Dr. Ingrun-Ulla Bartölke
Leiterin Konzernrechnungswesen
und externe Berichterstattung
VOLKSWAGEN AG
D-38436 Wolfsburg

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Exposure Draft ED/2012/3 Equity Method – 'Share of Other Net Asset Changes'

Dear Sir/Madam,

Thank you for the opportunity to comment on your Exposure Draft ED/2012/3 – 'Share of Other Net Asset Changes'.

The Volkswagen Group is one of the world's leading automobile manufacturers and the biggest carmaker in Europe. The group currently operates 100 production plants in Europe, the Americas, Asia and Africa. Around the world 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.

In general, Volkswagen agrees with the proposals made by the Board to clarify the accounting treatment for other net asset changes of the investee from the investors view. However, we will express some concerns in cohesion of the stated questions.

Question 1

The IASB proposes to amend IAS 28 so that an investor should recognise in the investor's equity its share of the changes in the net assets of the investee that are not recognised in profit or loss or OCI of the investee, and that are not distributions received. Do you agree? Why or why not?

In general we agree with the proposed amendment, because it reduces the current diversity in practice. Furthermore it is a pragmatic short-term solution. In our opinion it is correct to cover the changes of net assets of the investee, which result from the investee`s equity transactions, in the equity of the investor, because they don`t represent a performance of the investee.

To clarify the scope of IAS 28.10(b) we would prefer a link to IAS 1 and delete the last sentence.

Furthermore we would recommend to verify the proposed treatment with respect to the following cases:

- changes in the investee`s equity because of IAS 8.14 and IAS 8.42
- changes because of IAS 32 (compound instruments, transaction costs).

Question 2

The IASB also proposes that an investor shall reclassify to profit or loss the cumulative amount of equity that the investor had previously recognised when the investor discontinues the use of the equity method. Do you agree? Why or why not?

In general we agree that the cumulative amount of equity that the investor had previously recognized in his equity, should be reclassified in profit or loss, when he discontinues the use of the equity method. However there might be some cases, in which a reclassification in profit or loss might contradict other IAS/IFRS or might be inappropriate. In our opinion, each of the cases mentioned under Question 1 should be examined, if a reclassification in profit or loss is appropriate. The proposed amendments are a good solution, but should be examined for all cases.

Question 3

Do you have any other comments on the proposals?

We would like to mention that an unlimited retrospective application of the requirement in IAS IAS 28.10(d) and 28.25 to reclassify all amounts in P&L might be impracticable. In this context we would like to point out, that all aforementioned issues must be analyzed, as maybe, some pieces of information are not available anymore.

Additionally we would like to mention that a new position within the equity is needed.

Best Regards,

Dr. Ingrun-Ulla Bartölke