Deutsches Rechnungslegungs Standards Committee e.V.

Accounting Standards Committee of Germany

DRSC

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Berlin, 26 April 2018

Dear Jean-Paul,

EFRAG's Initial Assessment on Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

On behalf of the Accounting Standards Committee of Germany (ASCG) I am writing to comment on EFRAG's Draft Endorsement Advice of *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*. We appreciate the opportunity to respond to the initial assessment.

Content-wise, we continue to believe that our initial concerns flagged regarding the amendments remain valid. As set out in our comment letter to the IASB's Exposure Draft ED/2015/5 we are of the opinion that the amendments could result in less comparability between plans of the same entity and between entities with and without a plan event. While current service cost and net interest of plans with a plan event are calculated on updated assumptions, current service cost and net interest of all other plans are based on older (i.e., from the beginning of the period) assumptions. Thus, comparability between plans would decrease.

Notwithstanding that, we agree with the IASB that current service cost and net interest should be adjusted to account for the situation of the plan following the plan event. In our view, the adjustments to current service cost and net interest should only reflect changes in actuarial assumptions that are based on the results of the entity's action (such as benefit level, number of plan participants, etc.). The plan event is based on a decision of the entity and, therefore, the changes in current service cost and net interest should be based on the entity's decisions and not on changes in market conditions. Updating all assumptions, i.e. assumptions that are not under the control of the entity (such as mortality, business environment, etc.), would not necessarily result in more useful information.

Furthermore, the amendments conflict with the basic concept of IAS 19 of determining current service cost and net interest at the beginning of the year and expensing them over the year. Moreover, the IASB considered an update of actuarial assumptions for interim reporting and rejected this idea in 2011. In our view, the IASB has not provided any convincing new arguments that would justify a revision of the Board's prior view.

Notwithstanding the above, we agree with EFRAG's initial assessment that the amendments to IAS 19 meet the set endorsement criteria.

If you would like to discuss our comments further, please do not hesitate to contact Ruediger Schmidt (schmidt@drsc.de) or me.

Yours sincerely,

Andreas Barckow

President