country where yo	uu are located:			
	(u)		u are locateu.			
		Germany				
	(e)	Contact details in	cluding e-mail ac	ldress:		
		Attn. Hans Fl	adung, Klost	erhofstraße	1, 80331 Munic	:h
		Hans-dieter.f	ladung@linde	.com		
2	criteria and fa	G's initial assessna for endorsement. air view and they marability. EFRAG's r	In other words, eet the criteria o	they are not cor f understandabil	trary to the principity, relevance, relia	le of true
	(a)	Do you agree with	this assessmen	t?		
		X Yes	☐ No			
		If you do not, ple implications of thi		e and what you be ement advice.	elieve the	
	(b)	EFRAG should	take into acco here are, what a	ount in its te	Appendix 2 that yo chnical evaluation and why do you be	of the

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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vith this assessment?
□ No
agree with this assessment, please provide your arguments s should affect EFRAG's endorsement advice?

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 outweight the costs involved as described in paragraph 3 above.						
Do you agree with this assessment?						
X Yes	□No					
	agree with this assessment, please provide your arguments and his should affect EFRAG's endorsement advice?					
	aware of any reason to believe that it is not conducive to the European adopt the Amendments.					
	e of any reason to believe that it is not conducive to the Europear adopt the Amendments?					
☐ Yes	X No					
reaching a de	ot aware of any other factors that should be taken into account in ecision as to what endorsement advice it should give the Europear on the Amendments.					
Do you agree	that there are no other factors?					
X Yes	□No					
	agree, please provide your arguments and indicate how this should 's endorsement advice?					



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(a)	Your name or, if you are responding on behalf of an organisation or company, its name:					
	xxx					
(b)	Are you a:					
	□ Preparer □ User □ Other (please specify)					
(c)	Please provide a short description of your activity:					

		Healthcare, Cropscience, Materialscience
	(d)	Country where you are located:
	(0)	Germany  Contact details including a mail address.
	(e)	Contact details including e-mail address:
		XXX
2	criteria and fa	G's initial assessment of the Amendments is that they meet the technical a for endorsement. In other words, they are not contrary to the principle of true air view and they meet the criteria of understandability, relevance, reliability and arability. 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?

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	u do not, please explain why you do not and (if possible) explain broadly wha
you.	believe the costs involved will be?
Ame para	ddition, EFRAG is assessing the benefits that are likely to be derived from the endments. The results of the initial assessment of benefits are set out in graphs 3, 16 and 28 of Appendix 3. To summarise, EFRAG's initial assessment as Amendments to IFRS 5 and IAS 19 is that:
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Do y	ou agree with this assessment?
⊠ Y	′es □ No
If yo	ou do not agree with this assessment, please provide your arguments an ate how this should affect EFRAG's endorsement advice?

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Do you agree	with this assessment?				
⊠ Yes	□ No				
	agree with this assessment, please provide your arguments and is should affect EFRAG's endorsement advice?				
	ware of any reason to believe that it is not conducive to the European adopt the Amendments.				
	e of any reason to believe that it is not conducive to the European adopt the Amendments?  No				
	provide your reasons.				
reaching a de	aware of any other factors that should be taken into account in cision as to what endorsement advice it should give the European the Amendments.				
Do you agree t	hat there are no other factors?				
⊠ Yes	□ No				
	agree, please provide your arguments and indicate how this should sendorsement advice?				
	_				



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1	Ы	ease	provid	e the	following	details	about v	vourseli	f:
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Your name or, if you are responding on behalf of an organisation or company, its name:
Daimler AG
Epplestrasse 225
70567 Stuttgart / Germany
Are you a:
□ Preparer □ User □ Other (please specify)
Please provide a short description of your activity:

		and Captive Financing						
	(d)	Country where you are located:  Germany						
	(e)	Contact details including e-mail address:  Gregor Hickel						
		gregor.hickel@daimler.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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		We believe that the new guidance on IAS 19 could be misleading as it does not define any quality criteria for government bonds. This might result in diversity in practice and thus reduce comparability of financial statements.						

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	result in i	nsignificant one-off a	nd ongoing costs both for preparers and users.
Do y	you agree v	vith this assessment	?
<b>\</b>	⁄es	□No	
		lease explain why y costs involved will b	ou do not and (if possible) explain broadly what e?
Ame para	endments. agraphs 315 essment on <u>IFRS 5 N</u> <u>Change o</u>	The results of the 5, 16 and 28 of the Amendments to don-current Assets of Disposal Method:	e benefits that are likely to be derived from the initial assessment of benefits are set out in Appendix 3. To summarise, EFRAG's initial IFRS 5 and IAS 19 is that:  held for Sale and Discontinued Operations:  Overall, EFRAG's initial assessment is that both the basefit from the Amendment of IFRS 5.
	they are	likely to reduce the	y to benefit from the Amendments to IFRS 5 as ongoing cost of both preparing and interpreting s type of change in plan occurs; and
(b)	EFRAG's from the reduce di	initial assessment in Amendments to IAS	Discount rate: Regional market issue: Overall, s that users and preparers are likely to benefit as 19 as the information resulting from them will and increase comparability in applying current
Do y	you agree v	vith this assessment	?
<b>\</b>	⁄es	☐ No	
			essment, please provide your arguments and AG's endorsement advice?
_			

Amendments i	ll assessment is that the benefits to be derived from implementing in the EU as described in paragraph 4 above are likely to outwo ved as described in paragraph 3 above.
Do you agree	with this assessment?
⊠ Yes	□ No
	agree with this assessment, please provide your arguments is should affect EFRAG's endorsement advice?
	ware of any reason to believe that it is not conducive to the Europ adopt the Amendments.
	e of any reason to believe that it is not conducive to the Europ adopt the Amendments?
☐ Yes	⊠ No
If yes, please p	orovide your reasons.
reaching a de	t aware of any other factors that should be taken into accour cision as to what endorsement advice it should give the Europ n the Amendments.
Do you agree t	that there are no other factors?
⊠ Yes	□ No
<u> </u>	agree, please provide your arguments and indicate how this sh



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1	Please	provide	the	following	details	about	vourself:
	1 10430	DIOVIGO	uic	IONOWING	actans	about	VOUI JUII.

(a)	Your name or, if you are responding on behalf of an organisation or company, its name:					
	Volkswagen AG					
(b)	Are you a:					
	□ Preparer □ User □ Other (please specify)					
(c)	Please provide a short description of your activity:					

		<u>Volkswagen Group is one of the world's leading automobile</u>
		manufacturers and the biggest carmaker in Europe.
	(d)	Country where you are located:
		Germany
	(e)	Contact details including e-mail address:
		Ingrun-Ulla Bartoelke, Head of group accounting
		Ingrun-ulla.bartoelke@volkswagen.de
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		⊠ Yes □ No
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Do y	ou agree with this	s assessment?
⊠ Y	'es	□ No
	u do not, please believe the costs	explain why you do not and (if possible) explain broadly wha involved will be?
Ame para	endments. The regraphs 3, 16 and	s assessing the benefits that are likely to be derived from the esults of the initial assessment of benefits are set out in 28 of Appendix 3. To summarise, EFRAG's initial assessment of IFRS 5 and IAS 19 is that:
(a)	Change of Disp preparers and u they are likely t	rent Assets held for Sale and Discontinued Operations osal Method: Overall, EFRAG's initial assessment is that both sers are likely to benefit from the Amendments to IFRS 5 are reduce the ongoing cost of both preparing and interpreting tion when this type of change in plan occurs; and
(b)	EFRAG's initial from the Amend	ee Benefits: Discount rate: Regional market issue: Overal assessment is that users and preparers are likely to benefit diments to IAS 19 as the information resulting from them will be in practice and increase comparability in applying current IAS 19.
Do y	ou agree with this	s assessment?
⊠ Y	'es	□ No
		with this assessment, please provide your arguments and ld affect EFRAG's endorsement advice?

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Do you agree	with this assessment?
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	t agree with this assessment, please provide your arguments and his should affect EFRAG's endorsement advice?
	aware of any reason to believe that it is not conducive to the Europear adopt the Amendments.
•	re of any reason to believe that it is not conducive to the European adopt the Amendments?
If yes, please	provide your reasons.
reaching a de	ot aware of any other factors that should be taken into account in ecision as to what endorsement advice it should give the European on the Amendments.
Do you agree	that there are no other factors?
⊠ Yes	□ No
	agree, please provide your arguments and indicate how this should is endorsement advice?