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Berlin, 8. Mai 2012

Dear Françoise,

**EFRAG's Assessment of the
GOVERNMENT LOANS (AMENDMENTS TO IFRS 1)**

On behalf of the German IFRS Committee I am writing to comment on EFRAG's Assessment of the amendment to IFRS 1 with respect to Government Loans.

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 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 one company, which indicated that they agree to the assessment made by EFRAG.

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,

Liesel Knorr
President

**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON
GOVERNMENT LOANS (AMENDMENTS TO IFRS 1)**

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS

**Comments should be sent to commentletters@efrag.org or
uploaded via our website by 7 MAY 2012**

EFRAG has been asked by the European Commission to provide it with advice and supporting material on *Government Loans (Amendments to IFRS 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.

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.

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 IFRS Committee

- (b) Are you a:

Preparer User Other (please specify)

National Standard Setter

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

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see (b) above

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

ASCG c/o Liesel Knorr

Zimmerstrasse 30 – 10969 Berlin – Germany

knorr@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.

(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 the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

N/A

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 5 and 8 of Appendix 3. To summarise, EFRAG’s initial assessment is that overall, the Amendments are likely to reduce the one-off costs at the date of transition to IFRS for first-time adopters and do not impact the ongoing costs of applying IFRS for preparers. In addition, EFRAG’s initial assessment is that the Amendments will not significantly affect the costs for users.

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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?

As a national Standard Setter we are not in a position to
Comment on this issue; however, based on feedback from one
DAX30 entity, there is agreement with this 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 paragraphs 10, 11 and 12 of Appendix 3. To summarise, EFRAG’s initial assessment is that users are likely to benefit from the Amendments, as they will make it possible for more entities to adopt IFRS; while first-time adopters are likely to benefit from the Amendments, as they are likely to reduce the costs of transition to IFRS.

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?

Please refer to 3, respectively.

- 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?

Please refer to 3, respectively.

- 6 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.

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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?

N . A .

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A summary of the Amendments 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.

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:

Linde AG

Klosterhofstraße 1

80331 Munich

- (b) Are you a:

X Preparer User Other (please specify)

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

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Gases & Engineering Company

No first-time adopter

(d) Country where you are located:

worldwide

(e) Contact details including e-mail address:

christina.moderegger@linde.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.

(a) Do you agree with this assessment?

X 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 the Amendments? If there are, what are those issues and why do you believe they are relevant to the evaluation?

N/A

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 5 and 8 of Appendix 3. To summarise, EFRAG’s initial assessment is that overall, the Amendments are likely to reduce the one-off costs at the date of transition to IFRS for first-time adopters and do not impact the ongoing costs of applying IFRS for preparers. In addition, EFRAG’s initial assessment is that the Amendments will not significantly affect the costs for users.

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Do you agree with this assessment?

X 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 paragraphs 10, 11 and 12 of Appendix 3. To summarise, EFRAG’s initial assessment is that users are likely to benefit from the Amendments, as they will make it possible for more entities to adopt IFRS; while first-time adopters are likely to benefit from the Amendments, as they are likely to reduce the costs of transition to IFRS.

Do you agree with this assessment?

X 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?

X 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 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.

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Do you agree that there are no other factors?

X Yes

No

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