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EFRAG
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Belgique

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Berlin, 13 April 2015

Dear Roger,

DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON DISCLOSURE INITIATIVE - AMENDMENTS TO IAS 1

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to comment on EFRAG's assessment of the IASB's Disclosure Initiative - Amendments to IAS 1.

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 and the benefits 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 two entities.

One entity does not agree with EFRAG's assessment that the amendments meet the technical criteria for endorsement. The disagreement is mainly based on the view that there is still a lack of guidance for the adoption of materiality. Furthermore, the disagreement highlights cost concerns regarding the implementation of minor changes in the disclosures with low benefits for users instead of improving principally the disclosures under IFRS.

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

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

Yours sincerely,
Andreas Barckow
President

This document should be read in conjunction with the accompanying 'Draft Letter to the EC' also posted at the EFRAG's project web page that can be downloaded [here](#). The 'Draft letter to the EC' is made available to enable the public to follow EFRAG's due process. Tentative decisions are reported in EFRAG Update. EFRAG positions as approved by the EFRAG Board are published as comment letters, discussion or position papers or in any other form considered appropriate in the circumstances.

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS ON DISCLOSURE INITIATIVE – AMENDMENTS TO IAS 1

Comments should be sent to commentletters@efrag.org by [27 March 2015]

EFRAG has been asked by the European Commission to provide it with advice and supporting material on Disclosure Initiative – Amendments to IAS 1 ('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 of the accompanying Draft Letter to the EC.

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 of the accompanying Draft Letter to the EC.

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:

Andreas Barckow, ASCG (Accounting Standards Committee of Germany)

- (b) Are you a:

Preparer User Other (please specify)

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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:

Prof. Dr. Andreas Barckow - c/o DRSC e.V.

Zimmerstr. 30; 10969 Berlin

barckow@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 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 of the accompanying Draft Letter to the EC.

- (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 of the accompanying Draft Letter to the EC 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 does not agree with EFRAG's assessment that the amendments meet the technical criteria for endorsement. The disagreement is mainly based on the view that there is still a lack of guidance for the adoption of materiality. Furthermore, the disagreement also highlights cost concerns regarding the implementation of minor changes in the disclosures with low benefits for users instead of improving principally

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the disclosures under IFRS.

- 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 are set out in paragraphs 9 and 12 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG's initial assessment is that the Amendments will not result in significant costs for users and are likely to be cost neutral for preparers.

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.

The constituents responding to this survey agree with EFRAG's assessment.

- 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 paragraph 14 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG's initial assessment is that users and preparers are likely to benefit from the Amendments, as they enable entities to exercise more judgement in presenting and disclosing information and hence result in improving the relevance of disclosures in the notes to the financial statements and avoid obscuring relevant information.

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?

As a national standard setter we are not in a position to comment on this issue.

The constituents responding to this survey agree with EFRAG's assessment.

- 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?

As a national standard setter we are not in a position to comment on this issue.

The constituents responding to this survey agree with EFRAG's assessment.

-
- 6 EFRAG's initial assessment is that the Amendments are not expected to have effects beyond the improvement they bring to financial reporting with a favourable cost/benefit trade off and therefore they are assessed as being conducive to the European public good.

Do you agree with this assessment?

Yes No

If you do not agree with this assessment, 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

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

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EFRAG has been asked by the European Commission to provide it with advice and supporting material on Disclosure Initiative – Amendments to IAS 1 ('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 of the accompanying Draft Letter to the EC.

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 of the accompanying Draft Letter to the EC.

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:

BMW Group

- (b) Are you a:

Preparer User Other (please specify)

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

Automotive industry including financial services

(d) Country where you are located:

Germany (Headquarter), worldwide operating company

(e) Contact details including e-mail address:

BMW Group

Petuelring 130, 80788 Munich, Germany

Jonathan.Townend@bmw.de; Markus.leo@bmw.de;
leif.steeger@bmw.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 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 of the accompanying Draft Letter to the EC.

(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.

The criterion of comparability may not be completely fulfilled since there is still a lack of guidance for the adoption of materiality (e.g. consideration of current period only, past periods or future periods). This lack of guidance could lead to uncertainty and risk of conflicts with auditors and enforcement agencies. As a result companies may tend to continue their current practice, therefore defeating the initiative's objectives.

(b) Are there any issues that are not mentioned in Appendix 2 of the accompanying Draft Letter to the EC 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?

The amendments should be embedded in a broader context of the disclosure initiative. A clear vision of the

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disclosures is still missing. Consequently, preparers have to implement costly minor changes in the disclosures with low benefits for users instead of improving principally the disclosures under IFRS.

- 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 are set out in paragraphs 9 and 12 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG’s initial assessment is that the Amendments will not result in significant costs for users and are likely to be cost neutral for preparers.

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?

- 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 paragraph 14 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG’s initial assessment is that users and preparers are likely to benefit from the Amendments, as they enable entities to exercise more judgement in presenting and disclosing information and hence result in improving the relevance of disclosures in the notes to the financial statements and avoid obscuring relevant information.

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?

- 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.

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?

- 6 EFRAG’s initial assessment is that the Amendments are not expected to have effects beyond the improvement they bring to financial reporting with a favourable cost/benefit trade off and therefore they are assessed as being conducive to the European public good.

Do you agree with this assessment?

Yes No

If you do not agree with this assessment, 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

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

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EFRAG initial assessments summarised in this questionnaire will be amended to reflect EFRAG's decisions on Appendix 2 and 3 of the accompanying Draft Letter to the EC.

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

- (b) Are you a:

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Preparer User Other (please specify)

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

The Infineon group designs, develops, manufactures and markets a broad range of semiconductors and system solutions for automotive electronics, industrial electronics and chip-card based security.

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

Thomas Messerle
Infineon Technologies AG
Am Campeon 1-12
85579 Neubiberg
Thomas.Messerle@infineon.com

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 of the accompanying Draft Letter to the EC.

(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 of the accompanying Draft Letter to the EC that you believe EFRAG should take into

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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 .

- 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 are set out in paragraphs 9 and 12 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG’s initial assessment is that the Amendments will not result in significant costs for users and are likely to be cost neutral for preparers.

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?

- 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 paragraph 14 of Appendix 3 of the accompanying Draft Letter to the EC. To summarise, EFRAG’s initial assessment is that users and preparers are likely to benefit from the Amendments, as they enable entities to exercise more judgement in presenting and disclosing information and hence result in improving the relevance of disclosures in the notes to the financial statements and avoid obscuring relevant information.

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?

- 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.

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?

- 6 EFRAG’s initial assessment is that the Amendments are not expected to have effects beyond the improvement they bring to financial reporting with a favourable cost/benefit trade off and therefore they are assessed as being conducive to the European public good.

Do you agree with this assessment?

Yes No

If you do not agree with this assessment, 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

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