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Request for Information - IFRS 13 Post Implementation Review

Question 1A—Your background

Please tell us:	
a) your principal role in relation to fair value measurement. For example, are you a preparer of financial statements, an auditor, a valuation specialist, a user of financial statements, a regulator, a standard-setter, an academic, or a professional accounting body? If you are a user of financial statements, what kind of user are you (for example, buy-side analyst, sell-side analyst, credit rating analyst, creditor/lender, asset or portfolio manager)	preparer of financial statements
(b) your principal jurisdiction and industry. If you are a user of financial statements, which geographical regions and industries do you follow or invest in?	German GAAP, IFRS, Banking industry

Question 1B—Your experience

How extensive is your experience in relation to the measurement of the following items at fair value (including the measurement of their recoverable amount on the basis of fair value less costs of disposal)?

Type of item	The extent of your experience with		
	Little	Some	Much
Property, plant and equipment	x		
Intangible assets including goodwill		x	
Investment properties		x	
Biological assets	x		
Investments in subsidiaries, joint ventures or associates			x
Financial instruments			x
Other (please specify which)			

Question 2—Fair value measurement disclosures

<p>(a) How useful do you find the information provided about Level 3 fair value measurements? Please comment on what specific information is useful, and why.</p>	<p>In general terms, we are of the opinion that the cost of preparing Notes disclosures concerning Level 3 financial instruments is not in a reasonable proportion to the potential benefit to the user of the financial statements.</p> <p>In particular, it is difficult to derive a risk assessment for the company concerned from the required comprehensive disclosures on Level 3 positions. To a large extent, the required disclosures do not take into account the fact that Level 3 input factors are partially used in the calculation of the fair value of positions on the assets and liabilities sides which are closed from the risk point of view. The disclosures on sensitivities pursuant to IFRS 13.93 (h) (i), the preparation of which – as experience has shown – is particularly time-consuming, do not provide a complete picture of this either.</p> <p>Furthermore, comprehensive information on Level 3 positions is also required for those financial instruments which are not recognised at fair value, whose fair value is determined using Level 3 input factors. It should be borne in mind that these disclosures are presumably not as essential for users of the financial statements as the same disclosures are for the instruments recognised at fair value.</p> <p>We feel that IFRS 13.93 (c) und (e) (iv) Transfer is not useful because of minor information content and little transparency. According to IFRS 13.93 (d), quantitative information must be given on the Level 3 inputs. Reporting thereon is predominantly based on the example in the Illustrative Examples (IFRS 13.IE63). The preparation of disclosures on the range of the values of Level 3 inputs is very time-consuming (especially in a Group) and of doubtful informative value.</p> <p>IFRS 13.93 (b) Level-overview is useful because of the additional transparency.</p>
<p>(b) In your experience of Level 3 fair value measurements:</p>	
<p>(i) how do aggregation and generic disclosure affect the usefulness of the resulting information? Please provide examples to illustrate your response.</p>	<p>All in all IFRS 13 provides adequate transparency. Especially the reconciliation to the statement of financial position is useful from our point of view. Further disaggregation is not necessary.</p>
<p>(ii) are you aware of any other factors (either within or outside IFRS requirements) affecting the usefulness of the information? Please provide examples to illustrate your response.</p>	<p>no (see question (a))</p>
<p>(iii) do you have suggestions on how to prevent such factors from reducing the usefulness of the information provided?</p>	<p>no (see question (a))</p>

(c) Which Level 3 fair value measurement disclosures are the most costly to prepare? Please explain.	The description of non-observable input parameters and sensitivity analysis for Level 3 requires much time for preparation in comparison to the achievable decision usefulness.						
(d) Is there information about fair value measurements that you think would be useful and that IFRS 13 does not require entities to disclose? If yes, please explain what that information is and why you think it would be useful. Please provide any examples of disclosure of such information.	no						

Question 3—Prioritising Level 1 inputs or the unit of account

(a) Please share your experience to help us assess:	
(i) how common it is for quoted investments in subsidiaries, joint ventures and associates, and quoted cash-generating units to be measured at fair value (please support your comments with examples).	n/a
(ii) whether there are material differences between fair value amounts measured on the basis of P×Q alone (when P is the quoted price for an individual instrument and Q is the quantity of financial instruments held) and fair value amounts measured using other valuation techniques. Please provide any examples, including quantitative information about the differences and reasons for the differences.	n/a
(iii) if there are material differences between different measurements, which techniques are used in practice and why.	no
Please note whether your experience is specific to a jurisdiction, a region or a type of investment.	no
(b) The Board has undertaken work in this area in the past (see Appendix 3). Is there anything else relating to this area that you think the Board should consider?	no

Question 4—Application of the concept of highest and best use for non-financial assets

Please share your experience to help us assess:	We apply predominantly at cost measurement but sometimes also FV measurement for non financial assets						
(a) whether the assessment of an asset’s highest and best use is challenging, and why. Please provide examples to illustrate your response.	The asset’s highest and best use does generally not differ from current use. Therefore assessment is not substantial and not challenging either.						

(b) whether the current uses of many assets are different from their highest and best use, and in which specific circumstances the two uses vary.	The asset's highest and best use generally does not differ from current use.					
(c) whether, when applying highest and best use to a group of assets and using the residual valuation method, the resulting measurement of individual assets in the group may be counter-intuitive. If so, please explain how this happens, and in which circumstances.	n/a					
(d) whether there is diversity in practice relating to the application of the concept of highest and best use, and when and why this arises.	no					
Please note whether your experience is specific to a jurisdiction, a region or a type of asset.	no					

Question 5—Applying judgements required for fair value measurements

Please share your experience to help us assess the challenges in applying judgements when measuring fair value:		
(a) is it challenging to assess whether a market for a asset or a liability is active? Why, or why not?	Predominantly No. In practice, some judgments may be challenging but sophisticated processes are implemented for this kind of assessment, i.e. no more guidance is necessary.	
(b) is it challenging to assess whether an input is unobservable and significant to the entire measurement? Why, or why not?	Predominantly No. In practice, some judgments may be challenging but sophisticated processes are implemented for this kind of assessment, i.e. no more guidance is necessary.	
Please provide specific examples to illustrate your response and note whether your experience is specific to a jurisdiction or a region or a type of asset or liability.		

Question 6A—Education on measuring biological assets at fair value

Please describe your experience of measuring the fair value of biological assets:	
(a) are any aspects of the measurement challenging? Why, or why not? Please provide examples to illustrate your response.	n/a
(b) what, if any, additional help would be useful in applying IFRS 13? In which areas?	n/a

Question 6B—Education on measuring unquoted equity instruments at fair value

Please describe your experience of measuring the fair value of unquoted equity instruments:	
(a) in 2012, the IFRS Foundation Education Initiative published Unquoted equity instruments within the scope of IFRS 9 Financial Instruments. Have you used this education material? If so, how did this material help you to measure the fair value of unquoted equity instruments?	no
(b) do you have questions not covered in Unquoted equity instruments within the scope of IFRS 9 Financial Instruments? Do you think that additional help would be useful in applying the requirements? Why, or why not? Please provide examples to illustrate your response.	no

Question 7—Effects and convergence

(a) Please share your experience of the overall effect of IFRS 13:	
(i) what effect did IFRS 13 have on users' ability to assess future cash flows? If you are a user of financial statements, please provide us with examples of how you use information provided by entities about their fair value measurements and any adjustments you make to the measurements.	n/a
(ii) what effect did IFRS 13 have on comparability of fair value measurements between different reporting periods for an individual entity and between different entities in the same reporting period?	Comparability has been increased.

(iii) what effect did IFRS 13 have on compliance costs; specifically, has the application of any area of IFRS 13 caused considerable costs to stakeholders and why?	Costs for internal projects and process implementation were considerable. Current measurement process does not create significant cost, but disclose requirements do.			
(b) Please comment on how you are affected by the fact that the requirements for fair value measurement in IFRS 13 are converged with US GAAP; and please comment on how important it is to maintain that convergence.	not affected			

Question 8—Other matters

Should the Board be aware of any other matters as it performs the PIR of IFRS 13? If so, please explain why and provide examples to illustrate your response.	no
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