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52_02b_IFRS-FA_DefinitionBusiness_SN_EFRAG

2016

Dear Jean-Paul,

IASB Exposure Draft ED/2016/1 *Definition of a Business and Accounting for Previously Held Interests*

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to comment on EFRAG's Draft Comment Letter on the IASB's ED/2016/1 *Definition of a Business and Accounting for Previously Held Interests* (herein referred to as the 'ED'). We appreciate the opportunity to respond to EFRAG's Draft Comment Letter (herein referred to as 'DCL').

Like EFRAG in its DCL we:

- a) welcome the IASB's aim to provide clearer application guidance to help distinguishing between an asset acquisition and the acquisition of a business;
- b) agree that the examples included in the ED need to be revised since applying the amendments to the examples included in the ED would not always or automatically result in the appropriate outcome or indicate that the application of the definition of a business is not sufficiently clear;
- c) support the amendments proposed regarding the accounting of previously held interests.

However, we are generally more concerned than EFRAG in its DCL about the specific amendments regarding the definition of a business. We think that the amendments as proposed are not helpful in determining whether a group of assets or a business has been acquired. In particular, we see difficulties with regard to the amended paragraph B8 as well as the screening test.

Please find our detailed comments on the questions raised in the ED in the appendix to this letter which we will intend to submit to the IFRS Foundation after the September TEG meeting. If you



would like to discuss our comments further, please do not hesitate to contact Franziska Schmerse or me.

Yours sincerely,

Andreas Barckow

President

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