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Berlin, 27. September 2011

### **EFRAG's Assessment of IAS 19 *Employee Benefits* (as amended in June 2011)**

Dear Françoise,

The German Accounting Standards Board (GASB) appreciates the opportunity to comment on EFRAG's Assessment of IAS 19 *Employee Benefits* (as amended in June 2011).

We agree with EFRAG's technical assessment of the amended standard regarding the technical criteria for endorsement; that is we support the positive endorsement advice to the European Commission regarding the adoption of IAS 19 *Employee Benefits* (as amended in June 2011).

This view is supported by the answers that we received from a survey that the GASB carried out with selected companies in Germany. For this purpose we sent your questionnaire to the DAX 30 companies. We received responses from three preparers as a result of the survey, all of whom fully support the EFRAG's technical assessment regarding the amendments.

The GASB, as a standard setter, has not itself evaluated the costs and benefits that are likely to arise for preparers and users through the implementation of the amended standard. However, all three respondents to the survey mentioned above agree with EFRAG's assessment of the costs and benefits that could arise; this means they also support EFRAG's conclusion that the benefits to be derived from applying the amendments will exceed the costs involved.

For your convenience, we have attached the responses that we received as a result of our survey to this letter. Please note that from one response we deleted the name of the respondent based on their wish to remain anonymous to EFRAG.

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

Yours sincerely,

*Liesel Knorr*

President

**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON IAS 19  
EMPLOYEE BENEFITS (AS AMENDED IN JUNE 2011)**

**INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS**

Comments should be sent to [commentletters@efrag.org](mailto:commentletters@efrag.org) or  
uploaded via our website by 29 September 2011

EFRAG has been asked by the European Commission to provide it with advice and supporting material on IAS 19 *Employee Benefits*, as amended in June 2011 (IAS 19 (2011)). In order to do that, EFRAG has been carrying out an assessment of IAS 19 (2011) 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 IAS 19 (2011) is set out in Appendix 1.

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.

**Please note that IAS 19 (2011) refers to IFRS 13 *Fair value Measurements*, which will be subject to a separate endorsement process.**

**EFRAG initial assessments summarised in this questionnaire will be amended to reflect EFRAG's decisions on Appendix 2 and 3.**

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:

German Accounting Standards Board (**GASB**)

- (b) Are you a:

Preparer  User  Other (please specify)

National Standard Setter

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

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

See above.

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(d) Country where you are located:

Germany

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(e) Contact details including e-mail address:

Liesel Knorr - c/o DRSC e.V.

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Zimmerstrasse 30; 10969 Berlin (Germany)

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knorr@drsc.de

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2 EFRAG's initial assessment of IAS 19 (2011) is that it meets the technical criteria for endorsement. In other words, it is not contrary to the principle of true and fair view and it meets the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.

(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.

NA

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(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of IAS 19 (2011)? If there are, what are those issues and why do you believe they are relevant to the evaluation?

None.

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3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of IAS 19 (2011) 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.

4 The results of the initial assessment of costs are set out in paragraphs 1-12 of Appendix 3. To summarise, EFRAG's initial assessment is that the Amendments

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

are likely to result in an increase in costs for preparers (mainly one-off costs) and in cost savings for users.

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?

We as a national standard setter are not in a position to  
comment on the costs that will arise for preparers and  
for users on implementation of the amendment in the EU.

- 5 In addition, EFRAG is assessing the benefits that are likely to be derived from IAS 19 (2011). The results of the initial assessment of benefits are set out in paragraphs 13-17 of Appendix 3. To summarise, EFRAG's initial assessment is that that users and preparers are likely to benefit from the Amendments.

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?

We as a national standard setter are not in a position to  
comment on this issue.

- 6 EFRAG has tentatively concluded that the benefits to be derived from implementing IAS 19 (2011) in the EU as described in paragraph 5 above are likely to outweigh the costs involved as described in paragraph 4 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?

NA - see above.

- 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 IAS 19 (2011).

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

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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**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON IAS 19  
EMPLOYEE BENEFITS (AS AMENDED IN JUNE 2011)**

**INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS**

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A summary of IAS 19 (2011) is set out in Appendix 1.

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.

**Please note that IAS 19 (2011) refers to IFRS 13 *Fair value Measurements*, which will be subject to a separate endorsement process.**

**EFRAG initial assessments summarised in this questionnaire will be amended to reflect EFRAG's decisions on Appendix 2 and 3.**

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:

Albert Hasselmeyer, BASF SE

- (b) Are you a:

Preparer  User  Other (please specify)

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

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

Senior Vice President, Group Accounting and Reporting

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(d) Country where you are located:

Germany

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(e) Contact details including e-mail address:

Albert.hasselmeyer@basf.com

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2 EFRAG's initial assessment of IAS 19 (2011) is that it meets the technical criteria for endorsement. In other words, it is not contrary to the principle of true and fair view and it meets the criteria of understandability, relevance, reliability and comparability. EFRAG's reasoning is set out in Appendix 2.

(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.

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(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of IAS 19 (2011)? If there are, what are those issues and why do you believe they are relevant to the evaluation?

no

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3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of IAS 19 (2011) 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.

4 The results of the initial assessment of costs are set out in paragraphs 1-12 of Appendix 3. To summarise, EFRAG's initial assessment is that the Amendments are likely to result in an increase in costs for preparers (mainly one-off costs) and in cost savings for users.

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

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?

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- 5 In addition, EFRAG is assessing the benefits that are likely to be derived from IAS 19 (2011). The results of the initial assessment of benefits are set out in paragraphs 13-17 of Appendix 3. To summarise, EFRAG's initial assessment is that that users and preparers are likely to benefit from the Amendments.

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?

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Do you agree with this assessment?

Yes  No

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*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

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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**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON IAS 19  
EMPLOYEE BENEFITS (AS AMENDED IN JUNE 2011)**

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- (a) Your name or, if you are responding on behalf of an organisation or company, its name:

SAP AG

- (b) Are you a:

Preparer  User  Other (please specify)

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

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

SAP AG is a supplier of ERP software and related services (maintenance, consulting, training) and is selling its products and services through subsidiaries and partners world-wide.

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(d) Country where you are located:

Germany

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(e) Contact details including e-mail address:

[Christian.pfister@sap.com](mailto:Christian.pfister@sap.com)

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[Christiane.ohlgart@sap.com](mailto:Christiane.ohlgart@sap.com)

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(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.

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(b) Are there any issues that are not mentioned in Appendix 2 that you believe EFRAG should take into account in its technical evaluation of IAS 19 (2011)? If there are, what are those issues and why do you believe they are relevant to the evaluation?

No

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3 EFRAG is also assessing the costs that are likely to arise for preparers and for users on implementation of IAS 19 (2011) 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.

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are likely to result in an increase in costs for preparers (mainly one-off costs) and in cost savings for users.

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?

We do not believe that the changes to IAS 19 will result in any additional cost to us. We have long standing relationships with actuaries and don't believe they will increase their charges for changes in calculations.

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- 5 In addition, EFRAG is assessing the benefits that are likely to be derived from IAS 19 (2011). The results of the initial assessment of benefits are set out in paragraphs 13-17 of Appendix 3. To summarise, EFRAG's initial assessment is that that users and preparers are likely to benefit from the Amendments.

Do you agree with this assessment?

Yes  No

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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?

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*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

- 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 IAS 19 (2011).

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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**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON IAS 19  
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- (b) Are you a:

Preparer  User  Other (please specify)

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

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

Chemical industry / Pharmacy

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(d) Country where you are located:

Germany

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(e) Contact details including e-mail address:

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(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 that you believe EFRAG should take into account in its technical evaluation of IAS 19 (2011)? If there are, what are those issues and why do you believe they are relevant to the evaluation?

Although mentioned in Appendix 2, we would like to focus the attention on the lost opportunity to specify where in profit or loss an entity should present the service and finance cost components. With regard to overall comparability the information content might be affected.

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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?

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Do you agree with this assessment?

Yes  No

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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?

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- 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 IAS 19 (2011).

*Invitation to Comment on EFRAG's Initial Assessments on IAS 19 (2011)*

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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