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**14. Sitzung IFRS-FA am 07.03.2013**  
**14\_03a\_IFRS-FA\_ED\_AcquisitionJO\_EntwurfSN**

Dear Hans,

**IASB Exposure Draft ED/2012/7 *Acquisition of an Interest in a Joint Operation (Proposed amendment to IFRS 11)***

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on the IASB Exposure Draft ED/2012/7 *Acquisition of an Interest in a Joint Operation* (herein referred to as 'ED'). The ASCG welcomes the intended guidance on the accounting by a joint operator for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, and therefore appreciates the opportunity to comment on the ED.

We support the intention to address the diversity in practice and agree with the proposals in the Exposure Draft.

Please find our detailed comments on the questions raised in the invitation to comment in the appendix to this letter.

If you would like to discuss our comments further, please do not hesitate to contact me.

Yours sincerely,

*Liesel Knorr*

President



## Appendix – Answers to the questions of the exposure draft

### Question 1: relevant principles

The IASB proposes to amend IFRS 11 and IFRS 1 so that a joint operator accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business applies the relevant principles on business combinations accounting in IFRS 3 and other Standards, and discloses the relevant information required by those Standards for business combinations.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?

The ASCG agrees with the proposed amendments to IFRS 11 and IFRS 1 so that a joint operator accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business applies the relevant principles on business combinations accounting in IFRS 3 and other Standards, and discloses the relevant information required by those Standards for business combinations.

We appreciate the IASB's desire to address the current diversity in practice and support the IASB's view, that the separate allocation of goodwill, when it is present, is preferable to allocating premiums to identifiable assets acquired on the basis of relative fair values. Furthermore, we agree that the guidance in IFRS 3 and other Standards on business combinations gives a comprehensive and consistent set of accounting principles that can be applied for these transactions.

We would like to point out though, that the proposed amendments can be understood to also be applicable to the accounting for the acquisition of an additional interest in a joint operation. To our understanding, one of the basic principles of IFRS 3 is that the Standard has to be applied on the date on which the acquirer obtains control of one or more businesses (the date of the business combination). Therefore, we would welcome a clarification for the accounting for an acquisition of an (additional) interest in a joint operation, where joint control is maintained.



### **Question 2: scope**

The IASB intends to apply the proposed amendment to IFRS 11 and the proposed consequential amendment to IFRS 1 to the acquisition of an interest in a joint operation on its formation. However, it should not apply if no existing business is contributed to the joint operation on its formation.

Do you agree with the proposed amendment? Why or why not? If not, what alternative do you propose?

The ASCG agrees that the proposed amendment to IFRS 11 and the proposed consequential amendment to IFRS 1 should not apply if no existing business is contributed to the joint operation on its formation.

The exclusion of transactions, where no existing business is contributed to the joint operation on its formation, is consistent with the fact that in this case no premium (goodwill) on the fair value of the net assets is paid.

### **Question 3: transition requirement**

The IASB intends to apply the proposed amendment to IFRS 11 and the proposed consequential amendment to IFRS 1 prospectively to acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business on or after the effective date.

Do you agree with the proposed transition requirement? Why or why not? If not, what alternative do you propose?

The ASCG agrees with the proposed prospective application of the amendment to IFRS 11 and the consequential amendment to IFRS 1 to acquisitions of interests in joint operations, in which the joint operation constitutes a business, beginning on or after the date that the proposed amendments would become effective.