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Berlin, 11 July 2013

Dear Françoise,

EFRAG's DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS - AMENDMENTS TO IAS 36

On behalf of the German IFRS Committee I am writing to comment on EFRAG's Assessment of the Amendments to IAS 36.

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 three companies, 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 entities.

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
RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS -
AMENDMENTS TO IAS 36**

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS

Comments should be sent to commentletters@efrag.org by 11 July 2013

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the *Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36* ('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:

Accounting Standards Committee of Germany (ASCG)

- (b) Are you a:

Preparer User Other (please specify)

National Standard Setter

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

*Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 –
Invitation to Comment on EFRAG’s Initial Assessments*

See above

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

Liesel Knorr - c/o DRSC e.V.

Zimmerstr. 30; 10969 Berlin

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?

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.

4 The results of the initial assessment of costs are set out in paragraphs 7 and 10 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments are likely to result:

(a) in some initial one-off costs for preparers related to their implementation and in some ongoing costs of complying with the them that are insignificant; and

*Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 –
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- (b) in insignificant costs incurred by users to incorporate the new requirements in their analysis.

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.

All three constituents responding to this survey agree with EFRAG's assessment.

- 5 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 paragraph 14 of Appendix 3. To summarise, EFRAG's initial assessment is that users and preparers are likely to benefit from the Amendments, as the information resulting from them will increase comparability; furthermore the Amendments are likely to reduce the costs for preparers in preparing and users in analysing the required disclosures.

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.

All three constituents responding to this survey agree with EFRAG's assessment.

- 6 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.

All three constituents responding to this survey agree with

*Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 –
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EFRAG's assessment.

- 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 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?

One of our constituents (Volkswagen AG) responding to this survey states:

From our point of view there is another strong argument to recommend the endorsement of the amendments:
Beside the rescission of the requirement to disclose the recoverable amount of cash-generating units for which no impairment is recognised, the amendments do not lead to any additional disclosures for companies for which the recoverable amount usually is the value in use. In sum, for those companies the amendments only result in reliefs. Another important aspect lies in the planned timeframe of endorsement. It would be most unfortunate to not be able to apply the amendments together with the initial application of IFRS 13 in 2013. Thus we urgently recommend having the endorsement before the end of the year 2013.

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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:

[Infineon Technologies AG, Neubiberg, Germany](#)

- (b) Are you a:

X Preparer User Other (please specify)

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

[Infineon Technologies AG designs, develops, manufactures and markets a](#)

broad range of semiconductors and systems solutions. The focus of activities is on automotive electronics, industrial electronics and chip-card based security

(d) Country where you are located:

[Germany](#)

(e) Contact details including e-mail address:

[Alexander Foltin](#)
[Am Campeon 1-12](#)
[85579 Neubiberg](#)
[Phone: +49 \(89\) 234 23766](#)
[Email: alexander.foltin@infineon.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?

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?

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.

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4 The results of the initial assessment of costs are set out in paragraphs 7 and 10 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments are likely to result:

- (a) in some initial one-off costs for preparers related to their implementation and in some ongoing costs of complying with the them that are insignificant; and
- (b) in insignificant costs incurred by users to incorporate the new requirements in their analysis.

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?

5 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 paragraph 14 of Appendix 3. To summarise, EFRAG’s initial assessment is that users and preparers are likely to benefit from the Amendments, as the information resulting from them will increase comparability; furthermore the Amendments are likely to reduce the costs for preparers in preparing and users in analysing the required disclosures.

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’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.

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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?

- 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 the Amendments.

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?

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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:

The Linde Group

Dr. Hans Dieter Fladung - Head of IFRS Competence Centre
& External Reporting

Dr. Christian Steiner

- (b) Are you a:

X Preparer User Other (please specify)

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

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The Linde Group is a world-leading gases and engineering company with approximately 62,000 employees working in more than 100 countries worldwide.

The IFRS Competence Centre and External Reporting is a world-wide global support function of The Linde Group assisting the subsidiaries in accounting and accounting related problems.

(d) Country where you are located:

Germany (HQ)

(e) Contact details including e-mail address:

Dr. Hans-Dieter Fladung

Klosterhofstr. 1, 80331 München

hans-dieter.fladung@linde.com

Christian Steiner

Klosterhofstr. 1, 80331 München

Christian.steiner@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?

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.
- 4 The results of the initial assessment of costs are set out in paragraphs 7 and 10 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments are likely to result:
- (a) in some initial one-off costs for preparers related to their implementation and in some ongoing costs of complying with the them that are insignificant; and
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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?

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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?

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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?

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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?

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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:

Dr. Ingrun-Ulla Bartölke, Head of group accounting,
Volkswagen AG

- (b) Are you a:

Preparer User Other (please specify)

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

*Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36 –
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The Volkswagen Group is one of the world’s leading automobile manufacturers and the biggest carmaker in Europe. Our parent company, the VOLKSWAGEN AG is located in Wolfsburg, Germany. The group currently operates 100 production plants in Europe, the Americas, Asia and Africa. Around the world over 550,000 employees produce more than 37,000 vehicles or are involved in vehicle-related services each working day. The Volkswagen Group sells its vehicles in more than 153 countries. With our 100%-owned subsidiary Volkswagen Financial Services AG we are also the largest automobile financial services provider in Europe. As of December 31, 2012, our total balance sheet amounts to EUR 309,644 million and our sales revenue amounts to EUR 192,676 million.

(d) Country where you are located:

Wolfsburg, Germany

(e) Contact details including e-mail address:

Dr. Ingrun-Ulla Bartölke
Head of Group Accounting
VOLKSWAGEN AG
D-38436 Wolfsburg
ingrun-ulla.bartoelke@volkswagen.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.

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

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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

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

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

-

- 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 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?

From our point of view there is another strong argument to recommend the endorsement of the amendments:

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Another important aspect lies in the planned timeframe of endorsement. It would be most unfortunate to not be able to apply the amendments together with the initial application of IFRS 13 in 2013. Thus we urgently recommend having the endorsement before the end of the year 2013.
