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EFRAG
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Berlin, 5 October 2011

EFRAG's Assessment of IAS 1 *Presentation of Other Comprehensive Income* (as amended in June 2011)

Dear Françoise,

The German Accounting Standards Board (GASB) appreciates the opportunity to comment on EFRAG's Assessment of IAS 1 *Presentation of Other Comprehensive Income* (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 1 *Presentation of Other Comprehensive Income* (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 two 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 two 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

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Vorstandsausschuss:

Dr. Werner Brandt, Joe Kaeser, Prof. Dr. Rolf Nonnenmacher (Schatzmeister), Dr. Jörg Schneider



European Financial Reporting Advisory Group ■

**DRAFT ENDORSEMENT ADVICE AND EFFECTS STUDY REPORT ON THE
AMENDMENTS TO IAS 1 PRESENTATION OF ITEMS OF OTHER
COMPREHENSIVE INCOME**

INVITATION TO COMMENT ON EFRAG'S ASSESSMENTS

**Comments should be sent to commentletters@efrag.org or
uploaded via our website by 23 September 2011**

EFRAG has been asked by the European Commission to provide it with advice and supporting material on the Amendments to IAS 1 *Presentation of Other Comprehensive Income* (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 Accounting Standards Board (GASB)

- (b) Are you a:

Preparer User Other (please specify)

National Standard Setter

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
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:

Liesel Knorr - c/o DRSC e.V.

Zimmerstrasse 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?

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?

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.

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
Invitation to Comment on EFRAG’s Initial Assessments*

The results of the initial assessment of costs are set out in paragraphs 4 and 9 of Appendix 3. To summarise, EFRAG’s initial assessment is that, for preparers, the Amendments would involve no ongoing incremental costs compared to the existing requirements, but would require some one-off incremental costs to understand and implement the Amendments. These costs are not expected to be significant. For users, the Amendments are not expected to result in any one-off incremental costs, and are likely to result in ongoing cost savings.

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.

- 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 12 and 13 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments do not affect benefits for preparers in any way, and the users are likely to benefit from the Amendments, as the information resulting from them will assist users in their analysis.

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.

- 5 EFRAG has tentatively concluded 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?

NA - see above.

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
Invitation to Comment on EFRAG’s Initial Assessments*

- 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?

X Yes No

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



European Financial Reporting Advisory Group ■

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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:

Dr. Martin Schloemer

Bayer AG

- (b) Are you a:

Preparer User Other (please specify)

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
Invitation to Comment on EFRAG’s Initial Assessments*

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

Healthcare / Cropscience / Materialscience

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

martin.schloemer@bayer.com

Q 26, 51368 Leverkusen

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.

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
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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?

- 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 12 and 13 of Appendix 3. To summarise, EFRAG’s initial assessment is that the Amendments do not affect benefits for preparers in any way, and the users are likely to benefit from the Amendments, as the information resulting from them will assist users in their analysis.

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?

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

Allianz SE

(b) Are you a:

Preparer User Other (please specify)

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
Invitation to Comment on EFRAG’s Initial Assessments*

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

Allianz is present in about 70 countries and offers a comprehensive range of insurance and asset management products and services to more than 76 million customers.

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

Dr. Roman Sauer, Allianz SE, r.sauer@allianz.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.

(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?

Yes. Under point 7 of appendix 2 it is outlined that the amendments of IAS 1 will help users to decide which items can potentially affect profit or loss and should be taken into account in projecting future cash flows. We believe the overall benefit regarding relevance for users of financial statements is limited. We would like to point out that the statement of comprehensive income shows the user only the recyclable and non-recyclable items recognized in the reporting year. However, the profit and loss statement may also be affected by reclassifications

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
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that have been recognized in other comprehensive income in prior periods. The user can not see the accumulated, total amounts of the recyclable and the non-recyclable items of the OCI.

- 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 4 and 9 of Appendix 3. To summarise, EFRAG’s initial assessment is that, for preparers, the Amendments would involve no ongoing incremental costs compared to the existing requirements, but would require some one-off incremental costs to understand and implement the Amendments. These costs are not expected to be significant. For users, the Amendments are not expected to result in any one-off incremental costs, and are likely to result in ongoing cost savings.

Do you agree with this assessment?

Yes No

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Do you agree with this assessment?

Yes No

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*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
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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?

- 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?

The role of OCI in the IFRS Framework requires greater clarity and consistency (e.g., capturing of economic changes in assumptions that might distort a company’s P&L such as with pensions or insurance contracts). It should be added to the IASB’s agenda for future projects.



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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:

Vincent Leinenbach, BASF SE

- (b) Are you a:

Preparer

*Amendments to IAS 1 Presentation of Items of Other Comprehensive Income –
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(c) Please provide a short description of your activity:

Specialist Group Financial Statements

(d) Country where you are located:

Germany

(e) Contact details including e-mail address:

vincent.leinenbach@basf.com

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(a) Do you agree with this assessment?

Yes

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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Do you agree with this assessment?

Yes

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

- 5 EFRAG has tentatively concluded 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

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?

Yes

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