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DRSC e. V. • Zimmerstr. 30 • 10969 Berlin

Telefon +49 (0)30 206412-12

Telefax +49 (0)30 206412-15

E-Mail info@drsc.de

Françoise Flores
EFRAG Chairman
35 Square Meeûs
B-1000 Brussels

Berlin, 18. Juli 2014

Proposal to enhance IFRS quality control

Dear Françoise

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on EFRAG's Draft Letter to the IASB on proposals to enhance IFRS quality control.

We agree with EFRAG's observation that recently not all IASB publications met the criterion of high quality.

We do not support making public review drafts a mandatory step of the due process as we do not see the public's involvement safeguarding the necessary level of understanding unintended consequences. We do not share your view on the example of Revenue Recognition: the time and effort IASB und FASB invested between the second Exposure Draft and issuing the final text was likely well spent (the implementation is only starting now). It is such targeted and focussed consultation including industry specific issues that contributes to the quality by the IASB's increased understanding of its constituents.

Furthermore, on numerous occasions we have reported that IFRS 11 does not cause widespread implementation problems in Germany. This is in part due to the pervasiveness of accounting options used under IAS 31 and in part due to structures used for joint arrangements.

We do not support EFRAG's proposal of inserting a specific implementation stage after publishing the final text. We do not believe that publication of a text that might be changed after a defined period gives the signal that implementation efforts could be started on a large scale. Those who tend to early adopt new requirements might continue to do so; there have always been those who wait until the last minute.

Zimmerstr. 30 · 10969 Berlin · Telefon +49 (0)30 206412-0 · Telefax +49 (0)30 206412-15 · E-Mail: info@drsc.de

Bankverbindung: Deutsche Bank Berlin, Konto-Nr. 0 700 781 00, BLZ 100 700 00

IBAN-Nr. DE26 1007 0000 0070 0781 00, BIC (Swift-Code) DEUTDE33HAN

Vereinsregister: Amtsgericht Berlin-Charlottenburg, VR 18526 Nz

Präsidium:

Dr. h.c. Liesel Knorr (Präsidentin), Peter Missler (Vizepräsident)



Furthermore, giving a group the authority to change the text will in our opinion lead more often to hesitation rather than going ahead. While the early adopters would still prefer to contribute to shaping practice, others might want to wait for certainty; after all, some of the new standards trigger vast investments in people and systems.

We do not deem the number of requests for interpretations being an indicator for flaws particularly in the newer standards.

Last, but not least, completing the endorsement process after the implementation stage would to a large extent pre-empt the outcome of the process: rejecting a standard implemented on a large scale would likely cause severe unrest amongst constituents.

If you would like to discuss any aspects of our comments in detail, please do not hesitate to contact me.

Yours sincerely,

Liesel Knorr

President