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Berlin, 26 June 2015

Dear Roger,

IASB Exposure Draft ED/2015/2 *Effective Date of IFRS 15 – Proposed amendments to IFRS 15*

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to comment on EFRAG's Draft Comment Letter on the IASB Exposure Draft ED/2015/2 *Effective Date of IFRS 15 – Proposed amendments to IFRS 15* (herein referred to as 'ED'). We appreciate the opportunity to respond to EFRAG's Draft Comment Letter (herein referred to as 'DCL').

We agree with the proposal to change the mandatory effective date of IFRS 15 *Revenue from Contracts with Customers* and the basis for EFRAG's view as set out in the Appendix to its DCL provided that early application remains permitted and transitional options remain unchanged. We would also like to refer to our comment letter as of 16 January 2015 on EFRAG's Draft Endorsement Advice on IFRS 15 as issued in May 2014, where we indicated that a majority of our constituency might not object to defer the mandatory effective date to 1 January 2018.

However, we hold the view that such a change of the effective date of a new, final and published Standard should remain an exception.

For our detailed comments on the question raised in the ED, we refer to the comment letter we submitted to the IASB that is attached to this letter. If you would like to discuss our comments further, please do not hesitate to contact Sven Morich or me.

Yours sincerely,

Andreas Barckow

President



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Mr Hans Hoogervorst
Chairman of the
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Berlin, 26 June 2015

Dear Hans,

IASB Exposure Draft ED/2015/2 *Effective Date of IFRS 15 – Proposed amendments to IFRS 15*

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to comment on the IASB Exposure Draft ED/2015/2 *Effective Date of IFRS 15 – Proposed amendments to IFRS 15* (herein referred to as 'ED'). We appreciate the opportunity to comment on the ED. .

We closely followed the discussion about the effective date of IFRS 15 *Revenue from Contracts with Customers* as issued in May 2014 and we agree with the views set out in the assessment in the ED and hereby with the proposal to change the mandatory effective date of IFRS 15. One the one hand changing the effective date of a Standard shortly after its issuance creates uncertainty for stakeholders and has the potential to set a bad precedent. One the other hand, the combination of factors the IASB considered in the Basis for Conclusions of the ED result in an exceptional situation regarding IFRS 15. We therefore agree with your decision to propose a one-year deferral of the effective date of IFRS 15 to 1 January 2018. In our view, a shift of the mandatory effective date is arguable provided early application remains permitted and transitional options remain unchanged.

Furthermore, as part of our contribution to the EU Endorsement process of IFRS 15 as issued in May 2014, we explicitly asked our constituency in December 2014 whether they would prefer a change of the mandatory effective date to 1 January 2018. The comments received indicated that a one-year deferral would improve, particularly in the light of the availability of information technology systems, the quality of implementation of IFRS 15.



These arguments become even more relevant when considering the proposed clarifications and amendments to IFRS 15, the IASB recently discussed. A deferral of the effective date by one year would provide additional time to implement any amendments to the Standard and would avoid further short-term reporting changes to revenue after the first implementing of IFRS 15 as issued in May 2014.

Eventually, we would like to emphasise that such a change of the effective date of a new, final and published Standard should remain an exception. In this particular case it might be advisable that a full three years are necessary to achieve proper implementation of IFRS 15.

For more details on the analysis we refer to our response to the ED's question in the Appendix of this letter. If you would like to discuss our comments further, please do not hesitate to contact Sven Morich or me.

Yours sincerely,

Andreas Barckow

President



Appendix – Answer to the question of the Exposure Draft

Question

The IASB proposes to amend IFRS 15 so that entities would be required to apply IFRS 15 for annual reporting periods beginning on or after 1 January 2018. Earlier application would continue to be permitted. Do you agree? Why or why not?

Comments on the Basis for Conclusions

We agree with the proposal to change the mandatory effective date of IFRS 15 and the views set out in the assessment in the ED. Although the effective date of IFRS 15, as issued in May 2014, was set after careful consideration regarding the time needed to implement the requirements, we support the IASB proposal to change of the effective date due to the exceptional circumstances of IFRS 15.

We have followed the technical discussions and other activities of the Transition Resource Group (TRG) for Revenue Recognition and we understand the IASB's tentative decision to propose targeted amendments to IFRS 15, which include the improved guidance on licences and some examples illustrating the guidance on identifying performance obligations. In addition we note that the IASB plans to discuss possible clarifications to the guidance on principal versus agent considerations.

We agree with the IASB's conclusion that although intended to provide clarity, the proposed amendments may have a negative impact on some entities that would wish to apply the amendments at the same time as they first apply IFRS 15. In this regard a deferral of the effective date by one year will provide additional time to implement any amendments to the new Standard and will avoid reporting changes to revenue shortly after its first implementation.

In this context it is also worth mentioning that IFRS 15 was issued later than it had been anticipated when the IASB first set the effective date of the Standard. Following, the current proposal to postpone the effective date provide the same period of implementation as entities were expecting to have in the first place.

Recent feedback from our constituency

As a national standard-setter we are not in a position to answer questions regarding the costs that will arise for preparers and for users to implement IFRS 15. Furthermore it is difficult for us to assess the impact of the late publication of the final Standard in May 2014 reducing the time available for implementation to less than three years.



Therefore, in December 2014, we explicitly asked our 30 major German companies trading on the Frankfurt Stock Exchange (called DAX-30) as well as some other large listed entities whether they would prefer a change of the mandatory effective date to 1 January 2018. The outcome of our outreach was also contributed to the EU endorsement process of IFRS 15 as issued in May 2014 and can be summarized as follows:

We received 25 responses (from the DAX-30 as well as some other large listed entities) with mixed views:

- (a) 12 entities supported shifting the effective date of IFRS 15 for one year;
- (b) 10 entities were neutral in their feedback; and
- (c) only 3 entities favoured the proposed application date 2017 (mainly due to implementation projects which they have already started or other projects they would give higher priority from 2018 onwards).

Although our assessment only indicates preferences from the preparers' side and does not necessarily answer the question whether an application in 2017 would be achievable for them at all, we can acknowledge that we did not receive much support for a mandatory effective date 2017.

Conclusion

For the reasons given above, despite any concerns that a deferral might raise, we agree with the IASB's tentative decision to propose a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018 provided early application remains permitted and transitional options remain unchanged.