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Berlin, 4 January 2012

**EFRAG's Assessment of Amendments to IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time adopters**

Dear Françoise,

The German Accounting Standards Board (GASB) appreciates the opportunity to comment on EFRAG's Assessment of the amendments to IFRS 1.

We agree with EFRAG's technical assessment of the amendments regarding the technical criteria for endorsement; that is we support the positive endorsement advice to the European Commission regarding the adoption of this amendment to IFRS 1.

This view is supported by the answer 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 a response from one preparer as a result of the survey, which fully supports EFRAG's technical assessment regarding the amendments. We acknowledge the amendments not being very relevant to most of the companies applying IFRS, which seems to be supported given the limited feedback from our German constituents.

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, the respondent to the survey agrees with EFRAG's assessment of the costs and benefits that could arise; this means it also supports EFRAG's conclusion that the benefits to be derived from applying the amendments will exceed the costs involved.

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  
SEVERE HYPERINFLATION AND REMOVAL OF FIXED DATES FOR  
FIRST-TIME ADOPTERS (AMENDMENTS TO IFRS 1)**

**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 8 January 2011

EFRAG has been asked by the European Commission to provide it with advice and supporting material on *Severe Hyperinflation and Removal of fixed dates for first-time adopters (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.

**Note to constituents**

*Severe Hyperinflation and Removal of fixed dates for first-time adopters (Amendments to IFRS 1)* includes consequential amendments to IFRS 9 *Financial Instruments*, which has not yet been endorsed in the EU. Those consequential amendments are not addressed in this Draft Endorsement Advice and will be considered together with the related requirements in IFRS 9.

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 Accounting Standards Board (GASB)
- (b) Are you a:
- Preparer  User  Other (please specify)
- National Standard Setter

*Amendments to IFRS 1 – Invitation to Comment on EFRAG’s Initial Assessments*

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

See above

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

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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?

None.

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 2 to 9 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments are likely to reduce the one-off costs at the date of transition to IFRSs and do not impact the ongoing costs of applying IFRS for preparers and will not significantly affect the costs 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 this issue.

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- 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 to 12 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments will result in benefits for preparers and users.

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.

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- 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?

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

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- 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.

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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