

Comments

IASB-DP Business Combinations — Disclosures, Goodwill and Impairment

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Since the various arguments regarding scheduled amortisation versus an impairment only approach to goodwill and the corresponding disclosures have been discussed extensively in professional circles over many years, we do not wish to repeat them in our present statement.

Nevertheless, we would like to share with you the results and opinions that the German banking industry has drawn from these discussions.

Questions 2-5

According to the idea of the IASB, companies would be required to disclose information about acquisitions used by their chief operating decision maker, i.e. companies would disclose information management uses internally to monitor acquisitions.

We are very critical of such a requirement, as it may involve the disclosure of internal/confidential information. This cannot be the intention of the IASB.

Questions 6-7

We are very much in favour of the introduction of scheduled goodwill amortisation. This is a standardised and comprehensible alternative to the previous procedure. It would also reduce the risk of recognized impairment losses in the economic downturn. However, when scheduled amortisation is introduced, it should be mandatory to disclose the respective amortisation amount in a separate item outside the operating result.

We endorse the simplifications discussed by the IASB for carrying out the impairment test, i.e. carrying out the test only if there are indications of impairment, the use of after-tax interest rates, and the use of cash flows in restructurings without a commitment to do so.

Question 8

Concerning presentation, the IASB would prefer companies to present on the balance sheet the amount of total equity excluding goodwill.

We see no reason to present this information separately in the financial statement. Rather, we believe that such a requirement would reduce transparency. Moreover, the desired value can be calculated without any problems. A presentation in the notes would be sufficient.

Question 12

We agree with the IASB not to include any further intangible assets in goodwill.