# IFRS compared to German GAAP and Dutch GAAP: A detailed overview

## Handbook

August 2024

# Foreword

For Dutch multinationals and middle market entities, Germany remains – together with the emerging and growth markets – one of the most attractive countries to invest in. The fact is that the Netherlands is one of the most important direct investors in Germany. In spite of the current economic challenges and the changed investment climate the appetite to invest in Germany remains high.

In this light we have observed high interest from Dutch investors to gain an understanding of the differences in accounting standards between the Netherlands and Germany and vice versa.

Following the success of the first edition of our comparison between International Financial Reporting Standards (IFRS), German Generally Accepted Accounting Principles (GAAP) and Dutch GAAP (March 2021) we are pleased to launch the updated second edition which incorporates the changes in accounting standards from the last three years.

Over 160 countries have adopted the International Financial Reporting Standards (IFRS) or require accounting standards which are closely aligned with IFRS Standards for most or all domestic listed companies.

Following EU regulations in Germany and the Netherlands, listed companies as well as companies in the process of approval for issuing securities are obliged to prepare their consolidated financial statements according to IFRS Standards, as adopted by the European Union (EU IFRS).

There is also an option to voluntarily apply IFRS for other consolidated financial statements (including unlisted companies) and for the presentation of separate financial statements.

Nevertheless, separate financial statements in accordance with German GAAP must still be prepared in many circumstances.

Therefore, numerous companies operating in the Dutch-German environment face the challenge of

dealing with German and Dutch accounting principles as well as IFRS Standards at the same time.
Also, for (planned) initial public offerings of non-listed companies or preparation for disposals in an international environment, companies potentially have to deal with a change in accounting rules and the related impact.

Legal entities under Dutch GAAP can opt to account for impairment on financial assets in accordance with the expected credit loss model under IFRS 9 Financial Instruments, recognition of revenue and related costs in accordance with IFRS 15 Revenue from contracts with customers, lease accounting in accordance with IFRS 16 Leases and pension accounting in accordance with IAS 19 Employee benefits. Such options under Dutch GAAP are particularly relevant for those legal entities that are part of a group reporting under IFRS Accounting Standards, as well as for legal entities in industries in which IFRS Accounting Standards are the commonly used financial reporting standard.

In the twenty-first century, a successful company is one that adapts rapidly to innovation and change. Technological advances have had an enormous impact on businesses and their customers in recent years, with the shift to cloud computing and the growing capabilities of artificial intelligence opening vast new opportunities.

At the same time, companies are coming to terms with increased global uncertainty – for example, from geopolitical events, natural disasters, climate change and inflationary pressures.

And as they assess the impacts of these issues on their business, companies continue to face the challenge of providing meaningful and relevant information on these risks and opportunities in their financial reporting. Standard-setting bodies are also responding. The International Accounting Standards Board (IASB) has added intangible assets to its research pipeline and currently works on a project on climate-related and other uncertainties.

Our updated guidance includes, as an example, the RJ 270 Income statement (2022), which was significantly revised by the DASB, and RJ 221 Construction contracts (2022). Further, the DASB concluded that full adoption of the provisions of IFRS 15 as in the guidelines for annual reporting is not desirable for small/non-listed companies, primarily because of complexity and high implementation costs. Therefore, DASB has decided to make specific changes to the current revenue recognition standards and to supplement these guidelines with further explanations and examples. Last but not least, the updated guidance includes the newly effective requirements for insurance contracts (as per IFRS 17 Insurance contracts).

Such developments make an updated comparison even more valuable; not only for users of financial information, but also for companies considering adopting IFRS or at least adopting the new IFRS standards in their financial statements. The focus of this publication is primarily on recognition, measurement and presentation. However, it also covers areas that are disclosure based, such as segment reporting.

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# About this publication Second Edition

The purpose of this publication is to assist you in understanding the significant differences between the accounting principles of the IFRS as adopted by the European Union (IFRS Standards), German GAAP and Dutch GAAP.

A summary of the IFRS requirements is included in the left-hand column. In the middle column, German GAAP is compared to IFRS and in the right-hand column, Dutch GAAP is compared to IFRS, highlighting the respective similarities and differences. This publication is a summary of the key provisions of IFRS, compared with the parallel requirements of German GAAP and Dutch GAAP.

This publication does not discuss every possible difference, rather it is a summary of those differences that we have encountered most frequently in practice, resulting from either a difference in emphasis or specific application guidance. Although we have highlighted what we regard as significant differences, we recognise that the significance of any difference will vary by entity. The focus of this publication is on recognition, measurement and presentation, rather than on disclosure. Therefore, disclosure differences are generally not discussed, although users of this publication should be aware that there is a relatively large number of disclosure requirements under IFRS Standards which might not be the case in German GAAP or Dutch GAAP. However, standards that are disclosure-based, such as segment reporting, are included.

This publication does not address the requirements included in the IFRS Accounting standards for small and medium-sized enterprises (SMEs) and IAS 26 Accounting and reporting by retirement benefit plans; otherwise, this publication addresses the types of businesses and activities that IFRS addresses. So, for example, biological assets are included in this publication, but accounting by not-for-profit entities is not.

In addition, this publication focuses on consolidated financial statements prepared on a going concern basis.

Lastly, the requirements of IFRS are discussed on the basis that the entity has adopted IFRS Standards already and therefore excludes IFRS 1 First time adoption of IFRS and IFRS 14 Regulatory deferral accounts. The special transitional rules that will apply in the period when an entity changes its previous GAAP to IFRS Standards, including implications for an entity within the scope of IFRS 14, are discussed in our publication "Insights into IFRS", KPMG's practical guide to International Financial Reporting Standards – find out more at kpmg.com/ifrs.

### Effective date

Generally, the standards and interpretations included in this publication are those that are mandatory for an annual reporting period beginning on or after 1 January 2023. Unless otherwise noted, the requirements contained in these standards are 'currently effective'. A list of these standards and interpretations is included in the Appendix.


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# Content

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# Background

# 1.1 Introduction

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| 'IFRS Standards' is the term used to indicate the whole body of authoritative literature published by the International Accounting Standards Board (the IASB Board), including:<br><br>• Standards issued by the IASB (IFRS),<br><br>• International Accounting Standards (IAS Standards) issued by the IASB's predecessor, the International Accounting Standards Committee (IASC) or revisions thereof issued by the IASB Board,<br><br>• Interpretations developed by the IFRS Interpretations Committee (IFRIC) and approved for issue by the IASB Board, and<br><br>• Interpretations developed by the IFRIC's predecessor, the Standing Interpretations Committee (SIC) and approved for issue by the IASB Board or the IASC. | Under the German Commercial Code (Handelsgesetzbuch, HGB), all corporations are required to prepare annual financial statements which present a true and fair view of the net assets, financial position and results of operations in accordance with German generally accepted accounting principles (German GAAP; Grundsätze ordnungsmäßiger Buchführung, GoB). German GAAP is mainly derived from legal provisions of the German Commercial Code.<br><br>In addition, the Accounting Standards Committee of Germany (ASCG) may issue so-called German Accounting Standards (GAS) on the basis of statutory authority (Section 342 HGB) for the purpose of closing legal loopholes, specifying and interpreting legal provisions and further developing German GAAP. German GAAP is traditionally derived from various sources, comprising also comprehensive and well-established commentary in the literature. Such commentaries traditionally serve the purpose to interpret and fill gaps in existing requirements. As a consequence, we see varying interpretations and hence accounting policy choices in various areas of accounting under German GAAP. | 'Dutch GAAP' is the term used to indicate the whole body of authoritative accounting literature, including the Dutch Civil Code (DCC) and the Conceptual Framework and the Guidelines on Annual Reporting ('Richtlijnen voor de Jaarverslaggeving' – RJ) from the Dutch Accounting Standards Board (DASB). |
| IFRS Standards are designed for use by **profit-oriented entities**, although its use by not-for-profit organisations is not prohibited. | Unlike IFRS Standards, the German Commercial Code is designed for use by both profit-oriented entities and certain not-for-profit organisations. | Like IFRS Standards, the DCC is designed for use by profit-oriented entities. Unlike IFRS Standards, the RJ is designed for use by both profit-oriented entities and certain not-for-profit organisations. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Any entity claiming **compliance with IFRS** Standards must comply with all standards and interpretations, including disclosure requirements, and makes an explicit and unreserved statement of compliance with them. | Like IFRS Standards, any entity claiming compliance with German GAAP must comply with all the elements thereof (refer to the above). However, there is no obligation to provide an explicit statement of compliance with German GAAP. | Like IFRS Standards, any entity claiming compliance with Dutch GAAP must comply with all the elements thereof and has to provide an explicit statement of compliance with Dutch GAAP. |
| The bold and plain-type paragraphs of IFRS have equal authority and must be complied with. | Like IFRS Standards, German GAAP must be complied with, although it does not comprise bold and plain-type paragraphs. | Like IFRS Standards, the DCC must be complied with, although it does not comprise bold and plain-type paragraphs like the RJ. Unlike IFRS Standards, the bold-type paragraphs of RJ are authoritative statements, whereas the plain-type paragraphs of RJ are recommendations only. Unlike IFRS Standards, additional vertical lines in RJ (in the margin of the guidelines) help to identify new guidance or amended guidance. |
| The **overriding requirement** of IFRS Standards is for the financial statements to give a fair presentation (or a true and fair view). | Like IFRS Standards, the overriding principles of German GAAP for corporations is to provide a true and fair view in accordance with German GAAP. | Like IFRS Standards, the overriding requirement of Dutch GAAP is for the financial statements to give a fair presentation (true and fair view). |
| A **hierarchy** of alternative sources is specified for situations when IFRS Standards do not cover a particular issue. In developing and applying an accounting policy must use judgment that results in relevant and reliable information and which does not conflict with the Conceptual Framework. | Unlike IFRS Standards, no hierarchy is specified for situations when German GAAP does not cover a particular issue. However, well-established commentary in the literature and GAS as well as German generally accepted accounting principles may serve as alternative sources in this regard. | Unlike IFRS Standard, no hierarchy is specified for situations when Dutch GAAP does not cover a particular issue. Like IFRS Standards, in developing and applying an accounting policy must use judgment that results in relevant and reliable information and does not conflict with the Conceptual Framework. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| IFRS also sets standards for **small and medium-sized Entities** (SME). Compared with full IFRS Standards, the IFRS for SMEs Standards are less complex. The IFRS for SMEs Standards are outside the scope of this publication. | Like IFRS Standards, German GAAP contains several exemptions for micro, small and medium-sized legal entities. These exemptions and requirements are outside the scope of this publication. Therefore, the differences between IFRS Standards and German GAAP addressed in this publication are those that apply to large legal entities (meeting two out of three of the following criteria for two consecutive years: (1) a balance sheet total above EUR 20 million; (2) turnover/revenue above EUR 40 million; and (3) average number of employees above 250).<br><br>An entity may prepare and publish financial statements for SME in accordance with IFRS. However, these financial statements do not release the company from the obligation to (additionally) prepare financial statements in accordance with German GAAP. | Like IFRS Standards, Dutch GAAP contains several exemptions for micro, small and medium-sized legal entities. A separate set of RJs exists for micro and small legal entities. These exemptions and requirements are outside the scope of this publication. Therefore, the differences between IFRS Standards and Dutch GAAP addressed in this publication are those that apply to large legal entities (meeting two out of three of the following criteria for two consecutive years: (1) net assets above EUR 20 million; (2) revenue above EUR 40 million; and (3) average number of employees above 250).<br><br>IFRS for SME does not form a part of EU-IFRS and direct (voluntary) application of IFRS for SME by Dutch companies is not possible. |
| **References:**<br><br>IFRS Foundation Constitution, IASB and IFRIC Due Process Handbooks, Preface to IFRS Standards, IAS 1, IAS 8 | **References:**<br><br>Sections 238, 254, 264, 267, 276, 286, 288 HGB | **References:**<br><br>DCC, Annual Accounts Formats Decree, Current Value Decree, Framework, RJ 140 |

# 1.2 Framework

| IFRS | German GAAP | Dutch GAAP |
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| The Conceptual Framework is used in developing and maintaining standards and interpretations.<br><br>The Conceptual Framework is a point of reference for preparers of financial statements in the absence of specific guidance in IFRS. | Unlike IFRS Standards, there is no written conceptual framework. For further context on German GAAP please see 1.1. | Like IFRS, the Conceptual Framework is used as a basis for drafting new or revised RJs.<br><br>Like IFRS Standards, the DASB framework is a point of reference for preparers of financial statements in the absence of specific guidance.<br><br>Where the RJ permits 'full application' of IFRS or US-GAAP standards, 'full application' means that, in principle, all provisions of the standards concerned (or the relevant parts thereof) are followed, except for references to provisions in other standards that are not applied by the legal entity, unless this has been explicitly allowed. |
| IFRS Standards do not apply to items that are 'immaterial'. | Unlike IFRS Standards, German GAAP does not exclude any items that might be 'immaterial'. In accordance with the principle of completeness, all assets and liabilities, all expenses and income must be recorded in the annual financial statements. | Like IFRS Standards, Dutch GAAP does not apply to items that are 'immaterial'. |
| The Conceptual Framework provides a broad discussion of the concepts that underlie the preparation and presentation of financial statements. It discusses the:<br><br>• objective of general purpose financial reporting;<br><br>• qualitative characteristics of useful financial information, such as relevance and faithful presentation;<br><br>• concept of the reporting entity;<br><br>• elements of financial statements; | The primary purpose of separate German GAAP financial statements is the determination of distributable profit.<br><br>Group accounts under German law shall provide information to interested parties and stakeholders; the function of providing information is limited to the extent that recognition and measurement rules based on the prudence concept, developed for separate financial statements, are to be applied in German GAAP group accounts. | Like IFRS Standards, The DASB Conceptual Framework provides a broad discussion of the concepts that underlie the preparation and presentation of financial statements. It discusses the:<br><br>• objective of financial statements;<br><br>• qualitative characteristics that determine the usefulness of information in financial statements;<br><br>• definition, recognition and measurement of the elements from which financial statements are constructed; and<br><br>• concepts of capital and capital maintenance. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| • general guiding principles for recognition and derecognition;<br>• measurement bases; and high-level concepts for presentation and disclosure. | As listed entities are required to account under IFRS Standards, German GAAP group accounts are not relevant in a capital market context.<br><br>As German GAAP developed through the decades with the purpose to restrict cash outflow via dividend payments for creditor protection but also to protect those entitled to dividends, there is still a focus on prudent accounting, loss anticipation and realisation of profits. Although German GAAP has been amended several times in recent years to accommodate the needs of changing stakeholder groups, German GAAP is still prudence-focused so that hidden reserves, for example, may accumulate to a larger extent than under IFRS Standards.<br><br>The valuation and recognition principles chosen by management must be disclosed in the notes to the financial statements. | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Financial statements are prepared on a **going concern basis**, unless management intends or has no realistic alternative other than to liquidate the entity or to stop trading.<br><br>If the entity is not a going concern entity and the financial statements are being prepared in accordance with IFRS Standards, then in our view there is no general dispensation from the measurement, recognition and disclosure requirements. | Like IFRS Standards, it is assumed under German GAAP that an entity is a going concern unless actual facts or legal circumstances prove the contrary. Should any indicators point to financial or operational circumstances that may cast doubt on the entity's ability to continue as a going concern, management is required to disclose its assumption of the entity's ability to continue as a going concern in the management report. Like IFRS Standards, there must be reasonable assurance about the entity's ability to continue as a going concern for a period of 12 months after the reporting date. At the point in time when the financial statements are prepared, there must not be any evidence suggesting that the entity may not be able to continue as a going concern after the reporting period. When annual financial statements are prepared without the assumption that the entity is able to continue as a going concern, there are no uniform measurement requirements that apply to such a case. If the entity plans to discontinue its operations, the generally applicable measurement requirements are used. Specific guidance is provided in IDW RS HFA 17. | The going concern assumption under Dutch GAAP is similar to IFRS Standards.<br><br>Unlike IFRS Standards, if an entity cannot meet its obligations and discontinuation becomes unavoidable, the financial statements are prepared on liquidation basis. |
| An **asset** is a present economic resource controlled by the entity as a result of past events.<br><br>An economic resource is a right or a set of rights that has the potential to produce economic benefits. The probability of economic benefits is not relevant for determining whether an asset or a liability exists; however, a low probability of economic benefits may affect the recognition and measurement analysis. | Unlike IFRS Standards, for identification of an asset, a legal or actual position of economic value is necessary whereby the asset must have its own value in business transactions. Furthermore, an asset has to be individually assessable, marketable and individually usable. | Like IFRS Standards, an asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. |

| IFRS | German GAAP | Dutch GAAP |
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| A **liability** is a present obligation of the entity to transfer an economic resource as a result of past events. An obligation is a duty or responsibility that an entity has no practical ability to avoid. If it is conditional on an entity's future action, then an obligation exists if the entity has no practical ability to avoid taking that action. | Like IFRS Standards, a liability is characterised by a present obligation of the entity against third parties with an economic burden and for which future outflow from the entity's resources is probable. | Like IFRS Standards, a liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. |
| An entity recognises any item meeting the definition of an asset or a liability in the financial statements unless it affects the relevance, or the faithful representation of the information provided:<br>• its 'relevance' may be affected if there is uncertainty about the existence of an asset or liability or the probability of an inflow or outflow of economic benefits from the asset or liability is low; and<br>• its 'faithful representation' may be affected by high measure-ment uncertainty. | Like IFRS Standards, an item that meets the definition of an asset or liability should in general be recognised. | Like IFRS Standards, an item that meets the definition of an asset or liability should be recognised if:<br>• it is probable that any future economic benefit associated with the item will flow to or from the entity; and<br>• the item has a cost or value that can be measured with reliability. |
| The term 'probable' is not defined in the Conceptual Framework, although it is defined in the provision standard as more likely than not (see 3.10). However, higher thresholds cannot be ruled out for standards with a specific definition. | Like IFRS Standards, the term 'probable' is not defined in German GAAP. Based on the prudence concept, 'probable' means there are substantive reasons supporting the accounting, i.e. that a future outflow of funds from an entity may happen. However, unlike IFRS Standards, a provision may also be required if the probability is less than 50 percent (see 3.10). | Like IFRS Standards, the term 'probable' is not defined in the Conceptual Framework. The probability threshold would be interpreted similarly. |
| **Equity** is the residual interest in the assets of the entity after deducting all its liabilities. | Like IFRS Standards, equity is the residual interest in the assets of the entity after deducting all its liabilities. | Like IFRS Standards, equity is the residual interest in the assets of the entity after deducting all its liabilities. |

| IFRS | German GAAP | Dutch GAAP |
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| **Transactions with shareholders** in their capacity as shareholders are recognised directly in equity, e.g. capital contributions from shareholders or dividends paid. However, the position is less clear when a transaction with a shareholder equally could have been with a third party. In these cases, the accounting is generally based on whether the shareholder was acting as a 'normal' counterparty. | Like IFRS Standards, transactions with shareholders in their capacity as shareholders are recognised directly in equity. Other transactions with equity holders should be considered carefully in determining the appropriate accounting treatment. | Like IFRS Standards, transactions with shareholders in their capacity as shareholders are recognised directly in equity. Other transactions with equity holders should be considered carefully in determining the appropriate accounting. |
| The Conceptual Framework describes two measurement bases and the factors to consider when selecting a measurement basis.<br>• Historical cost: measurement is based on information derived from the transaction price and that measurement is not changed unless it relates to impairment of an asset or a liability becoming onerous.<br>• Current value: measurement is based on information that reflects current conditions at the measurement date (including fair value, value in use and fulfilment value based on the present values of cash flows and current cost). | Unlike IFRS Standards, financial statements are prepared on a strict historical cost basis. Fair value measurements are less widespread and often optional, such as in case of non-monetary barter transactions. The revaluation model is generally not admitted for subsequent measurement. | Like IFRS Standards, financial statements are prepared on a modified historical cost basis with a growing emphasis on fair value.<br>Unlike IFRS Standards, the term 'current value' (actuele waarde) is used in DCC instead of 'fair value, and its meaning (current cost, value in use, net realisable value or fair value) depends on the type of asset or liability and the specific circumstances. |
| An entity discloses information about key sources of estimation uncertainty and judgments made in applying the entity's accounting policies. An entity discloses estimation uncertainty that has a significant risk of causing material adjustments within the next annual reporting period. | Like IFRS Standards, it is mandatory to disclose information about key sources of estimation uncertainty and judgements made in applying the entity's accounting policies (as it is considered necessary to provide a true and fair view in the financial statements).<br>The valuation and recognition principles chosen by management are to be disclosed in the notes to the financial statements. | Like IFRS Standards, it is mandatory to disclose information about key sources of estimation uncertainty and judgments made in applying the entity's accounting policies (if it is considered necessary to provide a true and fair view in the financial statements). |
| **References:**<br>The Conceptual Framework for Financial Reporting, IAS 1, IAS 37 | **References:**<br>Sections 238, 247, 253 HGB; IDW RS HFA 17 | **References:**<br>DCC, Framework, RJ 100, RJ 115, RJ 170 |

# 2

# General issues

# 2.1 Form and components of financial statements

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An entity with one or more subsidiaries must present **consolidated financial statements** unless specific criteria are met (e.g. for intermediate holding companies). | Like IFRS Standards, an entity with one or more subsidiaries must present consolidated financial statements unless specific criteria are met (e.g. for intermediate holding companies, if an entity's immediate parent prepares consolidated financial statements in which the entity is consolidated, subject to further conditions). | Like IFRS Standards, an entity must present consolidated financial statements unless specific criteria are met. The specific criteria are slightly different from those in the IFRS Standards. |
| | Unlike IFRS Standards, German GAAP grants **several exemptions for companies to draw up consolidated accounts:**<br><br>• Small groups (Section 293 HGB)<br><br>• Intermediate holding companies (Section 291 or 292 HGB)<br><br>The latter exemption is broadly similar to the exemption of IFRS 10.4(a).<br><br>Furthermore, unlike IFRS Standards, under German GAAP (Section 296 HGB) the requirement to consolidate does not apply for companies to be consolidated:<br><br>• for which the combined significance is not material to the whole;<br><br>• for which significant and ongoing restrictions affect the exercise of the parent company's rights in relation to its assets or management;<br><br>• for which the required information can only be obtained or estimated at disproportionate expense or with great delay; or<br><br>• for which the interest is from the beginning only held for disposal. | Unlike IFRS Standards, Dutch GAAP **grants several exemptions for companies to draw up consolidated accounts:**<br><br>• Small groups ('article 407 of the CC')<br><br>• Intermediate holding companies ('article 408 of the CC')<br><br>The latter exemption is broadly similar to the exemption of IFRS 10.4(a).<br><br>Furthermore, unlike IFRS Standards, under Dutch GAAP the requirement to consolidate does not apply for companies to be consolidated:<br><br>• for which the combined significance is not material to the whole;<br><br>• for which significant and ongoing restrictions affect the exercise of the parent company's rights in relation to its assets or management;<br><br>• for which the required information can only be obtained or estimated at disproportionate expense or with great delay; or<br><br>• for which the interest is only held for disposal. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | A parent company is exempt from the obligation to prepare consolidated financial statements and a group management report if it only has subsidiaries that do not need to be included in the consolidated financial statements in accordance with Section 296 (Section 290 (5)). | |
| No similar regulations exist according to IFRS Standards. | Unlike IFRS and subject to certain conditions, a legal entity for which, amongst other conditions, a declaration to guarantee for commitments was issued, **may exempt from auditing and publishing financial statements** pursuant Section 264 (3) or Section 264b HGB.<br><br>The group exemption entails that a legal entity belonging to a group is not required to prepare its financial statements according to the provisions of Section 264 to Section 289 HGB, as well as Section 316 to Section 329 HGB provided that the conditions of Section 264 (3) or Section 264b HGB are met.<br><br>Please note that the requirements for a declaration to guarantee for commitments **significantly deviate** between German GAAP and Dutch GAAP. | Unlike IFRS and subject to certain conditions, a legal entity for which a declaration to guarantee for commitments was issued, **may exempt from auditing and publishing financial statements** pursuant to the group exemption scheme set out in Article 403.<br><br>The group exemption (Article 403) entails that a legal entity belonging to a group is not required to prepare its financial statements according to the provisions of Title 9, provided that the conditions of Article 403 are met. |
| | German GAAP defines small groups that fall within the scope of Section 293 HGB. The criteria as to whether a group is considered small depends on three criteria:<br><br>• Balance sheet total<br>• Sales revenues<br>• Average number of employees<br><br>The group needs to meet two out of three criteria on two consecutive balance sheet dates to be classified a small group. | Unlike German GAAP, there is no distinction on size between separate and consolidated financial statements. The size criteria as outlined in the following paragraph are to be applied. |

| IFRS | German GAAP | Dutch GAAP |
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| | Option A: Total balance of all entities incorporated without considering any consolidation entries:<br>• Balance sheet total: < €24m<br>• Sales revenues: < €48m<br>• Average no. of employees < 250<br>Option B: Consolidated trial balance<br>• Balance sheet total: < €20m<br>• Sales revenues: < €40m<br>• Average no. of employees < 250<br>Please note: On 22 March 2024, the Bundesrat approved the law passed by the Bundestag on 22 February 2024 to transpose Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 amending Directive 2013/34/EU of the European Parliament and of the Council to adapt the size criteria for micro, small, medium-sized and large enterprises or groups into German law. The monetary thresholds ("balance sheet total" and "revenue") in Sections 267, 267a and 293 HGB for determining the size categories of companies and groups increased by around 25 percent in each case.<br>The new thresholds are mandatory for financial years beginning after 31 December 2023. In addition, companies are granted the option of applying the higher thresholds to (consolidated) financial statements and (group) management reports beginning after 31 December 2022. | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | German GAAP defines size categories to specify accounting and disclosure requirements for **separate** financial statements and groups. The decision as to whether an entity is considered a small, medium-sized or large entity depends on three criteria:<br>• Balance sheet total<br>• Sales revenues<br>• Average number of employees<br>A company needs to meet two out of three criteria on two consecutive balance sheet dates to be classified into one specific group. Thresholds are defined in Section 267 and 267a HGB as follows:<br>1. Balance sheet total<br>Micro: <= €0.35m<br>Small: > €0.35m and <= €6m<br>Medium: > €6m and <= €20m<br>Large: > €20m<br>2. Sales revenues<br>Micro: <= €0.7m<br>Small: > €0.7m and <= €12m<br>Medium: > €12m and <= €40m<br>Large: > €40m<br>3. Average no. of employees<br>Micro: <= 10<br>Small: > 10 and <=50<br>Medium: > 50 and <= 250<br>Large: > 250<br>Please note: On 22 March 2024, the Bundesrat approved the law passed by the Bundestag on 22 February 2024 to transpose Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 amending Directive 2013/34/EU of the European Parliament and of the Council to adapt the size criteria for micro, small, medium-sized and large enterprises or groups into German law. | The size categories are identical under Dutch GAAP. Like German GAAP, a company needs to meet two out of three criteria in two consecutive years to be classified into one specific group. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | The monetary thresholds ("balance sheet total" and "revenue") in Sections 267, 267a and 293 HGB for determining the size categories of companies and groups increased by around 25 percent in each case.<br><br>The new thresholds are mandatory for financial years beginning after 31 December 2023. In addition, companies are granted the option of applying the higher thresholds to (consolidated) financial statements and (group) management reports beginning after 31 December 2022. | |
| There is no requirement to present the parent entity's financial statements in addition to consolidated financial statements, although this is permitted. | Unlike IFRS Standards, a parent entity is also required to prepare its separate financial statements in accordance with German GAAP. | Unlike IFRS Standards, company financial statements (statutory financial statements) must be presented. |
| The following are presented as a **complete set of financial statements:**<br><br>• a statement of financial position;<br>• a statement of profit or loss and other comprehensive income (statement of comprehensive income);<br>• a statement of changes in equity;<br>• a statement of cash flows; and<br>• notes including accounting policies. | A set of consolidated financial statements comprises:<br><br>• a statement of financial position;<br>• a statement of profit or loss;<br>• a statement of cash flows;<br>• a statement of changes in equity; and<br>• notes to the financial statements.<br>• a group management report; and<br>• Unlike IFRS Standards, a statement of cash flows and of changes in equity is not required for separate financial statements, except for publicly traded companies who are not required to prepare consolidated financial statements. | A set of (consolidated) financial statements comprises:<br><br>• a statement of financial position (balance sheet);<br>• an income statement (profit and loss account);<br>• a statement of cash flows;<br>• a statement of comprehensive income, which can be presented as a primary statement or combined with the note on group equity or as an extension to the income statement; and<br>• notes comprising a summary of significant accounting policies and other explanatory information.<br><br>Unlike IFRS Standards, a statement of changes in equity is not required in consolidated financial statements. The statement of changes in equity (when presented), the statement of cash flows and the statement of comprehensive income may be presented in the notes. |

| IFRS | German GAAP | Dutch GAAP |
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| IFRS does not require a management report. The IASB did, however, publish the practice statement 'Management Commentary' at the end of 2010, in which the principles and the minimum elements of a directors' report are set out in detail. Its objective is to help management provide useful management commentary in respect of financial statements prepared in accordance with IFRS. The document does not have the status of a standard but contains a 'non-binding framework' that can be applied voluntarily. | Unlike IFRS Standards, medium-sized and large-sized companies as well as group companies who are required to prepare consolidated financial statements and/or certain partnerships are obliged to prepare a management report ('Lagebericht'). | Unlike IFRS Standards, Dutch law requires that a management report (directors' report) and Other information shall be recognised in the annual report.<br><br>The primary obligation of Dutch companies that apply IFRS is compliance with Dutch legislation with regard to their management report, and if desired, these companies can also apply the practice statement of the IASB (insofar as this is not contrary to Dutch law). |
| In addition, a statement of financial position as at the beginning of the earliest comparative period is presented when an entity **restates comparative information** following a change in accounting policy, the correction of an error, or the reclassification of material items in the financial statements. | Unlike IFRS Standards, under German GAAP, it is generally not allowed to restate prior year's figures (except for changes in presentation and classification). However, IDW HFA 6 contains exemptions that allow a restatement if certain conditions are met. The preparation of an opening balance sheet for the beginning of the earliest comparative period presented is not required in any case. | Unlike IFRS Standards, there is no requirement to present a 'third' statement of financial position in case of a change in accounting policy, the correction of an error or the reclassification of material items in the financial statements. |
| The notes must be supplemented by a **segment report** in case the entity's debt or equity instruments are traded in a public market. | In addition, segment reporting may voluntarily be presented as a further separate component. | Unlike IFRS Standards, there is a minimum prescribed disclosure requirement for segment reporting. For further voluntary disclosures, the RJ has implemented the main rules of IFRS 8 (please see 5.3). |
| IFRS Standards specify **minimum disclosures** for material information; however, they do not prescribe specific formats.<br><br>The notes shall be presented in a systematic manner. | The line items to be presented are prescribed in more detail than under IFRS Standards. However, following the concept of materiality, certain line items can be aggregated in the primary financial statements with disclosure in the notes when certain criteria are met and if the aggregation increases clarity and understanding. Banks and insurance companies need to follow the most detailed formats.<br><br>Unlike IFRS Standards, the notes shall be presented in the order of the line items of the primary financial statements. | Prescriptive formats exist for the balance sheet and income statement; therefore, there may be differences to IFRS Standards in practice. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | The line items to be presented in both the statement of financial position and the statement of profit or loss are largely regulated by German GAAP. | |
| **Comparative information** is required for the preceding period only, but additional periods and information may be presented. | Like IFRS Standards, comparative information is required for the statement of financial position and the statement of profit or loss.<br><br>Unlike IFRS Standards, comparative information is not required for the statement of cash flows, the statement of changes in equity and in principal also not for information disclosed in the notes. | Like IFRS Standards, comparative information is required for the preceding period only, but additional periods and information may be presented. |
| **References:**<br><br>IAS 1, IFRS 8, IFRS 10, IFRS Practice Statement 2 | **References:**<br><br>Sections 264, 266, 275, 284, 289, 290, 297 HGB; GAS 3, GAS 13, GAS 21, GAS 22 | **References:**<br><br>DCC, RJ 110, RJ 217, RJ 265, RJ 360, RJ 400, Annual Accounts Formats Decree (Besluit Modellen Jaarrekening) |

# 2.2 Statement of financial position (balance sheet)

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| There is no prescribed format, i.e. an entity can choose to present the statement of financial position in a horizontal or in a vertical layout. | Unlike IFRS Standards, the statement of financial position is presented in a horizontal layout. | According to the DCC, large entities should choose between two balance sheet formats, model A and B. The Annual Accounts Formats Decree (Besluit Modellen Jaarrekening) provides specific guidance. |
| The statement of financial position shall include certain line items.<br><br>However, following the concept of materiality, it may be possible to aggregate two or more of these line items with disclosure of disaggregation in the notes. In contrast, it may be necessary to present further line items or disaggregation of line items in the statement of financial position, if certain criteria are met. | Unlike IFRS Standards, the detail of line items to be presented is much greater. Line items are differentiated into main line items and sub-line items.<br><br>However, there is flexibility to aggregate sub-line items when certain criteria are met (Section 275 (7)). Like IFRS Standards, it may be necessary to present further line items. | Unlike IFRS Standards, the statement of financial position is prescriptive and shall include certain minimum line items (according to model A or B).<br><br>There is flexibility to present additional line items or disaggregate line items in the statement of financial position. |
| The current/non-current classification is required except when a liquidity presentation is more relevant.<br><br>For financial institutions it is presumed that a liquidity presentation is more relevant. | Unlike IFRS Standards, a current/non-current classification is required for non-financial institutions.<br><br>Like IFRS Standards, financial institutions are required to present assets and liabilities in order of liquidity. | Like IFRS Standards, the current/non-current classification is required except when a liquidity presentation is more relevant.<br><br>For financial institutions it is presumed that a liquidity presentation is more relevant. |
| An **asset is classified as current** if it meets any of the following conditions:<br><br>• It is expected to be realised in or is held for sale or consumption in the entity's normal operating cycle.<br><br>• It is primarily held for trading purposes.<br><br>• it is expected to be realised within 12 months of the reporting date. | The current/non-current criteria for assets are not the same as under IFRS Standards. Under German GAAP, non-current assets are those intended for long-term use in the business. Current assets are those that are neither classified as non-current assets nor as deferred expenses. | The current/non-current criteria for assets are similar to IFRS Standards. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| • It is cash and cash equivalent, that is not restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.<br><br>All other assets shall be classified as non-current. | | |
| **A liability is classified as current** if it meets any of the following conditions:<br><br>• It is expected to be settled in the entity's normal operating cycle.<br><br>• It is primarily held for trading purposes.<br><br>• It is due to be settled within 12 months after the reporting date.<br><br>• It is subject to an unconditional right of the entity at the reporting date to defer settlement of the liability for at least 12 months after the reporting date.<br><br>• A liability that is payable on demand because certain conditions are breached is classified as current even if the lender has agreed after the reporting date but before the financial statements are authorised for issue, not to demand repayment. | Unlike IFRS Standards, there is no requirement to distinguish between current and non-current liabilities on the face of the balance sheet.<br><br>However, for each class of liability, except for provisions, disclosures are made in the following categories: term to maturity up to one year, more than one year but less than five years, and more than five years. | Unlike IFRS Standards, for liabilities the current/non-current distinction should be based on the criterion whether the counterparty could redeem the liability within 12 months after the balance sheet date (if yes: current liability; if no: non-current liability).<br><br>Unlike IFRS Standards, in case of breach of debt covenants a liability may continue to be classified as non-current after the reporting date if an agreement has been reached with the lender before the financial statements are prepared. |
| All other liabilities shall be classified as non-current. However, deferred tax assets or liabilities are always classified as non-current. | Like IFRS Standards, deferred tax assets and liabilities are presented as a separate line item on the face of the balance sheet as a main category, i.e. separate from current and non-current assets and all other liabilities. | Unlike IFRS Standards, deferred tax liabilities should be presented as a provision. A deferred tax asset should be presented as current receivables if it is expected to be received within 12 months after the balance sheet date; if not, it should be presented as financial fixed assets. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A financial asset and liability are offset and reported net only when the entity has a legally enforceable right to offset and it intends either to settle on a net basis or to settle both amounts simultaneously. | Unlike IFRS Standards, a financial asset and liability are offset and reported net when the entity has a legally enforceable right to offset, i.e. the intention to settle is not relevant. | Like IFRS Standards, a financial asset and liability are offset and reported net only when the entity has a legally enforceable right to offset and it intends either to settle on a net basis or to settle both amounts simultaneously. |
| In case of early redemption (or an agreement thereto) of a liability after reporting date but before the date of preparation of financial statements, an entity presents such a liability as non-current in the balance sheet. | Unlike IFRS Standards, under German GAAP, there is no distinction between current and non-current liabilities on the face of the balance sheet. | Unlike IFRS Standards, in case of early redemption (or an agreement thereto) of a liability after balance sheet date but before the date of preparation of financial statement, an entity may elect to present such a liability as non-current in the balance sheet. |
| **References:**<br><br>IAS 1, IAS 12 | **References:**<br><br>Sections 246, 247, 265, 266, 268 HGB | **References:**<br><br>CC, RJ 240, RJ 272, Annual Accounts Formats Decree (Besluit Modellen Jaarrekening) |

# 2.3 Statement of comprehensive income (income statement)

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An entity is required to present a statement of comprehensive income either in a single statement, or in two statements comprised of a separate statement of profit or loss followed immediately by a separate statement of comprehensive income (beginning with profit or loss and displaying components of other comprehensive income (OCI)).<br><br>Although IFRS require certain items to be presented in the statement of profit or loss and OCI, there is no prescribed format. | Unlike IFRS Standards, the concept of other comprehensive income does not exist under German GAAP. Hence, there is no option to use a one-statement or two-statement approach. | According to the DCC, large entities should choose between two income statement formats (model E and F). The Annual Accounts Formats Decree (Besluit Modellen Jaarrekening) provides specific guidance. The formats differ in the form of presentation of expenses (by function versus category).<br><br>Unlike IFRS Standards, the RJ recommends presenting the statement of comprehensive income ('totaalresultaat') supplementary to the consolidated balance sheet, profit and loss account and cash flow statement. It may also be disclosed as part of the equity movements schedule in the notes, or as an extension to the profit and loss account. The statement is only required for large entities that prepare consolidated financial statements. |
| Revenue comprises income arising in the course of an entity's ordinary activities and is presented as a separate line item in the statement of profit or loss and OCI. | There is no difference compared to IFRS Standards. | Like IFRS Standards, revenue is income that arises in the course of an entity's ordinary activities and is presented as a separate line item in the statement of profit or loss and OCI. |
| **An analysis of expenses is required, either by their nature or by function**, on the face of the statement of profit or loss and OCI or in the notes to the financial statements.<br><br>When the entity chooses the function of expense method, then it shall disclose additional information on the nature of expenses in the notes. | Like IFRS Standards, entities can choose between two formats for the statement of profit or loss regarding the analysis of expenses (nature of expense method or function of expense method).<br><br>Unlike IFRS Standards, the analysis of expenses is – in general – required on the face of the income statement. | Like IFRS Standards, an analysis of expenses is required, either by their nature or by function, on the face of the income statement or in the notes to the financial statements.<br><br>Like IFRS Standards, when applying the function of expense method, additional disclosures of certain information under the nature of expense method in the notes to the financial statements are required. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | Like IFRS Standards, when applying the function of expense method, additional disclosures of certain information under the nature of expense method in the notes to the financial statements are required. | |
| The income statement caption of the statement of profit or loss and other comprehensive income shall include certain line items.<br><br>However, following the concept of materiality, it may be possible to aggregate two or more of these line items with disclosure of disaggregation in the notes. In contrast, it may be necessary to present further line items or disaggregation of line items in the statement of profit or loss and other comprehensive income, if certain criteria are met. | Unlike IFRS Standards, the detail of line items to be presented is much greater.<br><br>Like IFRS Standards, it may be possible to aggregate line items if certain criteria are met and it may be necessary to also present further line items if certain criteria are met. | As for the statement of financial position, the Besluit Modellen Jaarrekening (Annual Accounts Formats Decree, forma E and F) is very strict on the required minimum set of positions, based on either nature or function. |
| The presentation of alternative earnings measures is not prohibited either in the statement of profit or loss and OCI or in the notes to the financial statements. | Unlike IFRS Standards, the presentation of alternative performance measures can only be used in the management report or in the notes to the profit and loss account and not on the face of the income statement itself. | Unlike IFRS Standards, the presentation of alternative performance measures can only be used in the notes to the profit and loss account and not on the face of the income statement itself. |
| In our view, the use of the terms unusual or exceptional should be infrequent and reserved for items that justify greater prominence. | Similar to IFRS Standards, the use of the terms unusual or exceptional should be infrequent and reserved for items that justify greater prominence. However, unlike IFRS Standards, separate presentation of exceptional items is not in accordance with German GAAP. Any unusual or exceptional items are to be disclosed in the notes. | Unlike IFRS Standards, separate presentation of exceptional items is not in accordance with the models of the profit and loss account in the Annual Accounts Formats Decree. These exceptional gains and losses should be included in the relevant items in the profit and loss account. If an exceptional item is included in several other items in the statement of income, the total financial effect of this exceptional item should be explained. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The presentation or disclosure of items of income and expense characterised as extraordinary items is prohibited. | Like IFRS Standards, presenting extraordinary items is not permitted, but they are to be disclosed in the notes. | Like IFRS Standards, extraordinary items are not permitted. |
| **Items of income and expenses are not offset** unless required or permitted by another standard, or if the amounts relate to similar transactions or events that are not material. | Like IFRS Standards, items of income and expenses are not offset unless required or permitted. | Like IFRS Standards, items of income and expense are not offset unless required or permitted by another RJ or when the amounts relate to similar transactions or events that are not material. |
| An entity presents the items **of other comprehensive income (OCI)** that may be reclassified to profit or loss in the future separately from those that will never be reclassified to profit or loss. If OCI is presented before the related tax effects, then the disclosure of the related tax effects also distinguishes between these components of OCI. | Unlike IFRS Standards, there are no OCI items according to German GAAP. | Unlike IFRS Standards, there is no such requirement for OCI items. |
| **References:**<br><br>IAS 1 | **References:**<br><br>Sections 265, 275, 285 HGB | **References:**<br><br>CC, RJ 135, RJ 240, RJ 265, RJ 270, Annual Accounts Formats Decree (Besluit Modellen Jaarrekening) |

# 2.4 Statement of changes in equity

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An entity presents both a statement of profit or loss and other comprehensive income and a statement of changes in equity as part of a complete set of financial statements. The statements cannot be combined. | Unlike IFRS Standards, **there is no concept of other comprehensive income under German GAAP.**<br><br>Like IFRS Standards, the statement of changes in equity is part of a complete set of financial statements. However, only for consolidated financial statements and in the financial statements of publicly traded entities that are not obliged to prepare consolidated financial statements. The term publicly traded entities is defined in Section 264d HGB. | Unlike IFRS Standards, the comprehensive income statement and the statement of changes in equity are not primary statements and may be presented as part of the notes to the consolidated financial statements.<br><br>Unlike IFRS Standards, a detailed presentation of equity components and changes therein should be disclosed in the company's financial statements. It is permitted to present the components of equity and changes therein also in the consolidated financial statements. |
| The statement of changes in equity presents line items distinguishing between profit or loss, other comprehensive income and transactions with owners in their capacity as owners, showing separately contributions, distributions and changes in ownership interests in subsidiaries that do not result in a loss of control.<br><br>The statement of changes in equity also presents columns for each component of equity, presenting a subtotal for all components that are attributable to owners of the parent.<br><br>This matrix approach results in a reconciliation for each component of equity between the carrying amount at the beginning and the end of the period. | Generally, the same approach applies to the statement of changes in equity under German GAAP.<br><br>However, unlike IFRS Standards, some specific transactions, such as income or expenses from profit and loss transfer agreements with owners are presented in profit or loss rather than outside profit or loss. | Like IFRS Standards, owner-related changes in equity are disclosed separately from non-owner-related changes in equity. |
| **References:**<br><br>IAS 1 | **References:**<br><br>Sections 264, 297 HGB, GAS 22 | **References:**<br><br>DCC, RJ 240, RJ 265 |

# 2.5 Statement of cash flows

| IFRS | German GAAP | Dutch GAAP |
| --- | --- | --- |
| The statement of cash flows is presented as a primary statement. | Like IFRS Standards, the statement of cash flows is presented as a primary statement. However, such a statement is only required in consolidated financial statements and in the financial statements of publicly traded entities. | Unlike IFRS Standards, the statement of cash flows is not a primary statement but instead may be presented as part of the notes to the consolidated financial statements, although this is not common practice.<br><br>Unlike IFRS Standards, a statement of cash flows is not required for small and micro size entities and intermediate holding companies whose parent presents consolidated financial statements including a cash flow statement that is equivalent to the one required by Dutch GAAP. |
| The statement of cash flows presents cash flows during the period, classified by operating, investing and financing activities.<br><br>The separate components of a single transaction are classified as operating, investing or financing. | Like IFRS Standards, the statement of cash flows presents cash flows during the period, classified by operating, investing and financing activities.<br><br>Unlike IFRS Standards, if a cash flow is attributable to several activities, then the components of that cash flow shall either be allocated appropriately to the activities concerned or shall be allocated in full to the activity that is predominantly affected. Any allocation made in this way shall be disclosed and explained if the cash flows are material. | Like IFRS, cash flows are classified by operating, investing and financing activities.<br><br>Like IFRS, the separate components of a single transaction are classified as operating, investing or financing. |
| Cash flows are inflows and outflows of cash and cash equivalents.<br><br>Cash and cash equivalents in the balance sheet is similar as used for preparing a cash flow statement. | Like IFRS Standards, cash flows are inflows and outflows of cash and cash equivalents. | Like IFRS Standards, cash flows are inflows and outflows of cash and cash equivalents.<br><br>Unlike IFRS Standards, the definition of cash and equivalents as used for the presentation in the balance sheet is different from the definition as used for preparing a cash flow statement. |

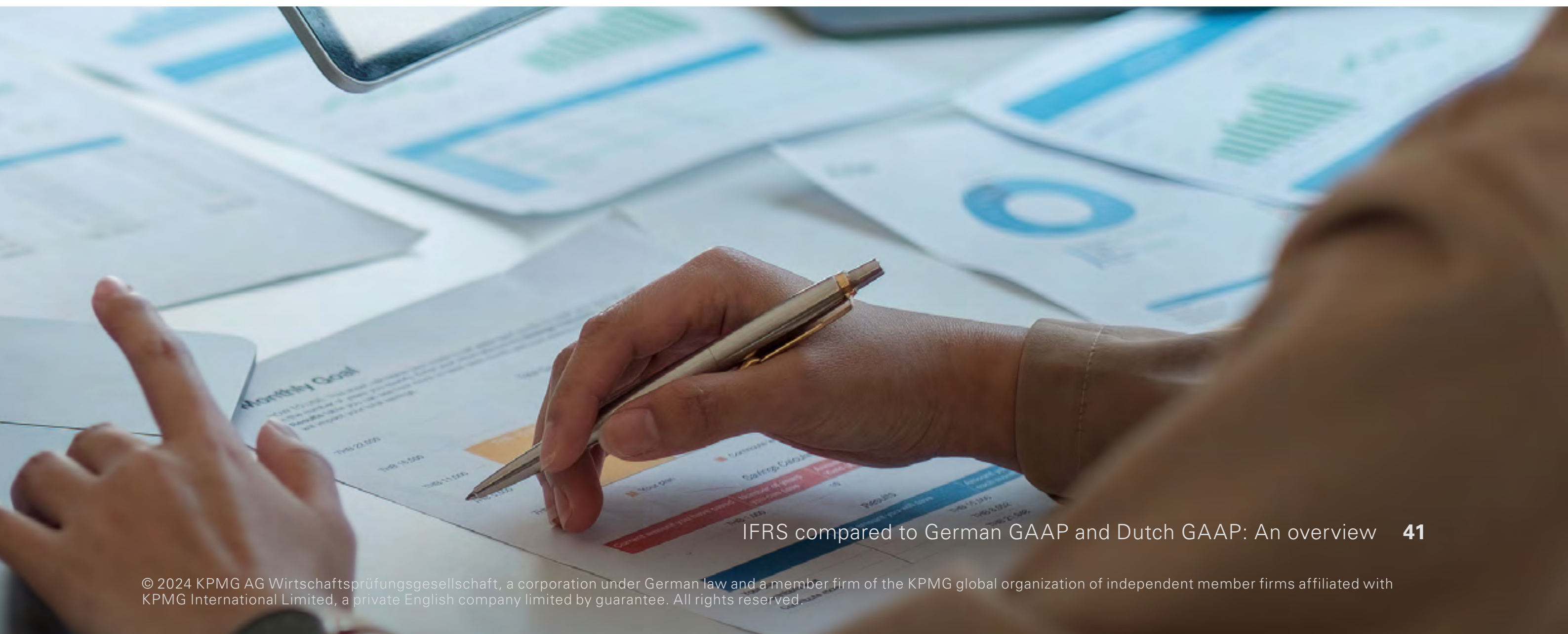
| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Net cash flows from all three activities are totalled to show the change in cash and cash equivalents during the period, which then is used to reconcile opening and closing cash and cash equivalents. | Like IFRS Standards, net cash flows from all three activities are totalled to show the change in cash and cash equivalents during the period, which then is used to reconcile opening and closing cash and cash equivalents. | Like IFRS Standards, net cash flows from all three activities are totalled to show the change in cash and cash equivalents during the period, which then is used to reconcile opening and closing cash and cash equivalents. |
| **Cash and cash equivalents** include certain short-term investments and, in some cases, bank overdrafts.<br><br>'Cash' comprises cash on hand and demand deposits. 'Demand deposits' are not defined in IFRS, but in our view they should have the same level of liquidity as cash and, therefore, should be available to be withdrawn at any time without penalty.<br><br>'Cash equivalents' are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. | Like IFRS Standards, cash and cash equivalents include certain short-term highly liquid investments, which are readily convertible to known amounts of cash and subject to only minor changes in value. Their maturity is restricted to less than three months from the date of acquisition. | Unlike IFRS Standards, cash and cash equivalents in the balance sheet comprises cash on hand, balances on bank accounts, bills of exchange and cheques. Demand deposits and suchlike may be recognised as cash and cash equivalents if they are in fact available on demand – albeit with loss of interest income.<br><br>Like IFRS, for the purposes of preparing a cash flow statement, cash and cash equivalents are defined as cash on hand, balances on bank accounts, bills of exchange and cheques, demand deposits and short-term highly liquid assets. The short-term highly liquid assets are investments that are readily convertible without restriction and with insignificant risk of a change in value as a result of the transaction. |
| Bank overdrafts are classified as liabilities in the balance sheet. For the purposes of preparing a cash flow statement, bank overdrafts that are repayable on demand are included in cash and cash equivalents only if they form an integral part of the entity's cash management. | Like IFRS Standards, bank overdrafts are classified as liabilities in the balance sheet. For the purposes of preparing a cash flow statement, liabilities to credit institutions that are repayable on demand and other short-term borrowings that are used for an entity's cash management are included in cash funds and deducted on the face of the cash flow statement. | Like IFRS Standards, bank overdrafts are classified as liabilities in the balance sheet. Unlike IFRS Standards, bank overdrafts are considered a form of short-term financing, with changes therein classified as financing activities in the statement of cash flows. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| **Cash flows from operating activities** may be presented either by the direct or the indirect method. If the indirect method is used, then an entity presents a reconciliation of profit or loss to net cash flows from operating activities However, in our experience, the method used for measuring profit or loss varies in practice. | Like IFRS Standards, cash flows from operating activities may be presented by using either the direct or the indirect method. Like IFRS Standards, if the indirect method is used, profit or loss shall be used as a starting point. Unlike IFRS Standards, there is an explicit possibility of choosing a starting point other than profit or loss, in which case a reconciliation from this starting point to profit or loss is required. | Like IFRS Standards, cash flows from operating activities may be presented either by the direct or the indirect method. Unlike IFRS Standards, the preferred starting point is operating profit/loss. Alternatively, earnings before or after tax may be used. |
| An entity chooses its own policy for classifying each of **interest and dividends paid** as operating or financing activities, and interest and dividends received as operating or investing. | Unlike IFRS Standards, there is no such choice. Interest and dividends received are classified as investing activities and interest and dividends paid are classified as financing activities. | Like IFRS Standards, dividends and interest received can be classified as operating or investing activities. Dividends paid and interest paid can be considered as operating activities or financing activities. However, classification of dividends paid as financing activities is preferable. |
| **Income taxes** paid are classified as operating activities unless it is practicable to identify them with, and therefore classify them as, financing or investing activities. | Like IFRS Standards, income taxes paid are generally classified as operating activities unless they are unambiguously attributable to a transaction classified as investing or financing. | Like IFRS Standards, income taxes paid (and received) are classified as operating activities, unless it is practicable to identify them with, and therefore classify them as financing or investing activities. |
| **Foreign currency cash flows** are translated at the exchange rates at the dates of the cash flows (or using averages when appropriate). | Like IFRS Standards, foreign currency cash flows are translated at the exchange rates at the dates of the cash flows (or using averages when appropriate). | Like IFRS Standards, foreign currency cash flows are translated at the exchange rates at the date of the cash flows (or using averages when appropriate). |
| Generally, all **financing and investing cash flows** are reported gross. Cash flows are offset only in limited circumstances. | Like IFRS Standards, financing and investing cash flows are generally reported gross and offset only in limited circumstances. | Like IFRS Standards, all financing and investing cash flows should be presented gross and not offset. However, no guidance is provided on the types of items that qualify for net reporting. |
| To help users evaluate changes in liabilities related to financing activities, an entity provides **disclosures**, including cash and non-cash changes. | Unlike IFRS Standards, there is no such requirement. | Similar disclosure of material differences between items in the statement of cash flows and statements of changes in assets and liabilities is a recommended reconciliation. |
| **References:**<br>IAS 7 | **References:**<br>Sections 264, 297 HGB, GAS 21 | **References:**<br>RJ 360 |

# 2.6 Basis of accounting

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The Conceptual Framework describes two **measurement bases** and the factors to consider when selecting a measurement basis.<br>• Historical cost: measurement is based on information derived from the transaction price and that measurement is not changed unless it relates to impairment of an asset or a liability becoming onerous.<br>• Current value: measurement is based on information that reflects current conditions at the measurement date (including fair value, value in use and fulfilment value based on the present values of cash flows and current cost). | Unlike IFRS Standards, financial statements are prepared on a strict historical cost basis. Fair value measurements are less widespread and often optional, such as in case of non-monetary barter transactions. The revaluation model is generally not admitted for subsequent measurement. | Like IFRS Standards, financial statements are prepared on a modified historical cost basis with a growing emphasis on fair value.<br>Unlike IFRS Standards, the term 'current value' (actuele waarde) is used in CC instead of 'fair value', and its meaning (current cost, value in use, net realisable value or fair value) depends on the type of asset or liability and the specific circumstances. |
| When an entity's **functional currency** is hyperinflationary, its financial statements are adjusted to state all items in the measuring unit that is current at the reporting date. When an entity's functional currency becomes hyperinflation-ary, it makes price-level adjustments retrospectively as if the economy had always been hyperinflationary. | Unlike IFRS Standards, according to GAS 25, the inclusion of subsidiaries in hyperinflationary economies in the consolidated financial statements requires the elimination of the effects of inflation on assets, liabilities, income and expenses at the latest in the financial statements adjusted to conform to uniform group accounting policies. | Like IFRS Standards, when an entity's functional currency is hyperinflationary its financial statements must be adjusted to state all items in the measuring unit that is current at the balance sheet date. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| When an economy ceases to be hyperinflationary, an entity stops making price-level adjustments for annual periods ending on or after the date on which the economy ceases to be hyperinflationary. | The same shall apply to the financial statements of joint ventures and associates. | |
| An entity discloses information about **key sources of estimation** uncertainty and judgements made in applying the entity's accounting policies. An entity discloses estimation uncertainty that has a significant risk of causing material adjustments within the next annual reporting period. | Like IFRS Standards, it is mandatory to disclose information about key sources of estimation uncertainty and judgements made in applying the entity's accounting policies (as it is considered necessary to provide a true and fair view in the financial statements).<br><br>The valuation and recognition principles chosen by management are to be disclosed in the notes to the financial statements. | Like IFRS Standards, it is mandatory to disclose information about key sources of estimation uncertainty and judgements made in applying the entity's accounting policies (if it is considered necessary to provide a true and fair view in the financial statements). |
| **References:**<br><br>Conceptual Framework for Financial Reporting, IAS 8, IAS 29 | **References:**<br><br>Sections 253, 284, 289 HGB; GAS 25 | **References:**<br><br>RJ 100, RJ 110, RJ 120, RJ 122 |



# 2.7 Fair value measurement

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The **fair value measurement standard** applies to most fair value measurements and disclosures (including measurements based on fair value) that are required or permitted by other standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.<br><br>Fair value is based on assumptions that market participants would use in pricing the asset or liability. 'Market participants' are independent of each other, they are knowledgeable and have a reasonable understanding of the asset or liability, and they are willing and able to transact.<br><br>Fair value measurement assumes that a transaction takes place in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.<br><br>What is being measured – e.g. a stand-alone asset or a group of assets and/or liabilities – generally depends on the unit of account, which is established under the relevant standard.<br><br>In measuring the fair value of an asset or a liability, an entity selects those valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The techniques used should maximise the use of relevant observable inputs and minimise the use of unobservable inputs. | Unlike IFRS Standards, there is no detailed guidance on how a fair value is determined.<br><br>Fair value may be defined as the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing merchants in an arm's length transaction.<br><br>In addition to measurement on a cost basis (acquisition and production costs), fair value represents a further basis of accounting in very limited circumstances. It is especially relevant for impairment of inventory if quoted prices or market prices are available and for the purchase price allocation in a business combination.<br><br>In addition to acquisition and production costs, fair value represents a further standard of measurement.<br><br>Like IFRS Standards, under German GAAP assets and liabilities generally have to be measured on a stand-alone basis.<br><br>Fair value is the market price determined on an active market e.g. on the stock market. A market is considered to be an active market if the market price is readily and regularly available. In addition, this market price has to be based on current and regular transactions between independent third parties. In the absence of an active market, an established valuation technique has to be applied. | Dutch GAAP has no specific accounting standard for fair value measurement. The definitions and measurement criteria for current value are set out in the Current Value Decree ('Besluit actuele waarde').<br><br>The Current Value Decree describes four current value measurement methods.<br><br>The most appropriate measure-ment method depends on the type of asset, liability and relevant circumstances. The Current Value Decree describes the following methods, which are generally accepted under IFRS Standards as well:<br><br>a) current cost;<br><br>b) value in use;<br><br>c) market value (fair value); or<br><br>d) net realisable value.<br><br>The RJ guidelines provide further rules on these methods and the assets, liabilities and circumstances in which these methods should be applied.<br><br>The fair value of assets or liabilities is defined as the value that is based on market prices or on data which are relevant on the date of valuation.<br><br>There is very limited guidance on how to determine the fair value of an asset or liability. No strict fair value hierarchy is described. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A day one gain or loss arises when the transaction price for an asset or liability differs from its fair value on initial recognition. Such gain or loss is recognised in profit or loss, unless the standard that requires or permits fair value measurement specifies otherwise. For example, the financial instruments standards prohibit the immediate recognition of a day one gain or loss, unless fair value is evidenced by a quoted price in an active market for an identical financial asset or financial liability or is based on a valuation technique whose variables include only data from observable markets.<br><br>A fair value measurement of a **non-financial asset** considers a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant who will use the asset in its highest and best use.<br><br>If certain conditions are met, then an entity is permitted to measure the fair value of a group of items with offsetting risk positions on the basis of its net exposure (portfolio measurement exception). Such items may be a group of financial assets and financial liabilities or other contracts that are in the scope of the financial instruments standard.<br><br>For **liabilities or an entity's own equity instrument**, if a quoted price for a transfer of an identical or similar liability or own equity instrument is not available and the identical item is held by another entity as an asset, then the liability or own equity instrument is valued from the perspective of a market participant that holds the asset. | For example, a comparison can be made with market prices recently agreed upon in comparable transactions or another established valuation technique may be used. | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Failing that, other valuation techniques are used to value the liability or own equity instrument from the perspective of a market participant that owes the liability or has issued the claim on equity.<br><br>The fair value of a **liability** reflects non-performance risk. Non-performance risk is assumed to be the same before and after the transfer of the liability. Non-performance risk includes, but may not be limited to, an entity's own credit risk.<br><br>There is no practical expedient that allows entities to measure the fair value of certain **investments** at net asset value.<br><br>When another IFRS requires or permits an asset or a liability to be measured initially at fair value, gains or losses arising on differences between fair value at initial recognition and the transaction price are recognised in profit or loss, unless the other IFRS Standard requires otherwise.<br><br>While the fair value measurement standard discusses **three general approaches to valuation (the market, income, and cost approaches)**, it does not establish specific valuation standards. Several valuation techniques may be available under each approach.<br><br>An entity that manages a **group of financial assets and financial liabilities** on the basis of its net exposure to either market risks or credit risk is permitted (but not required) to measure the fair value of a group with offsetting risk positions on the basis of its net exposure, provided certain conditions are met (portfolio measurement exception). | | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The inputs are categorised **into three levels (Levels 1, 2 and 3)**, with the highest priority given to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority given to unobservable inputs.<br><br>For fair value measurements of assets or liabilities having bid and ask prices, an entity uses the price within the bid-ask spread that is most representative of fair value in the circumstances. The use of bid prices for assets and ask prices for liabilities is permitted.<br><br>Guidance is provided on measuring fair value when there has been a decline in the volume or level of activity in a market, and when transactions are not orderly.<br><br>The fair value measurement standard includes a comprehensive disclosure framework.<br><br>A fair value hierarchy is used to categorise fair value measurements for disclosure purposes. Fair value measurements are categorised in their entirety based on the lowest level input that is significant to the entire measurement. | | |
| **References:**<br><br>IFRS 13 | **References:**<br><br>Sections 253, 255, 301 HGB | **References:**<br><br>Current Value Decree ('Besluit actuele waarde'), RJ 120, RJ 290, RJ 210, RJ 212 |

# 2.8 Consolidation

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Consolidation is based on a **'power to direct' model**. An investor controls an investee if it has power over its relavant activities, is exposed to (has rights to) variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although there is a practical distinction between structured and non-structured entities, the same control model applies to both.<br><br>The investor considers the purpose and design of the investee to identify its relevant activities, how decisions about such activities are made, who has the current ability to direct those activities and who receives returns therefrom.<br><br>For a structured entity, voting rights are not the dominant factor in assessing whether the investor has power over the investee. | Unlike IFRS Standards, the control model under German GAAP is based on the non-rebuttable presumption<br><br>• that the majority in shareholder voting rights results in control;<br><br>• control may alternatively be based on the right to appoint or to remove the majority of the members of the administrative, management or supervisory bodies that control the financial and operating policies and, at the same time, is a shareholder; or<br><br>• contractual rights, e.g. under a control agreement or the companies' statutes.<br><br>Hence, the control concept under German GAAP is rather rights-based in contrast to the substance focus of IFRS Standards. Furthermore, German GAAP mirrors the former SIC-12 concept of risk and rewards with regard to special purpose entities. Note that SIC-12 is no longer in force under IFRS Standards. Furthermore, the 'risk and rewards concept' applies to special purpose entities (entities with a narrowly defined objective).<br><br>The definitions of SPE (special purpose entity) under German GAAP and structured entities under IFRS Standards overlap but are not congruent. | Unlike IFRS Standards, consolidation under Dutch GAAP is focused primarily on the concept of a group (company) rather than control. The Dutch consolidation rules are in line with the predecessor of IFRS 10, i.e. IAS 27, and SIC 12. The main criteria for a group (company) are:<br><br>• Economic unit<br><br>• Organisational connections<br><br>• Central management<br><br>The existence of a group relationship depends on whether one entity has the ability to exercise decisive influence (control) over another entity, or in other words actually decides the policy of that other (policy-dependent) entity.<br><br>Like IFRS Standards, under Dutch GAAP, also special purpose entities need to be evaluated under the main criteria of Dutch GAAP. |
| **Control** is usually assessed over a legal entity but can also be assessed over only specified assets and liabilities of an entity (referred to as a 'silo') when certain conditions are met.<br><br>Control is assessed on a continuous basis. | Like IFRS Standards, the control concept under HGB is based on rights in a corporate governance framework; control is solely assessed for legal entities. However, the risk and reward concept for SPEs may also be applied to silos, which are not separate legal entities. | Unlike IFRS Standards, no guidance exists for assessing control over only specified assets and liabilities of an entity (referred to as a 'silo'). Generally, the consolidation assessment is performed over legal entities.<br><br>Like IFRS Standards, the consolidation assessment is done on a continuous basis |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| There is a 'gating' question in the model, which is to determine whether voting rights or rights other than voting rights are relevant when assessing whether the investor has power over the relevant activities of the investee. | Control is presumed as long as the outlined criteria (see above) prevail, i.e. especially the respective rights are held. If respective rights are obtained for a short period only, the presumption is deemed rebutted as financial and operating policies may not be controlled when holding respective voting rights for a short period only. | Like IFRS Standards, facts and circumstances determining the ability of having de facto control should be considered as well. However, the assessment under IFRS Standards might be stricter and more conclusive. |
| In assessing control, an investor considers both substantive rights that it holds and substantive rights held by others. To be 'substantive', rights need to be exercisable when decisions about the relevant activities are required to be made, and the holder needs to have practical ability to exercise those rights.<br><br>If voting rights are relevant when assessing power, then substantive potential voting rights are taken into account. The investor assesses whether it holds voting rights sufficient to, unilaterally direct the relevant activities of the investee, which can include de facto power. | Unlike IFRS Standards, under German GAAP, there is a non-rebuttable presumption that a parent controls a subsidiary if the rights outlined (see above) are held.<br><br>Potential voting rights are not considered when calculating a majority of voting rights regarding the non-rebuttable presumption. However, they might be an indicator of possibile controlling influence under curtain circumstances. | Like IFRS Standards, in assessing control, (potential) voting rights are considered when they are substantive. |
| Subsidiaries are generally consolidated. As an exception, investment entities generally account for investments in subsidiaries at fair value recognised in profit or loss. | Unlike IFRS Standards, German GAAP grants an accounting policy option not to consolidate subsidiaries if substantial and persistent limitations permanently restrict the parent's rights, if the information necessary for consolidation purposes cannot be obtained without incurring unreasonable costs or undue delays, or if the ownership interests in a subsidiary are held with the sole purpose of reselling the interests.<br><br>Refer to Section 2.1 of this document for detailed information on the application of Section 296 HGB. | Unlike IFRS Standards, subsidiar-ies, group companies and other legal entities over which an entity can exercise control or over which it has central management are generally consolidated.<br><br>Unlike IFRS Standards, interests which are held exclusively with a view to its disposal need not to be consolidated in the consolidated financial statements. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The **definition of an investment entity** requires an entity to meet certain criteria relating to its activities and its measurement and evaluation of the performance of its investments. | Unlike IFRS Standards, there are no investment entities under German GAAP. | Like IFRS Standards, the concept of an investment entity applies also under Dutch GAAP, but the evaluation of the definition of an investment entity varies from that of IFRS in practice. |
| If **voting rights** are not relevant when assessing power, then the investor considers:<br>• the purpose and design of the investee;<br>• what the relevant activities are and how decisions about those activities are made;<br>• evidence that the investor has the practical ability to direct the relevant activities unilaterally;<br>• indications that the investor has a special relationship with the investee; and<br>• whether the investor has a large exposure to variability in returns. | German GAAP presumes control as the power to govern the financial and operating policies, mainly based on formal rights. Such policies may structure the investee's most relevant activities, hence there will be circumstances where the concepts coincide. Further analysis into the purpose and design of the investee or an isolated power assessment are not required under German GAAP. | Generally, control is exercised via a subsidiary or group entity.<br>A subsidiary is an entity in which either a majority of the voting power is retained by the parent, or the parent has a right to appoint and dismiss the majority of the board of directors of an entity.<br>A group entity is an entity which is controlled by the ultimate parent of the group and is part of an economic entity in which legal entities are organisationally linked to each other. |
| The acquirer in a business combination can elect, on a transaction-by-transaction basis, to measure **'ordinary' non-controlling interests (NCI)** at fair value, or at their proportionate interest in the net assets of the acquiree, at the date of acquisition.<br>'Ordinary NCI' are present ownership interests that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other NCI are generally measured at fair value. | Unlike IFRS Standards, the shares of other shareholders, i.e. NCIs, in consolidated subsidiaries are first measured at the proportionate interest in the net assets' fair value of the acquiree at the date of acquisition.<br>Under German GAAP, fair value measurement of NCI is not permitted, hence NCI's goodwill is not recognised. | Unlike IFRS Standards, NCI should always be measured at their proportionate interest in the identifiable net assets of the acquiree, at the acquisition date. |
| Uniform accounting policies are used throughout the group. | Like IFRS Standards, uniform accounting policies must be used throughout the group. | Like IFRS Standards, uniform accounting policies must be used throughout the group. |
| A parent and its subsidiaries, generally, use the same **reporting date** when preparing consolidated financial statements. | Like IFRS Standards, annual financial statements of consolidated subsidiaries shall be prepared as at the parent's reporting date. | Like IFRS Standards, the difference between the reporting dates of a parent and a subsidiary cannot be more than three months. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| If this is impracticable, then the difference between the reporting date of a parent and its subsidiary cannot be more than three months. | Like IFRS Standards, the difference between the reporting dates of a parent and a subsidiary, in general, cannot be more than three months. | |
| Adjustments are made for the effects of significant transactions and events between the two dates. | However, if a subsidiary prepares financial statements more than three months ahead of the parent's reporting date, interim financial statements as at the parent's reporting date should be prepared. Otherwise, adjustments or disclosures are required for the effects of significant transactions and events between the two dates. | |
| NCI in the statement of financial position (balance sheet) are classified within equity but are presented separately from the parent shareholders' equity. | Like IFRS Standards, NCI in the statement of financial position are classified as part of group equity. Like IFRS Standards, NCI are generally presented separately from the parent shareholders' equity in the notes. | Unlike IFRS Standards, NCI in the statement of financial position are classified as part of group equity. Like IFRS Standards, NCI are presented separately from the parent shareholders' equity in the notes. |
| An entity recognises a financial liability for the present value of the exercise price of put options held by NCI, but there is no detailed guidance on the accounting for such put options. | Unlike IFRS Standards, under German GAAP, put options on shareholdings of third parties are not accounted for as options but are generally considered executory contracts. A provision for onerous contracts may result. | Unlike IFRS Standards, Dutch GAAP has not prescribed the accounting for put options held by NCI. |
| Losses in a subsidiary may create a deficit balance in NCI. | Like IFRS Standards, the portion of losses to be allocated to NCI may lead to negative NCI. | Like IFRS Standards, losses in a subsidiary may create a deficit balance in NCI. Treatment can be different, depending on any liability of the NCI-owner to these losses. |
| Profit or loss and other comprehensive income for the period are allocated between controlling shareholders and NCI. | Like IFRS Standards, profit or loss is allocated to controlling and non-controlling interests. | Like IFRS Standards, profit or loss for the period is allocated between shareholders of the parent and NCI. Unlike IFRS Standards, the statement of comprehensive income starts with the net result, after NCI. Therefore, there is no split between shareholders and NCI in the statement of comprehensive income. |
| Intra-group transactions are eliminated in full. | Like IFRS Standards, intra-group transactions are eliminated in full. | Like IFRS Standards, intra-group transactions are eliminated in full. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Upon **loss of control** of a subsidiary, the assets and liabilities of the subsidiary and the carrying amount of the NCI are derecognised. The consideration received and any retained interest (measured at fair value) are recognised. | Unlike IFRS Standards, on the **loss of control** of a subsidiary, the retained interest is not remeasured at fair value. The gain or loss on disposal to be recognised in profit or loss is determined on the basis of a proportion of the carrying amount on disposal. | Unlike IFRS Standards, on the **loss of control** of a subsidiary, the retained interest is not remeasured at fair value. The gain or loss on disposal to be recognised in profit or loss is determined on the basis of a proportion of the carrying amount (including goodwill) that is sold. |
| Amounts recognised in OCI are reclassified as required by other IFRS Standards. Any resulting gain or loss is recognised in profit or loss. | For reorganisations covered by the so-called Reorganisation Act (Umwandlungsgesetz), there is an accounting policy option to account these on the basis of fair values or carrying amounts. | Amounts recognised in OCI are reclassified proportionally as required by other Standards. |
| Changes in the parent's ownership interest in a subsidiary without a loss of control are accounted for as equity transactions. The interests of the parent and NCI are adjusted to reflect the relative change in their interests in the subsidiary's equity. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received, if there is any, is recognised directly in equity and attributed to the owners of the parent. | Unlike IFRS Standards, under German GAAP and GAS, there is an accounting policy option to recognise increases or decreases in equity interests either through profit or loss or as a transaction with shareholders. The method chosen is applied consistently for all increases and decreases as well as consistently over time. | Unlike IFRS Standards, there are no specific provisions for changes in the parent's ownership interest in a subsidiary without a loss of control. In our view, there is a policy choice how these transactions are accounted for, i.e. as transactions between shareholders or as transactions between the – consolidated – group and a third party.<br>• Upon acquisition of third-party interest:<br>– If the transaction is regarded as a shareholder transaction, the transaction is recognised directly in equity (other reserves).<br>– If the transaction is regarded as a transaction with a third party, the transaction is recognised as (an increase in) goodwill.<br>• Upon sale of third-party interest:<br>– If the transaction is regarded as a shareholder transaction, the transaction is recognised directly in equity (other reserves).<br>– If the transaction is regarded as a transaction with a third party, the transaction is recognised in profit or loss. |

| IFRS | German GAAP | Dutch GAAP |
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| | | The (fair value of the) consideration received must be recognised and, next to this, the third-party interest is adjusted on the basis of the proportional share in the respective assets and liabilities of the related group company at the moment of the transaction. |
| **References:**<br><br>IFRS 10, IAS 27 | **References:**<br><br>Sections 290, 296, 299, 300-312 HGB; GAS 19, GAS 23 | **References:**<br><br>CC, RJ 214, RJ 217, RJ 265 |

# 2.9 Business combinations

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Business combinations are accounted for under **the acquisition method**, with limited exceptions. | General note – the differences between IFRS Standards and German GAAP on business combinations are numerous and the possible impact might be significant.<br><br>Like IFRS Standards, business combinations are accounted for under the acquisition method. | General note – the differences between IFRS Standards and Dutch GAAP on business combinations are numerous and the possible impact might be significant.<br><br>Most transactions within the scope of RJ 216 are accounted for as acquisitions by applying purchase accounting. However, unlike IFRS Standards, the pooling of interests method can still be used in limited situations (such as 'true mergers'). |
| A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. | A business combination under German GAAP is a transaction or other event in which an acquirer obtains control of an acquiree. Unlike IFRS Standards, it is not relevant whether the acquiree comprises a business as defined under IFRS Standards. | Like IFRS Standards, a business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. |
| The acquirer in a business combination is the combining entity that obtains control of the other combining business or businesses. | Like IFRS Standards, the acquirer in a business combination is the combining entity that obtains control of the other combining business or businesses. | Like IFRS Standards, the acquirer in a business combination is the combining entity that obtains control of the other combining business or businesses. |
| In some cases, the legal acquiree is identified as the acquirer for accounting purposes **(reverse acquisition)**. | Unlike IFRS Standards, under German GAAP, the acquirer is generally to be determined based on the formal control concept. There is no concept of 'reverse acquisition'. | Like IFRS Standards, the acquirer for accounting purposes may not be the legal acquirer, in which case the transaction is accounted for as a reverse acquisition. |
| The acquisition date is the date on which the acquirer obtains control of the acquiree. | Like IFRS Standards, the date of acquisition is the date on which effective control is transferred to the acquirer. | Like IFRS Standards, the date of acquisition is the date on which effective control is transferred to the acquirer. |

| IFRS | German GAAP | Dutch GAAP |
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| **Consideration transferred** by the acquirer, which is generally measured at fair value at the acquisition date, may include assets transferred, liabilities incurred by the acquirer to the previous owners of the acquiree and equity interests issued by the acquirer. | Unlike IFRS Standards, the **acquisition costs** are determined as the carrying amount of the shares in the subsidiary in accordance with general principles under German GAAP. If the shares have been acquired by transferring assets (exchange transaction), entities have a policy option to either recognise the shares acquired at the carrying amount of the assets transferred, at fair value or at the tax neutral value in between, but at a maximum of the fair value of the shares acquired. However, entities are encouraged to recognise the shares acquired at the fair value of the assets transferred. | Like IFRS Standards, the **cost of acquisition**, which is determined at the date of exchange, is the amount of cash or cash equivalents paid, plus the fair value of the other purchase consideration given, including equity instruments issued and the fair value of liabilities assumed and, unlike IFRS Standards, any costs directly attributable to the acquisition. |
| Contingent consideration transferred is initially recognised at fair value. Contingent consideration classified as a liability is generally remeasured to fair value each period until settlement, with changes recognised in profit or loss. Contingent consideration classified as equity is not remeasured. | Unlike IFRS Standards, a liability for contingent consideration is recognised as soon as payment becomes probable and the amount can be measured reliably. Unlike IFRS Standards, subsequent changes in the (estimate of the) contingent consideration changes the goodwill (instead of profit or loss). | Unlike IFRS Standards, a liability for contingent consideration is recognised as soon as payment becomes probable and the amount can be measured reliably. Unlike IFRS Standards, subsequent changes in the (estimate of the) contingent consideration changes the goodwill (instead of profit or loss). |
| Any items that are not part of the business combination transaction are accounted for outside the acquisition accounting. | Like IFRS Standards, any items that are not part of a business combination transaction are accounted for outside of the acquisition accounting. | Like IFRS Standards, any items that are not part of the business combination transaction are accounted for outside the acquisition accounting. |
| The identifiable assets acquired, and liabilities assumed are recognised separately from goodwill at the acquisition date if they meet the definition of assets and liabilities and are exchanged as part of the business combination. | Like IFRS Standards, the assets acquired and liabilities assumed are recognised individually and separately from goodwill. | Like IFRS Standards, identifiable assets acquired, and liabilities assumed are recognised separately from goodwill at the acquisition date if they meet the definition of assets and liabilities and are exchanged as part of the business combination. However, unlike IFRS Standards, the acquiree’s intangible assets are recognised only if they meet the (more strict) general requirements for recognition of intangibles. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | | Also, unlike IFRS Standards, the acquiree's contingent liabilities, which do not meet the recognition criteria for provisions that an outflow of resources will be probable to settle an obligation, are not recognised. |
| The identifiable assets acquired and liabilities assumed as part of a business combination are generally measured at the acquisition date at their fair values. | Like IFRS Standards, any identifiable assets acquired and liabilities assumed are generally measured at fair value at the acquisition date. | Like IFRS Standards, the acquiree's identifiable assets and liabilities are measured at fair value at the date of acquisition. |
| There are limited exceptions to the recognition and/or measurement principles in respect of contingent liabilities, deferred tax assets and liabilities, indemnification assets, employee benefits, re-acquired rights, share-based payment awards and assets held for sale. | Unlike IFRS Standards, provisions are measured at the settlement amount based on prudent business judgement. Deferred taxes are measured based on the individual corporate income tax rate of the respective subsidiary and shall not be discounted. | Unlike IFRS Standards, restructuring provisions related to the business combination should be recognised by the acquirer if certain strict criteria are met. Therefore, unlike IFRS Standards, those restructuring provisions could impact goodwill. |
| **Goodwill** is measured as a residual and is recognised as an asset. When the residual is a deficit (gain on a bargain purchase), it is recognised in profit or loss after re-assessing the values used in the acquisition accounting. | Like IFRS Standards, any positive difference arising from acquisition accounting is recognised as goodwill. Unlike IFRS Standards, any negative difference is recognised separately on the balance sheet and presented in a special line item after equity. The subsequent measurement of the negative consolidation difference is governed by the general realisation principle of German GAAP. To apply this principle and determine the point in time when the negative consolidation difference may be released to income, the reasons for recognising the item at the date of initial consolidation shall be established and documented. | Like IFRS Standards, when the fair value of the identifiable asset and liability exceeds acquisition cost, the fair value should be reassessed. Unlike IFRS Standards, negative goodwill is recorded as a liability on the balance sheet. Negative goodwill in relation to future losses is realised in profit and loss when those losses are incurred. 'Other' negative goodwill is realised in profit or loss in conjunction with the depreciable non-monetary assets it relates to. Any excess negative goodwill is recognised in profit or loss immediately. |
| Adjustments to the acquisition accounting during the **'measurement period'** (until 12 months after acquisition) reflect additional information about facts and circumstances that existed at the acquisition date. Such adjustments are made by retrospective application to the period in which the acquisition occurred and any subsequent periods. | Like IFRS Standards, adjustments to the values recognised for assets, liabilities, prepaid expenses, deferred income and special reserves may be adjusted within a period of 12 months following the date of acquisition based on additional information. | Like IFRS Standards, adjustments to acquisition accounting are made for additional information about facts and circumstances that existed at the acquisition date. However, unlike IFRS Standards, the 'measurement period' for adjustments lasts longer, i.e. until the end of the first financial year following the year of acquisition. |

| IFRS | German GAAP | Dutch GAAP |
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| 'Ordinary' NCI may be measured at fair value, or at their proportionate interest in the identifiable net assets of the acquiree. 'Other' NCI are generally measured at fair value. | The measurement of NCI is based on the proportion of the interests in the identifiable net assets of the subsidiary. Unlike IFRS Standards, under German GAAP, fair value measurement of NCI is not permitted. | Unlike IFRS Standards, NCI should always be measured at their proportionate interest in the identifiable net assets of the acquiree, at the acquisition date. |
| **'Push down' accounting**, whereby fair value adjustments are recognised in the financial statements of the acquiree is not permitted. | Like IFRS Standards, 'push down' accounting is not permitted. | Like IFRS Standards, 'push down' accounting is not permitted. |
| When a business combination is achieved in stages **(step acquisition)**, the acquirer's previously held non-controlling equity interest in the acquiree is remeasured to fair value at the acquisition date, with any resulting gain or loss recognised in profit or loss. | Unlike IFRS Standards, when acquiring an entity, the shares held at the time of obtaining control are not remeasured at fair value. Instead, the carrying amount of the former investment is part of the acquisition costs of the subsidiary acquired. | Unlike IFRS Standards, if an acquisition is achieved in successive share purchases, then each significant transaction is accounted for separately as an acquisition. Unlike IFRS Standards, it is allowed that the acquirer remeasures its previously held assets and liabilities in the acquiree to fair value at the acquisition date, with any resulting gain or loss recognised directly in equity revaluation reserve). |
| In general, items recognised in acquisition accounting are measured and accounted for in accordance with the relevant standards subsequent to the business combination. However, as an exception, there is specific guidance for certain items, for example in respect of contingent liabilities and indemnification assets. | Like IFRS Standards, in consolidated financial statements prepared under German GAAP, any assets, liabilities, prepaid expenses, deferred income and special reserves to be accounted for are also to be measured in accordance with German GAAP. HGB does not provide specific guidance for contingent liabilities or indemnification assets, but is being developed by the ASCG and can be found in the authoritative literature. | Like IFRS Standards, items recognised in acquisition accounting are measured and accounted for in accordance with the relevant RJs subsequent to the business combination. Like IFRS Standards, there is specific guidance for certain items, but this guidance can differ from IFRS Standards, for example in respect of contingent liabilities (see above). |
| The **acquisition of a collection of assets** that does not constitute a business is not a business combination. In such cases, the entity allocates the cost of acquisition to the assets acquired and liabilities assumed based on their relative fair values at the acquisition date. No goodwill (or bargain purchase gain) is recognised. | Unlike IFRS Standards, the acquisition method is applied to acquisition of control over a legal entity. This applies irrespective of whether the entity constitutes a business or only an individual asset. | Like IFRS Standards, the acquisition of a collection of assets that does not constitute a business is not a business combination. Like IFRS Standards, the entity allocates the cost of acquisition to the assets acquired and liabilities assumed based on their relative fair values at the date of acquisition, and no goodwill (or bargain purchase gain) is recognised. |

| IFRS | German GAAP | Dutch GAAP |
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| A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties ('common control transaction). | Like IFRS Standards, accounting for common control transactions is not explicitly addressed under German GAAP. | Unlike IFRS Standards, common control transactions are explicitly covered. The acquirer in a common control transaction should apply either purchase accounting or book value accounting, the latter method with a possibility to restate comparative information if common control was established earlier (pooling of interest method versus carry-over accounting method). |
| The accounting for common control transactions is exempt from the scope of the business combinations standard and is not covered explicitly in any of the standards.<br><br>In our view, the acquirer in a common control transaction should choose an accounting policy in respect of its consolidated financial statements, to be applied consistently to all similar common control transactions, using:<br><br>• 'book value (carry-over basis) accounting' on the basis that the investment has simply been moved from one part of the group to another; or<br><br>• 'acquisition accounting' on the basis that the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole. | | Unlike IFRS Standards, the purchase accounting method may only be applied provided that justice is done to the economic substance of the transaction. |
| **References:**<br><br>IFRS 3 | **References:**<br><br>Sections 253, 300-312, 314 HGB; GAS 23 | **References:**<br><br>RJ 210, RJ 214, RJ 216 |

# 2.10 Foreign currency translation

| IFRS | German GAAP | Dutch GAAP |
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| An entity measures its assets, liabilities, income and expenses in its **functional currency**, which is the currency of the primary economic environment in which it operates. | Unlike IFRS Standards, a German entity's annual financial statements must always be presented in euros. | Like IFRS Standards, an entity measures its assets, liabilities, revenues and expenses in its functional currency, which is the currency of the primary economic environment in which it operates. |
| All transactions that are not denominated in an entity's functional currency are foreign currency transactions. | Like IFRS Standards, transactions not denominated in euros are foreign currency transactions. | Like IFRS Standards, all transactions that are not denominated in an entity's functional currency are foreign currency transactions. |
| At each reporting date foreign currency items shall be translated for: (i) monetary items using the closing rate (which is the spot exchange rate at the reporting date), (ii) non-monetary items at fair value using the fair value (re) measurement date, (iii) other non-monetary items using the rate at the date of transaction.<br><br>**Exchange differences** arising on translation generally are recognised in profit or loss. | Unlike IFRS Standards, at the end of each reporting period, short-term (maturity one year or less) assets and liabilities denominated in foreign currency have to be translated using the average spot exchange rate. Any resulting differences are recognised in profit or loss. In the case of long-term items, only exchange losses generally have to be anticipated; i.e. it is not permitted to recognise 'unrealised' gains. | Like IFRS Standards, at each reporting date, foreign currency items shall be translated for: (i) monetary items using the closing rate, (ii) non-monetary items at fair value using the fair value (re) measurement date, (iii) other non-monetary items using the rate at the date of transaction.<br><br>Like IFRS Standards, exchange differences arising on translation generally are recognised in profit or loss. |
| Share capital is considered a non-monetary item, on the basis that any future payments are not fixed or determinable. | Like IFRS Standards, share capital is considered a non-monetary item that is not to be settled in a fixed or determinable amount of money. | Unlike IFRS Standards, Dutch GAAP prescribes that share capital (when applicable) shall be translated using the closing rate at the reporting date. |
| When an entity's functional currency is hyperinflationary, its financial statements are adjusted to state all items in the measuring unit that is current at the reporting date. When an entity's functional currency becomes hyperinflation-ary, it makes price-level adjustments retrospectively as if the economy has always been hyperinflationary. | Like IFRS Standards, when an entity's functional currency is hyperinflationary its financial statements must be adjusted to state all items in the measuring unit that is current at the balance sheet date. However, an adjustment for inflation effects must be made (GAS 25.96). | Like IFRS Standards, when an entity's functional currency is hyperinflationary its financial statements must be adjusted to state all items in the measuring unit that is current at the balance sheet date. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| When an economy ceases to be hyperinflationary, an entity stops making price-level adjustments for annual periods ending on or after the date on which the economy ceases to be hyperinflationary. | This can be done by preparing financial statements in a hard currency or by indexing the annual financial statements in local currency. Unlike IFRS Standards, monetary items are not adjusted. However, it is recommended that the inflation gain or loss on the net position of monetary assets and liabilities be recognized separately in profit or loss, after net interest income. | |
| The financial statements of foreign operations are translated for consolidation purposes as follows: assets and liabilities are translated at the closing rate; income and expenses are translated at actual rates or appropriate averages; in our view, equity components (excluding current year move-ments, which are translated at the actual rates) should not be retranslated. | Like IFRS Standards, for consolidated financial statements, the financial statements of foreign operations are translated for consolidation purposes as follows: assets and liabilities are translated at the closing rate; income and expenses are translated using average rates; and equity components (excluding current year movements, which are translated at the actual rates) are translated at historical rates. | The rules on translating the financial statements of foreign operations are similar to IFRS Standards. |
| **Exchange differences** arising on the translation of the financial statements of a foreign operation are recognised in other comprehen-sive income (OCI) and accumulated in a separate component of equity. The amount attributable to any NCI is allocated to and recognised as part of NCI. | Unlike IFRS Standards, exchange differences arising on the translation of the financial statements of a foreign operation are recognised directly in equity and accumulated in a separate component of equity. The amount attributable to any NCI is allocated to and recognised as part of NCI. | |
| If the functional currency of a foreign operation is the currency of a **hyperinflationary economy**, then current purchasing power adjustments are made to its financial statements before translation into a different presentation currency; the adjustments are based on the closing rate at the end of the current period. | Like IFRS Standards, a similar approach is applied under GAS. Inclusion of subsidiaries in hyperinflationary economies in the consolidated financial statements requires the elimination of the effects of inflation. This can be done by preparing financial statements in a hard currency or by indexing the annual financial statements in local currency. | Like IFRS Standards, if the functional currency of a foreign operation is hyperinflationary, then current purchasing power adjustments are made to its financial statements prior to translation; the financial statements are then translated at the closing rate at the end of the current period. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| However, if the presentation currency is not the currency of a hyperinflationary economy, then comparative amounts are not restated. | However, unlike IFRS Standards, monetary items are not adjusted. It is recommended that the inflation gain or loss on the net position of monetary assets and liabilities be recognized separately in profit or loss, after net interest income. | |
| An entity may present its financial statements in a currency other than its functional currency **(presentation currency)**. An entity that translates financial statements into a presentation currency other than its functional currency uses the same method as for translating financial statements of a foreign operation. | Unlike IFRS Standards, a German entity's annual financial statements must always be presented in euros. | Like IFRS Standards, an entity may present its financial statements in a currency other than its functional currency. When financial statements are translated into a presentation currency other than the functional currency, the translation procedures are the same as those for translating foreign operations. |
| If an entity loses control of a subsidiary that is a foreign operation, then the cumulative exchange differences recognised in OCI are reclassified in their entirety to profit or loss. If control is not lost, then a proportionate amount of the cumulative exchange differences recognised in OCI is reclassified to NCI. | Like IFRS Standards, if an entity loses control of a subsidiary that is a foreign operation, then the exchange differences recognised in equity are reclassified in their entirety to profit or loss. If control is not lost, then a proportionate amount of the exchange differences is recognised in profit or loss if the entity accounts for the transactionas a disposal. The exchange difference is accounted for within NCI if the entity accounts for the transaction as a capital transaction. | Unlike IFRS Standards, when an investment in a foreign operation is (partially) disposed of, then it is only recommended that a proportionate amount of the cumulative exchange differences is recognised in profit or loss. |
| If an entity retains neither significant influence nor joint control over a foreign operation that was an associate or joint arrangement, then the cumulative exchange differences recognised in OCI are reclassified in their entirety to profit or loss. If either significant influence or joint control is retained, then a proportionate amount of the cumulative exchange differences recognised in OCI is reclassified to profit or loss. | Like IFRS Standards, if an equity method investee that is a foreign entity is disposed of in its entirety, then the exchange differences recognised in equity are reclassified in their entirety to profit or loss. Unlike IFRS Standards, if an equity method investee is a foreign entity and is not disposed of in its entirety, then a proportionate amount is reclassified to profit or loss, and the remaining amount is generally transferred to (be offset with) the carrying amount of the investee. | Like IFRS Standards, if an equity method investee that is a foreign entity is disposed of in its entirety, then the exchange differences recognised in equity are reclassified in their entirety to profit or loss. Unlike IFRS Standards, when an equity method investment in a foreign operation is (partially) disposed of, then it is recommended that a proportionate amount of the cumulative exchange differences is recognised in profit or loss. |
| A foreign currency transaction is measured at the spot rate on initial recognition. | A foreign currency transaction is recorded in euros on initial recognition, by applying the exchange rate on the date of transaction to the foreign currency amount. | Like IFRS Standards, a foreign currency transaction is measured at the spot rate on initial recognition. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | The exchange rate is either the ask or the bid price, depending on the type of the underlying asset or liability. | |
| **Goodwill** and any fair value acquisition accounting adjustments related to the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate at each reporting date. | Unlike IFRS Standards, for any goodwill of a foreign entity (subsidiary), the parent has to decide whether to allocate the goodwill to the parent entity or the subsidiary. In the former case, it is denominated and subsequently measured in euros; in the latter case, it is accounted for as an asset of the subsidiary if the performance elements will be realised in the currency of the subsidiary and thus are subject to foreign currency translation. Like IFRS Standards, fair value adjustments to assets and liabilities are assets and liabilities of the foreign operation and therefor subject to foreign currency translation. | Unlike IFRS Standards, Dutch GAAP permits treating goodwill and changes in fair value of identified assets and liabilities as non-monetary items of the acquirer, and therefore recognises no translation differences. |
| An entity may present supplementary financial information in a currency other than its presentation currency if certain disclosures are made. | Like IFRS Standards, an entity may present supplementary financial information in a currency other than its presentation currency if certain disclosures are made. | Like IFRS Standards, an entity may present supplementary financial information in a currency other than its presentation currency if certain disclosures are made. |
| **References:**<br><br>IAS 21, IAS 29, IFRIC 22 (for hyperinflationary currency see 2.7) | **References:**<br><br>Sections 244, 256a, 308a HGB; GAS 23, GAS 25 | **References:**<br><br>RJ 120, RJ 122 |

# 2.11 Accounting policies, errors and estimates

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Accounting policies are the specific principles, bases, conventions, rules and practices that an entity applies in preparing and presenting financial statements. | Similar to IFRS Standards, accounting policies are the specific principles, bases, conventions, rules and practices that an entity applies in preparing and presenting financial statements. However, a formal definition does not exist under German GAAP. | Like IFRS Standards, accounting policies are the specific principles, bases, conventions, rules and practices that an entity applies in preparing and presenting financial statements. |
| A hierarchy of alternative sources is specified for situations when IFRS do not cover a particular issue. In developing and applying an accounting policy management must use judgment that results in relevant and reliable information and which does not conflict with the Conceptual Framework. | Unlike IFRS Standards, no hierarchy is specified for situations when German GAAP does not cover a particular issue. However, well-established commentary in the literature and GAS as well as German generally accepted accounting principles may serve as alternative sources in this regard. For further context on German GAAP please see 1.1. | Unlike IFRS Standards, no hierarchy is specified for situations when Dutch GAAP does not cover a particular issue. Like IFRS Standards, in developing and applying an accounting policy must use judgment that results in relevant and reliable information and which does not conflict with the Conceptual Framework. |
| Unless otherwise specifically permitted by an IFRS Standard, the accounting policies adopted by an entity are applied consistently to all similar items, and accounting policies within a group are consistent for consolidation purposes. | Like IFRS Standards, recognition and measurement methods are to be applied consistently. For consolidated financial statements, recognition and measurement methods are to be applied uniformly by entities consolidated. | Like IFRS Standards, the accounting policies adopted by an entity are applied consistently to all similar items and accounting policies within a group are consistent for consolidation purposes. |
| A change in accounting policy is made when an entity is required to adopt a new or revised standard, or otherwise if a voluntary change will result in reliable and more relevant information. | Like IFRS Standards, accounting policies are changed if required by law or by GAS. Unlike IFRS Standards, there is a list of events when a change in accounting policy is possible for other reasons: the legal circumstances have changed (legislation, directives with legal force, court decisions); structural changes in the group mean that a departure from the consistency principle will improve the presentation of the financial position and performance of the group; a change to uniform group policies when an entity is included in the consolidated financial statements for the first time. | Like IFRS Standards, a change in accounting policy is made when an entity is required to adopt a new or revised standard, or otherwise if a voluntary change will result in reliable and more relevant information.<br><br>Unlike IFRS Standards, a change in accounting policy is made when it is required by law or the RJ, or voluntary, based on justified reasons as listed in the law. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| When an entity has not applied a new IFRS Standard that has been issued but is not yet effective, it discloses this fact and known or reasonable estimable information relevant to assessing the possible impact of the new IFRS Standards on the entity's financial statements. | Unlike IFRS Standards, it is not required for a new policy issued but not yet effective (and that has not been adopted) to explain that it has not yet been adopted and the expected impact on the financial statements. Effective application dates and transition requirements are included in the Introductory Act to the German Commercial Code (EGHGB) when new regulations are issued. | Unlike IFRS Standards, it is not required for a new RJ issued but not yet effective (and that has not been adopted) to disclose that it has not yet been adopted and to disclose the expected impact on the financial statements. |
| Generally, **accounting policy changes and corrections of material prior-period errors** are made by adjusting opening equity and restating comparatives, unless this is impracticable. | Unlike IFRS Standards, adjust-ments in accounting policies and measurement methods or corrections of material prior-period errors do not, in principle, result in adjusting previous periods but are to be made in the current year. Comparability with the prior year is achieved by making corresponding disclosures in the notes to the financial statements. | Like IFRS Standards, generally, accounting policy changes and corrections of material prior-period errors are made by adjusting opening equity and restating comparatives, unless this is impracticable. |
| A statement of financial position as at the beginning of the earliest comparative period is presented when an entity restates comparative information, following a change in accounting policy, the correction of an error, or reclassification of items in the financial statements. | Unlike IFRS Standards, a statement of financial position as at the beginning of the preceding period is not required in any case. | Like IFRS Standards, all material errors shall be recognised retrospectively in the first set of financial statements authorised for issue after their discovery. The cumulative effect of the material error is accounted for in opening equity of the comparative year.<br><br>Unlike IFRS Standards, there is no requirement to present a 'third' statement of financial position. |
| Changes in accounting estimates are accounted for prospectively. | Like IFRS Standards, changes in accounting estimates are accounted for prospectively. | Like IFRS Standards, changes in accounting estimates are accounted for prospectively. |
| If it is difficult to determine whether a change is a change in accounting policy or a change in estimate, then it is treated as a change in estimate. | Unlike IFRS Standards, there is no such principle under German GAAP. Such a distrinction is not necessary, because both changes in accounting estimates and changes in accounting policies are accounted for prospectively. | Like IFRS Standards, if it is difficult to determine whether a change is a change in accounting policy or a change in estimate, then it is treated as a change in estimate. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| If the classification or presentation of items is changed, then comparatives are restated unless impracticable. | Like IFRS Standards, comparatives are restated due to changes in classification or presentation of items. | Like IFRS Standards, if the classification or presentation of items is changed, then comparatives are restated unless impracticable. |
| **References:**<br><br>IAS 1, IAS 8 | **References:**<br><br>Sections 253, 265, 284, 300 HGB; IDW (Institute of Auditors in Germany) RS HFA 6, IDW RS HFA 38; GAS 13 | **References:**<br><br>RJ 140, RJ 145, RJ 150 |

# 2.12 Events after the reporting date

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The financial statements are adjusted to reflect events that occur after the reporting date, but before the financial statements are authorised for issue, if those events provide evidence of conditions that existed at the reporting date. | Like IFRS Standards, the financial statements are adjusted to reflect events occurring after the reporting date but before the financial statement preparation date if those events provide evidence of conditions that existed at the reporting date. | Like IFRS Standards, the financial statements are adjusted to reflect events that occur after the balance sheet date if those events provide evidence of conditions that existed at the balance sheet date, but before the financial statements are prepared (comparable with: authorised for issue). Unlike IFRS Standards, these events are also adjusted if these occur between the date of preparation and the approval of the financial statements in the annual meeting, if they are indispensable ('onontbeerlijk') for the insight that should be provided by the financial statements. |
| Financial statements are not adjusted for events that are a result of conditions that arose after the reporting date, except when the going concern assumption is no longer appropriate. | Like IFRS Standards, financial statements are generally not adjusted for events that are a result of conditions that arose after the reporting date except when the going concern assumption is no longer appropriate. However, similar to IFRS Standards, if the event is of material importance, it should be disclosed in the notes. | Like IFRS Standards, the financial statements generally are not adjusted for events that are indicative of conditions that arose after the balance sheet date, except when the going concern assumption is no longer appropriate. |
| The date on which the financial statements were authorised for issuance and who gave such authorisation are disclosed. | Like IFRS Standards, under German GAAP, the date on which the financial statements were prepared is disclosed. | Like IFRS Standards, the date on which the financial statements were prepared (authorised for issue) and who gave the authorisation are disclosed. |
| The classification of liabilities as current or non-current is based on circumstances at the reporting date. | Like IFRS Standards, the disclosure of liabilities as current or non-current in the notes is based on circumstances at the reporting date.<br><br>Unlike IFRS Standards, there is no requirement to distinguish between current and non-current liabilities on the face of the balance sheet. | Unlike IFRS Standards, the classification of liabilities may reflect post-balance sheet agreements. Events after the balance sheet date but before the date that the financial statements are 'authorised for issue' might be taken into consideration, for example continued presentation of a non-current liability as a non-current or current liability. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Dividends declared, proposed or approved after the reporting date are not recognised as a liability in the financial statements. | Like IFRS Standards, in general, dividends declared, proposed or approved after the reporting date are not recognised as a liability in the financial statements.<br><br>In the case of a limited liability company, it is possible to adopt a shareholder resolution on the appropriation and distribution of profits before the annual financial statements are prepared and approved, so that the annual result is deemed to have been appropriated on the basis of this resolution. When preparing the annual financial statements, there is a choice to recognize a corresponding liability to the shareholders or to prepare the balance sheet without taking this appropriation of profit into account. In such a situation, detailed explanations are required in the notes to the financial statements. | Unlike IFRS Standards, if a balance sheet is presented after appropriation of profit, there is a choice to present the dividends declared as a separate component of equity or as a liability. If the balance sheet is presented before appropriation of profit, the proposed dividend should not be presented separately in equity (instead the profit for the year should then be presented as a separate component within equity). |
| Subsequent events are reported as part of the notes to the financial statements. | Like IFRS Standards, subsequent material non-adjusting events not considered in the financial statements are reported as part of the notes to the financial statements. | Like IFRS Standards, subsequent events are reported as part of the notes to the financial statements. |
| **References:**<br><br>IAS 1, IAS 10 | **References:**<br><br>Sections 252, 266, 268, 285 HGB; IDW RS HFA 17 | **References:**<br><br>RJ 160, RJ 254 |

# 3

# Specific statement of financial position items

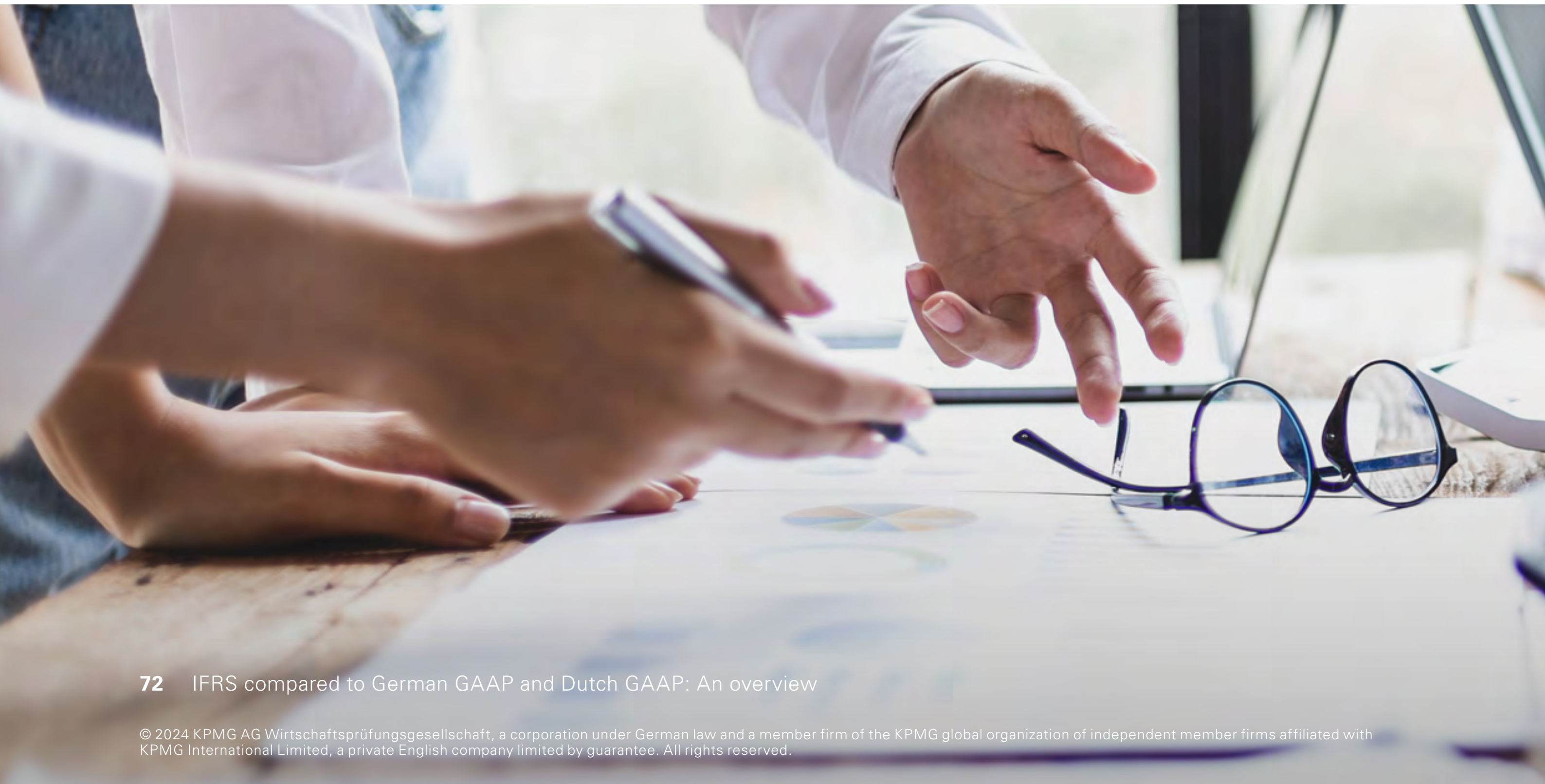
# 3.1 Property, plant and equipment

| IFRS | German GAAP | Dutch GAAP |
| --- | --- | --- |
| Property, plant and equipment is initially recognised at cost. | Like IFRS Standards, property, plant and equipment is initially recognised at cost. | Like IFRS Standards, property, plant and equipment is recognised initially at cost. |
| **Cost includes** all expenditure, including administrative and general overhead expenditure, directly attributable to bringing the asset to the location and working condition for its intended use. | Like IFRS Standards, cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. The acquisition costs also include ancillary costs and subsequent acquisition costs. However, unlike IFRS Standards, an entity may include in cost only a reasonable amount of indirect costs, such as costs for administrative and general overhead expenditures to the extent attributable to the period of manufacture. | Like IFRS Standards, cost includes all expenditure, including administrative and general overhead expenditure, directly attributable to bringing the asset to the location and working condition for its intended use. |
| Borrowing costs (interest cost) that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. | Unlike IFRS Standards, the entity may in certain circumstances choose to capitalise borrowing cost attributable to a qualifying asset or not. However, only borrowed capital used to finance the production of an asset may be recognised to the extent that it relates to the period of manufacture. | Unlike IFRS Standards, interest (borrowing costs) that is directly attributable to the acquisition, construction or production of a qualifying asset may form part of the cost of that asset. |
| Cost includes the estimated cost of dismantling and removing the asset and restoring the site. | Unlike IFRS Standards, it is not permitted to capitalise estimated cost for dismantling and removing the asset and restoring the site. A provision for such costs must be established over the life of the asset, with a corresponding expense recognised in profit or loss. | Unlike IFRS Standards, the estimated cost of dismantling and removing the asset and restoring the site may be recognised (a) as part of the carrying amount of the asset or (b) recognised through a provision over the useful life of the asset, with a corresponding expense recognised in profit or loss. |

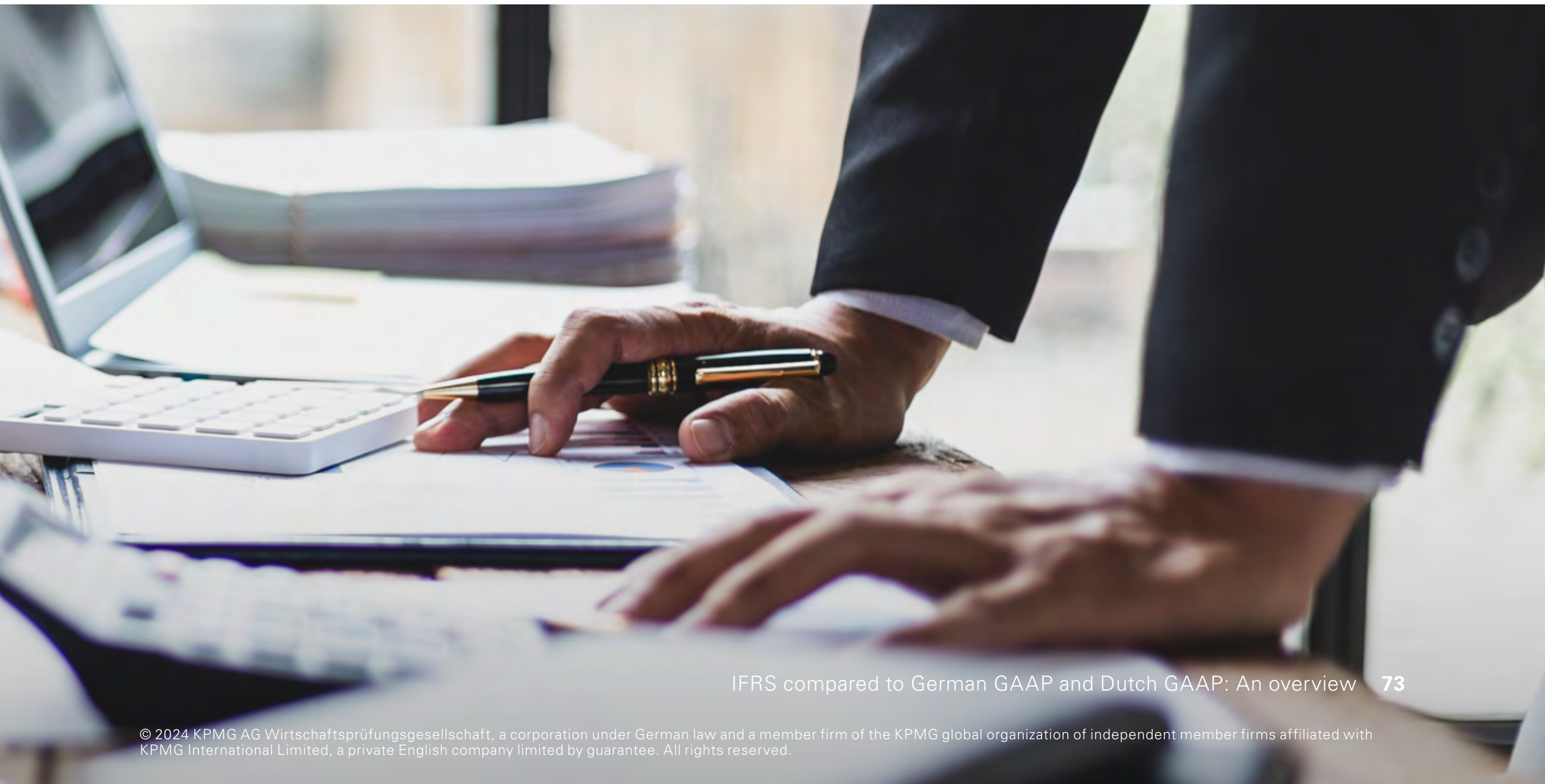
| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Changes to an existing decommissioning or restoration obligation are generally adjusted against the cost of the related property, plant and equipment. | Unlike IFRS Standards, changes to an existing decommissioning or restoration obligation may not be added to or deducted from the cost of the related asset. Such costs are to be recognised by building up a provision prospectively over the asset's remaining useful life. | Like IFRS Standards, changes to an existing decommissioning or restoration obligation may be added to or deducted from the cost of the related asset and depreciated prospectively over the asset's remaining useful life. However, unlike IFRS Standards, if such costs are recognised by building up a provision, then any changes are recognised prospectively in the provision over the asset's remaining useful life. |
| If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is capitalised in accordance with IAS 23. | Property, plant and equipment is initially recognised at cost, irrespective of the terms of payment. | Unlike IFRS Standards, if the cost of a tangible fixed asset is paid based on a payment term longer than usual, the cost of the asset shall be based on the present value of the liability and not on the current cash price. |
| Property, plant and equipment is **depreciated** over its useful life. | Like IFRS Standards, fixed assets shall be depreciated on a systematic basis over their useful lives. | Like IFRS Standards, property, plant and equipment is depreciated over its useful life. |
| An entity continues to recognise depreciation even when an asset is idle, unless the asset is fully depreciated or is classified as held-for-sale. | Like IFRS Standards, an item of property, plant and equipment is depreciated even if it is idle. Although, unlike IFRS Standards, German GAAP does not include a special standard for non-current assets held for sale retired tangible fixed assets should be valued at cost or lower net realisable value or if it is decided to sell the asset at net realisable value (as under IFRS Standards). In that case depreciation is ceased. | Like IFRS Standards, an item of property, plant and equipment is depreciated even if it is idle. Although, unlike IFRS Standards, Dutch GAAP does not include a special standard for non-current assets held for sale. Retired tangible fixed assets should be valued at cost or lower net realisable value or if it is decided to sell the asset at net realisable value (as under IFRS Standards). In that case depreciation is ceased (see 5.4). |
| Estimates of the useful life, residual value and method of depreciation are reviewed at least at each annual reporting date. Any changes are accounted for prospectively as a change in accounting estimate. | Unlike IFRS Standards, it is not mandatory to review useful lives or methods of depreciation annually, but if there are indications of differences in useful lives these need to be corrected. Generally, the residual value of a tangible asset is assumed to be zero, except for cases where the residual value is assumed to be significant.<br><br>Like IFRS Standards, a change in the useful life of an asset is accounted for prospectively as a change in accounting estimate. | Unlike IFRS Standards, the useful lives, residual values or methods of depreciation are reassessed only if there is an indication of change to circumstances or new information concerning the remaining economic life and/or residual value. Like IFRS Standards, any changes are accounted for prospectively as a change in accounting estimate. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| If an item of property, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, then each component is depreciated separately **(component accounting)**. | Unlike IFRS Standards, German GAAP does not include a special standard regarding the component approach, which is only permitted when specific conditions are met. | Like IFRS Standards, when an item of property, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, it can account for each component separately. |
| Routine maintenance costs are expensed as they are incurred. Major inspection or overhaul costs are accounted for as a separate component of the item of property, plant and equipment if that component is used over more than one period. In our view, the cost of a major inspection or overhaul includes internal as well as external costs, and there is no requirement for the costs to be incremental. | Unlike IFRS Standards, it is also permitted to recognise expenses for periodic maintenance and major overhauls (a) by accruing a provision over time or (b) in profit or loss as incurred. Provisions should be made for expenses for maintenance omitted in the current financial year (with their exact nature and amounts) which will be carried out within the first three months of the following financial year. For other maintenance expenses that will be incurred in the subsequent year, no provisions are allowed. | However, unlike IFRS Standards, it is also permitted to recognise expenses for periodic maintenance and major overhauls (a) by accruing a provision or (b), like IFRS Standards, by applying the component approach of property, plant and equipment. |
| Expenditure incurred subsequent to the initial recognition of property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity, or when it replaces a component that is accounted for separately. Expenditure associated with the day-to-day services of assets is expensed as it is incurred. | Like IFRS Standards, the acquisition costs also include ancillary costs and subsequent acquisition costs.<br><br>Unlike IFRS, expenditure incurred subsequent to the initial recognition of property, plant and equipment is capitalised as subsequent acquisition costs only if these expenses have a direct economic connection with the initial acquisition, in particular that they are inevitably caused by the acquisition.<br><br>Like IFRS, expenditure associated with the day-to-day services of assets is expensed as it is incurred. | Like IFRS Standards, subsequent expenditure is capitalised only if it meets the general recognition criteria i.e. when it is probable that future economic benefits will flow to the entity and the cost of the item can be measured reliably. Like IFRS Standards, costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as they are incurred. |
| Property, plant and equipment may be **revalued to fair value**, as an accounting policy election, if fair value can be measured reliably. All items in the same class are revalued at the same time and the revaluations are kept up to date. | Unlike IFRS Standards, applying a revaluation model is not permitted for subsequent measurement. | Unlike IFRS Standards, property, plant and equipment may be revalued to current cost (or recoverable amount, when lower). Like IFRS Standards, substantively the same guidance is applicable with respect to the frequency and timing of revaluations. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Compensation for loss or impairment cannot be offset against the carrying amount of the asset lost or impaired. | Like IFRS Standards, compensation for loss or impairment cannot be offset against the carrying amount of the asset lost or impaired. | Like IFRS Standards, compensation for loss or impairment cannot be offset against the carrying amount of the asset lost or impaired. |
| Non-monetary exchanges with non-customers do not give rise to revenue. If a non-monetary exchange of assets with a non-customer has commercial substance, then the transaction gives rise to a gain or loss. The cost of the asset acquired is generally the fair value of the asset surrendered, adjusted for any cash transferred.<br><br>If an entity enters into a non-monetary exchange of goods or services with a customer as part of its ordinary activities, then it applies the guidance on non-cash consideration in the revenue standard (see 4.1). Sometimes a customer transfers property, plant and equipment to an entity that will use the contributed assets to connect the customer to a network or provide it with ongoing services. If the entity obtains control of the contributed assets, then the assets are recognised initially following the guidance on non-cash consideration in the revenue standard (see 4.1). | Exchange of non-monetary assets is governed by the so-called "barter principles" (Tauschgrundsätze). The asset received may generally either be valued at the carrying amount of the asset given in exchange or at its fair value (accounting policy option). Only in the latter case will the fair value increase be realised in profit for the period.<br><br>No specific further guidance is available under German GAAP. | Unlike IFRS Standards, there is no guidance on exchanges of assets other than (in)tangible fixed assets.<br><br>Unlike IFRS Standards, (in)-tangible fixed assets obtained in exchange for other (in)tangible fixed assets are measured initially at the carrying amounts of the assets given up if the assets have a similar nature and use; otherwise, the (in)tangible fixed assets obtained are measured initially at fair value.<br><br>Like IFRS Standards, barter transactions generally will result in revenue recognition if the goods or services sold in the exchange are part of the entity's main revenue generating activities. Like IFRS Standards, property, plant and equipment contributed from customers that is used to provide access to a supply of goods or services is recognised as an asset if it meets the definition of an asset and the recognition criteria for property, plant and equipment. |



| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Donated assets may be accounted for in a manner similar to government grants (see 4.2), unless the transfer is, in substance, an equity contribution. | Like IFRS Standards, donated assets may be accounted for in a manner similar to government grants, unless the transfer is, in substance, an equity contribution. | Like IFRS Standards, donated assets may be accounted for in a manner similar to government grants, unless the transfer is, in substance, an equity contribution. |
| When property, plant and equipment is disposed of or permanently withdrawn from use, a gain or loss is recognised. If the asset is disposed of as a part of a sale-and-leaseback transaction, then the requirements in the leases standard apply (see chapter 5.1). | Like IFRS Standards, the gain or loss on disposal is the difference between the net revenue upon disposal and the carrying amount of the asset. | Like IFRS Standards, the gain or loss on disposal is the difference between the net revenue upon disposal and the carrying amount of the asset. |
| Compensation for the loss or impairment of property, plant and equipment is recognised in profit or loss when it is receivable. | Like IFRS Standards, compensation for the loss or impairment of property, plant and equipment is recognised in profit or loss when it is receivable. | Like IFRS Standards, compensation for the loss or impairment of property, plant and equipment is recognised in profit or loss when it is receivable. |
| IAS 16 refers to land, buildings and machines ('property, plant and equipment'), but does not impose a mandatory structure. In addition, under IAS 16 the advance payments on property, plant and equipment will not be part of property, plant and equipment, but will in principle be presented under current assets as prepayments. | Unlike IFRS Standards, German law sets out that the item tangible fixed assets must be specified into categories (amongst which the category 'tangible fixed operating assets under construction and advance payments on tangible fixed assets'). | Unlike IFRS Standards, Dutch law sets out that the item tangible fixed assets must be specified into categories (amongst which the category 'tangible fixed operating assets under construction and advance payments on tangible fixed assets'). |
| **References:**<br><br>IAS 16, IAS 23, IFRIC 1 | **References:**<br><br>Sections 253, 255, 266 HGB | **References:**<br><br>BAW, DCC, RJ 212, RJ 273 |



# 3.2 Intangible assets and goodwill

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An 'intangible asset' is an identifiable non-monetary asset without physical substance. An intangible asset is 'identifiable', if it is separable or arises from contractual or other legal rights, irrespective if these rights are transferable or separable. | Like IFRS Standards, an 'intangible asset' is an identifiable non-monetary asset without significant physical substance. | Like IFRS Standards, an 'intangible asset' is an identifiable non-monetary asset without physical substance. Unlike IFRS Standards, an intangible fixed asset is identifiable if it can be separated or can be identified in another way. |
| An entity controls an asset if the entity has the power to obtain the future economic benefits. For an item to be recognised as an intangible asset, it must have future economic benefits that likely will flow to the company and its cost can be reliably measured. | An intangible asset is defined as an item that is individually recoverable, i.e. the item is separable and abstractly recoverable from a transaction with a third party.<br><br>Like IFRS Standards, acquired intangible assets that are classified as non-current assets shall be recognised. Unlike IFRS Standards, there is an accounting policy option for internally generated non-current intangible assets which may either be recognised as an asset or expensed when incurred. | Like IFRS Standards, for an item to be recognised as an intangible asset, it must have expected economic benefits that likely will flow to the company and its cost can be reliably measured. |
| If an intangible asset is acquired in a business combination, then these criteria are assumed to be met. If an intangible asset is acquired in a separate acquisition (i.e. outside a business combination), then the 'probability' criterion is assumed to be met and the 'reliable measurement' criterion is usually met. | Like IFRS Standards, the initial measurement of an intangible asset depends on whether it has been acquired separately or as part of a business combination or internally developed. | Unlike IFRS Standards, the recognition criteria for intangible assets are the same whether they have been acquired separately, acquired as part of a business combination or were generated internally. |
| In general, intangible assets are recognised initially at cost. | Like IFRS Standards, intangible assets are initially recognised at cost. | Like IFRS Standards, intangible assets are recognised initially at cost. |
| **Goodwill** is measured as the excess of the cost of an acquired entity over the fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed (see 2.9). | Like IFRS Standards, goodwill is measured as the excess of the purchase price of an acquired entity over the fair value of the identifiable assets acquired and liabilities assumed, i.e., excluding contingent liabilities (see 2.9). | Like IFRS Standards, goodwill is measured as the excess of the cost of an acquired entity over the fair value of the identifiable assets acquired and liabilities assumed, i.e., excluding contingent liabilities (see 2.9). |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Goodwill represents future economic benefits arising from assets that are not capable of being identified individually and recognised separately. | Like IFRS Standards, goodwill represents future economic benefits arising from assets that are not capable of being identified individually and recognised separately. | Like IFRS Standards, goodwill represents future economic benefits arising from assets that are not capable of being identified individually and recognised separately. |
| Internal research expenditure is expensed as it is incurred. Internal development expenditure is capitalised if specific criteria are met. These capitalisation criteria are applied to all internally developed intangible assets. | Like IFRS Standards, internal research expenditure is expensed as it is incurred and internal development expenditure is capitalised if specific criteria are met. | Like IFRS Standards, internal research expenditure is expensed as it is incurred. Like IFRS Standards, internal development expenditure is capitalised if specific criteria are met. |
| For the **measurement after initial recognition**, an entity shall choose either the cost model or the revaluation model (fair value). | Unlike IFRS Standards, intangible assets are always measured at cost. | Unlike IFRS Standards, intangible assets may be subsequently measured at cost or revalued to current cost (or recoverable amount, when lower). The recoverable amount is the highest of the value in use or net realisable value. |
| Acquired goodwill, intangible assets that have not yet been taken into use and other intangible assets with indefinite useful lives are not amortised, but instead are subject to impairment testing at least annually. | Unlike IFRS Standards, acquired goodwill has no indefinite useful life but is amortised over its expected useful life. If the expected useful life cannot be reliably estimated, the depreciation period is set to 10 years. | Unlike IFRS Standards, all goodwill recognised on the balance sheet and other intangible assets are assumed to have finite useful lives. There is a rebuttable presumption that the useful life is no longer than 20 years. Unlike IFRS Standards, annual impairment testing is required for, intangible assets that have not yet been taken into use and intangible assets with useful lives of longer than 20 years. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The amortisation of intangible assets with finite useful lives begins when the intangible asset is available for use and ceases at the earlier of the date when the asset is classified as held for sale or derecognised.<br><br>An intangible asset with a finite useful life is amortised on a systematic basis over its useful life. If the pattern cannot be determined reliably, the straight-line method is used. Generally, the residual value of an intangible asset is assumed to be zero.<br><br>The method of amortisation, useful life and residual value are reviewed each annual reporting period. | Like IFRS Standards, the amortisation of intangible assets with finite useful lives begins when the intangible asset is available for use and ceases at the earlier of the date when the asset is classified as held for sale or derecognised.<br><br>Like IFRS Standards, intangible assets are amortised over their expected useful lives. If the pattern cannot be determined reliably, the straight-line method is used. Like IFRS Standards, generally the residual value of an intangible asset is assumed to be zero.<br><br>Unlike IFRS Standards, it is not mandatory to review useful lives or methods of amortisation annually, but if there are indications of differences in useful lives these need to be corrected. | Like IFRS Standards, the amortisation of intangible assets with finite useful lives begins when the intangible asset is available for use and ceases at the earlier of the date when the asset is classified as held for sale or derecognised.<br><br>Like IFRS Standards, intangible assets are amortised over their expected useful lives, usually on a straight-line basis. Like IFRS Standards, generally the residual value of an intangible asset is assumed to be zero.<br><br>Like IFRS Standards, at least once a year, at the end of each financial year, the company must check to what extent the amortisation method and amortisation period are still acceptable. |
| Under the revaluation model, intangible assets may optionally be revalued to fair value only if there is an active market. | Unlike IFRS Standards, revaluations of intangible assets to amounts exceeding historical cost are not permitted under German GAAP. | Like IFRS Standards, intangible assets may be revalued to current cost (or recoverable amount, when lower) only if there is an active market. Recoverable amount is the higher of value in use and net realisable value. |
| The subsequent expenditure on an intangible asset is capitalised only if the definition of an intangible asset and the recognition criteria are met. | Unlike IFRS Standards, expenditures incurred to modify an acquired intangible asset shall be capitalised. Subsequent expenditures to modify an internally generated intangible asset shall only be capitalised if the internally generated intangible asset was capitalised initially. Otherwise, the modification expenditures shall be expensed when incurred.<br><br>Otherwise, the modification expenditures shall be expensed when incurred.<br><br>If the expenditures lead to the creation of a newly acquired intangible asset, the new intangible asset shall be recognised as an asset. | Like IFRS Standards, the subsequent expenditure on an intangible asset is capitalised only if the definition of an intangible asset and the recognition criteria are met. |

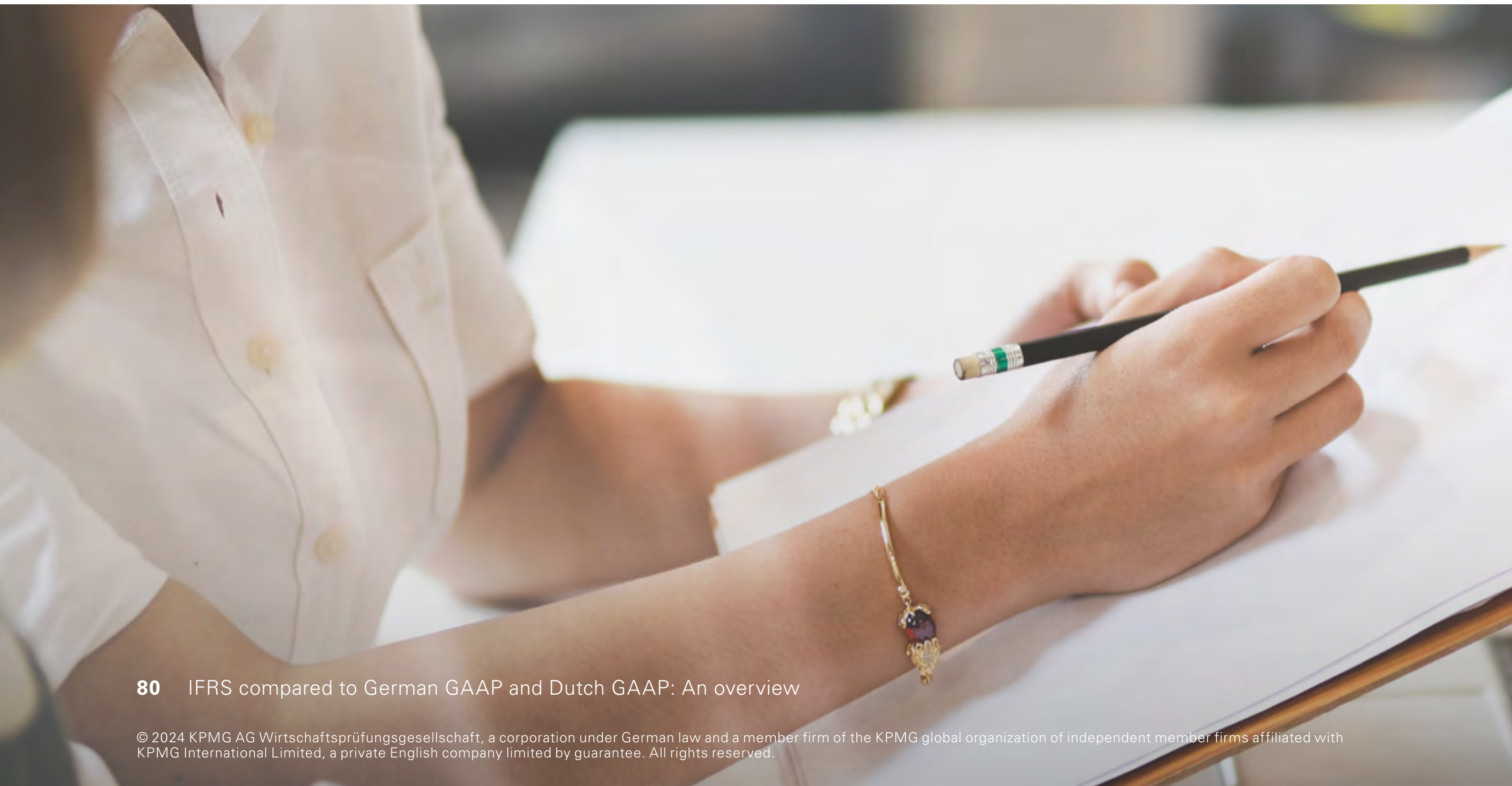
| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | If the expenditures lead to the creation of a new internally generated intangible asset, the new asset is subject to the accounting policy option for internally generated intangible assets.<br><br>Like IFRS Standards, expenditures that only maintain the proper functioning of an acquired intangible asset represent maintenance expenses and may not be capitalised. | |
| In-process research and development (R&D) acquired in a business combination is accounted for under specific guidance. | Like IFRS Standards, in-process research and development (R&D) acquired in a business combination is recognised only when the general criteria for capitalisation of intangible assets are met. | Unlike IFRS Standards, in-process research and development (R&D) acquired in a business combination is recognised (and measured initially at fair value) only when the general criteria for capitalisation of intangible assets are met. |
| **The following costs cannot be capitalised as intangible assets:** internally generated goodwill, research costs, customer lists, start-up costs, training costs, advertising and promotional activities or on relocation or reorganisation.<br><br>An intangible fixed asset shall no longer be recognised on the balance sheet if no future economic benefits are expected. Any profits or losses that arise due to decommissioning or disposal of an intangible fixed asset shall be measured as the difference between the net revenue and the book value. | Like IFRS Standards, internally generated goodwill, research costs, costs to develop customer lists, start-up costs, and expenditure incurred on training, advertising and promotional activities or on relocation or reorganisation shall not be recognised on the balance sheet under German GAAP.<br><br>Like IFRS Standards, an intangible fixed asset shall no longer be recognised on the balance sheet if no future economic benefits are expected. Any profits or losses that arise due to decommissioning or disposal of an intangible fixed asset shall be measured as the difference between the net revenue and the book value. | Like IFRS Standards, internally generated goodwill, research costs, costs to develop customer lists, start-up costs, and expenditure incurred on training, advertising and promotional activities or on relocation or reorganisation shall not be recognised on the balance sheet under Dutch GAAP.<br><br>Like IFRS Standards, an intangible fixed asset shall no longer be recognised on the balance sheet if no future economic benefits are expected. Any profits or losses that arise due to decommissioning or disposal of an intangible fixed asset shall be measured as the difference between the net revenue and the book value. |
| **References:**<br><br>IFRS 3, IAS 38, SIC-32 | **References:**<br><br>Sections 248, 253, 255, 310 HGB; GAS 24 | **References:**<br><br>RJ 210, RJ 216 |

# 3.3 Investment property

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Investment property is property (land or building) held by the owner or lessee to earn rentals or for capital appreciation or both. | German GAAP does not use the term 'real estate held as a financial investment'. The general regulations for assets apply to such real estate, i.e., they are measured at amortised cost (see 3.2). An optional measurement at fair value like in IFRS Standards is not possible under HGB. A separate disclosure as real estate held as a financial investment is not required by HGB.<br><br>Under German GAAP, property held by a lessee under an operating lease is generally not recognised in the financial statements of the lessee. | Like IFRS Standards, investment property is property held to earn rentals or for capital appreciation or both. |
| If a lessor provides ancillary services, and such services are a relatively insignificant component of the arrangement as a whole, then the property is classified as investment property. | | Like IFRS Standards, if additional services are a relatively insignificant component, the property can be classified as an investment property. |
| Investment property accounting is required for all investment property. | | While generally investment property accounting is required for all investment property, unlike IFRS Standards, for certain industries, specific standards prevail over this standard, e.g. RJ 645 Licensed public-sector housing institutions. These specific standards however fall outside the scope of this publication. |
| A right-of-use asset held by a lessee is classified as investment property if the underlying asset would otherwise meet the definition of investment property. | | Unlike IFRS Standards, a right of use in a property that classifies as operating lease for a lessee (for example land in leasehold) can be recorded by the lessee as an investment property if, and insofar, this right of use regarding this property fulfils the definition of an investment property and the lessee applies the current value as the measurement basis. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A portion of a dual-use property is classified as investment property only if the portion could be sold or leased out under a finance lease. Otherwise, the entire property is classified as property, plant and equipment, unless the portion of the property used for own use is insignificant. | | Like IFRS Standards, a portion of a dual-use property is classified as investment property only if the portion could be sold or leased out under a finance lease. Otherwise, the entire property is classified as property, plant and equipment, unless the portion of the property used for own use is insignificant. |
| Subsequent expenditure is capitalised only if it is probable that it will give rise to future economic benefits, including when the costs are for replacing a component of the item. | | Like IFRS Standards, subsequent expenditure is capitalised only when it is probable that future economic benefits will flow to the entity, including when the costs are for replacing a component of the item. |
| Investment property is in general initially measured at cost. An investment property held by a lessee as a right-of-use-asset is measured at cost in accordance with the leases standard (IFRS 16). | | Like IFRS Standards, investment property is recognised initially at cost. Unlike IFRS Standards, the initial measurement of leases classified as investment property is accounted for as a finance lease in accordance with the leases standard (RJ 292), i.e. the property is measured at the lower of the fair value of the property or the present value of the minimum lease payments. |
| Subsequent to initial recognition, all investment properties are measured under either the fair value model (subject to limited exceptions) or the cost model in IAS 16 Property, Plant and Equipment. | | Like IFRS Standards, subsequent to initial recognition, all investment properties should be measured using either the current (in effect fair) value model (subject to limited exceptions) or the cost model in RJ 212 Tangible fixed assets.<br><br>Unlike IFRS Standards, for all operating leases that are classified as investment property the fair value model is required. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| If the fair value model is chosen, changes in fair value are recognised in profit or loss. | | Unlike IFRS Standards, when the fair value model is chosen and changes in fair value are recognised in profit or loss, a revaluation reserve (which is a legal non-distributable reserve) is recognised for unrealised increases in fair value, either as an appropriation of results or directly from other reserves (distributable reserves). |
| Disclosure of the fair value of all investment properties is required, regardless of the measurement model used. | | Like IFRS Standards, disclosure of the fair value of all investment properties is required, regardless of the measurement model used. |
| Transfers to or from an investment property are made only when there has been a change in use of the property. A change in management's intention alone does not provide such evidence.<br><br>The gain or loss on disposal is the difference between the net disposal proceeds and the carrying amount of the property. | | Like IFRS Standards, transfers to or from an investment property can be made only when there is evidence of change in the use of the property. A change in management's intention alone does not provide such evidence.<br><br>Like IFRS Standards, the gain or loss on disposal is the difference between the net disposal proceeds and the carrying amount of the property. |
| **References:**<br><br>IAS 40, IAS 16 | **References:**<br><br>Sections 253, 255 HGB | **References:**<br><br>RJ 213, RJ 212, DCC |



# 3.4 Investments in associates and the equity method

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The definition of an associate is based on the ability to exercise significant influence, which is the power to participate in the financial and operating policies of an entity, without having (joint) control over the entity. | An associate is an entity over which an investor has significant influence on business and financial policies. | Unlike IFRS Standards, no equivalent definition exists for 'associate'; rather, the description 'participating interests with significant influence' is used. Like IFRS Standards, significant influence is the power to participate in the financial and operating policies of an entity. |
| There is a rebuttable presumption of significant influence if an entity holds 20 percent or more of the voting rights of another entity in which it does not have control. | Like IFRS Standards, significant influence is rebuttably presumed if an entity holds 20 percent or more of the voting rights of another entity in which it does not have control. | Like IFRS, there is a rebuttable presumption of significant influence if an entity holds 20 percent or more of the voting rights in another entity in which it does not have control. |
| In determining applicability of the equity method, there are no special requirements for partnerships and similar entities. | Like IFRS Standards, there are no special requirements for specific legal forms of an entity. | Like IFRS Standards, there are no special requirements for partnerships and similar entities. |
| Potential voting rights that are currently exercisable are considered in assessing significant influence. | Unlike IFRS Standards, potential voting rights are not considered in assessing significant influence. | Like IFRS Standards, potential voting rights are considered when they are substantive. |
| Associates are accounted for using the **equity method** in the consolidated financial statements. The initial recognition is at cost including goodwill.<br><br>Subsequently, the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. | Like IFRS Standards, the equity method is applicable in consoli-dated financial statements. The mechanics of applying the equity method are similar to the requirements in IFRS Standards. | Like IFRS Standards, participating interests with significant influence are accounted for using the net asset value method (equity method) in the consolidated financial statements. Unlike IFRS Standards, in the net asset value method any goodwill component is presented separately under intangible fixed assets.<br><br>Like IFRS Standards, subsequently, the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. |
| | Unlike IFRS Standards, in the separate financial statements, investments in subsidiaries or associates are recognised at cost less impairment losses. The equity method is not applicable to separate financial statements. | Unlike German GAAP, the equity method is prescribed for separate financial statements. Measurement at cost is only permitted if the company applies the article 408 intermediate holding company exemption (broadly similar to IFRS 10.4(a)) |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| On the date of acquisition of an equity-accounted investee, fair values are determined for the investee's identifiable assets and liabilities as if the transaction were the acquisition of a subsidiary. | Like IFRS Standards, on the date of acquisition of an equity-accounted investee, fair values are determined for the investee's identifiable assets and liabilities as if the transaction were the acquisition of a subsidiary. | Like IFRS Standards, on the date of acquisition of an equity-accounted investee, fair values are determined for the investee's identifiable assets and liabilities as if the transaction were the acquisition of a subsidiary. |
| **Venture capital organisations, mutual funds, unit trusts and similar entities** may elect not to apply the equity method for investments in associates and joint ventures and instead account for these investments as financial instruments at fair value on an investment-by-investment basis. In addition, investment entities measure their investments in associates and joint ventures at fair value. | Unlike IFRS Standards, if the investee is held by venture capital organisations, measurement at fair value is not permitted under German GAAP. | Unlike IFRS Standards, capital interests (participations) held by venture capital organisations and similar entities are classified as other securities (financial instruments) and measured at cost or current value. |
| Equity accounting is not applied to investees that are classified as held-for-sale (see also 5.4.). | Unlike IFRS Standards, equity accounting is applied to associates for which a sale is intended. | Unlike IFRS Standards, there is no specific guidance on accounting for investees that are held for sale. This means that the general measurement and presentation rules for investments in associates must be applied. |
| In applying the equity method, an associate's **accounting policies** should be consistent with those of the investor. | Unlike IFRS Standards, if an associate uses accounting policies in its financial statements that differ from group accounting policies, there is an option to adjust the carrying amounts to the group accounting policies. | Like IFRS Standards, in applying the net asset value method, an associate's accounting policies should be consistent with those of the investor. However, unlike IFRS Standards, in exceptional circumstances an entity is allowed to account for its interest according to the equity as presented in the financial statements of the participating interest. |
| The annual reporting date of an equity-accounted investee may not differ from the investor's by more than three months and should be consistent from period to period. Adjustments are made for the effects of significant events and transactions between the two dates. | Unlike IFRS Standards, there is no requirement for the reporting date of the financial statements of an associate to be the same as the group reporting date. This shall also apply if an associate's reporting date is more than three months before the parent entity's reporting date. | Like IFRS Standards, the reporting date of an associate may not differ from the investor's by more than three months and should be consistent from period to period. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| When an equity-accounted investee incurs losses, the carrying amount of the investor's interest is reduced, but not below zero. At that point, further **losses** are recognised by the investor only to the extent that the investor has an obligation to fund losses or has made payments on behalf of the investee. | Like IFRS Standards, if adjusting the equity method carrying amount results in a negative equity value, the investment shall be recorded at a nominal amount. The negative equity value shall be adjusted in a separate account until the accumulated negative accounts have been offset again by profits. In the case of negative equity values, provisions shall be recognised if there is a loss absorption obligation in the annual financial statements at the reporting date. | Like IFRS Standards, when a participating interest accounted for under the net asset value method incurs losses, the carrying amount of the investor's interest is reduced, but not below zero. At that point, further losses are recognised by the investor only to the extent that the investor has an obligation to fund losses. |
| When recognising its **share of losses**, an investor considers not only equity investments but also other long-term interests that form part of the investor's net investment in the associate. Interests to be considered do not include trade receivables, trade payables or any long-term receivables for which adequate collateral exists (e.g. secured loans). | Like IFRS Standards, when recognising its share of losses, an investor considers not only equity investments but also other long-term interests that form part of the investor's net investment in the participating interest. Interests to be considered do not include trade receivables, trade payables or any long-term receivables for which adequate collateral exists (e.g. secured loans). | Like IFRS Standards, when recognising its share of losses, an investor considers not only equity investments but also other long-term interests that form part of the investor's net investment in the participating interest. Interests to be considered do not include trade receivables, trade payables or any long-term receivables for which adequate collateral exists (e.g. secured loans). |
| An investor applies the financial instruments standards to long-term interests in an associate or joint venture that are not accounted for under the equity method. The investor does so before applying the loss absorption and impairment requirements of the standard on investments in associates and joint ventures. | Unlike IFRS Standards, there is no separate financial instruments standards in German GAAP. If the requirements for equity valuation are not met, the subsidiaries are to be valued at cost in the consolidated financial statements. | Like IFRS Standards, an investor applies the financial instruments standards to long-term interests in an associate or joint venture that are not accounted for under the equity method. The investor does so before applying the loss absorption and impairment requirements of the standard on investments in associates and joint ventures. |
| **Unrealised profits and losses** on transactions with equity-accounted investees are eliminated to the extent of the investor's interest in the investee.<br><br>In our view, if an entity sells or contributes a controlling interest in a subsidiary in exchange for an interest in an equity-accounted investee, then the entity may choose either to recognise the gain or loss in full or to eliminate the gain or loss to the extent of the investor's retained interest in the former subsidiary. | Like IFRS Standards, unrealised profits and losses on transactions with equity-accounted investees are eliminated to the extent of the investor's interest in the investee.<br><br>Like IFRS Standards, there is no specific guidance. Generally, on the loss of control of a subsidiary, the retained interest is not remeasured at fair value. The gain or loss on disposal to be recognised in profit or loss is determined based on a proportion of the carrying amount on disposal. | Like IFRS Standards, unrealised profits and losses on transactions with equity-accounted investees are eliminated to the extent of the investor's interest in the investee.<br><br>Like IFRS Standards, there is no specific guidance. Generally, on the loss of control of a subsidiary, the retained interest is not remeasured at fair value. The gain or loss on disposal to be recognised in profit or loss is determined on the basis of a proportion of the carrying amount that is sold. |

| IFRS | German GAAP | Dutch GAAP |
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| The carrying amount of an equity-accounted investee is written down if it is **impaired**. | Like IFRS Standards, the recoverability of the carrying amount shall be reviewed at each reporting date. If the carrying amount is higher than the lower of cost or market value, the investment is written down if the impairment is expected to be permanent. A write-down may be recognised if the impairment is not expected to be permanent. | Like IFRS Standards, the carrying amount of a participating interest is written down if it is impaired. |
| On the **loss of significant influence**, the fair value of any retained investment is taken into account to calculate the gain or loss on the transaction, as if the investment were fully disposed of; this gain or loss is recognised in profit or loss. Amounts recognised in other comprehensive income (OCI) are reclassified or transferred as required by other IFRS Standards. | Unlike IFRS Standards, if significant influence is lost by having sold a portion of the investment, the remaining investee has to be accounted for by using the cost method. The amount recognised as cost shall be the carrying amount of the remaining interest at the date from which the investor no longer exercises significant influence. The difference between the selling price and the carrying amount attributable to the interests disposed of shall be recognised in profit or loss. | Unlike IFRS Standards, on the loss of significant influence, the most recent net asset value of any retained investment is the basis for the subsequent measurement of that retained investment at cost or fair value. The cost price or fair value is increased with a proportionate part of the goodwill relating to the remaining interest in the participating interest. Like IFRS Standards, amounts recognised in other comprehensive income (OCI) are reclassified or transferred as required by other standards. |
| When an investment becomes an equity-accounted investee from no significant influence to significant influence, in our view the investor may either remeasure the previously held interest to FVTPL, or add the newly incurred additional cost to the cost of the previously held investment. | Unlike IFRS Standards, when an investment becomes an equity-accounted investee from no significant influence to significant influence, in our view the newly incurred additional cost is required to be added to the carrying amount of the previously held interest, and the equity method is applied from that date. | Unlike IFRS Standards, when an investment becomes an equity-accounted investee from no significant influence to significant influence, in our view the newly incurred additional cost is required to be added to the carrying amount of the previously held interest, and the equity method is applied from that date. |
| In our view, an increase in holding should be accounted for using an allocation approach, whereby only the incremental investment is measured at fair value.<br><br>In our view, a decrease in holding (while continuing to apply equity accounting) results in the recognition of a gain or loss in profit or loss. The retained interest should not be remeasured. | An increase in holding is accounted for using the 'step-by-step' method, whereby existing equity method interest remains at its existing carrying amount, like IFRS Standards.<br><br>Like IFRS Standards, a decrease in holding (while continuing to apply equity accounting) results in the recognition of a gain or loss in profit and loss. The retained interest should not be remeasured. | An increase in holding is accounted for using the 'step-by-step' method, whereby existing equity method interest remains at its existing carrying amount, like IFRS Standards.<br><br>Like IFRS Standards, a decrease in holding (while continuing to apply equity accounting) results in the recognition of a gain or loss in profit and loss. The retained interest should not be remeasured. |
| **References:**<br><br>IAS 27, IAS 28, IFRS 5, IFRS 9, IFRS 11 | **References:**<br><br>Sections 311, 312 HGB; GAS 26 | **References:**<br><br>RJ 214, RJ 216, RJ 260, RJ 290, DCC |

# 3.5 Joint arrangements

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A joint arrangement is an arrangement over which two or more parties have joint control. There are two types of joint arrangements: a joint operation and a joint venture.<br><br>In a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities, related to the arrangement. A joint arrangement not structured through a separate vehicle is a joint operation. | Unlike IFRS Standards, German GAAP uses the term 'joint venture' which in substance is the same as a joint venture under IFRS. A joint venture is an entity which is controlled jointly by one of the entities included in the consolidated financial statements and one or more other parties that do not belong to the group. Joint control must be exercised on a regular basis. | Unlike IFRS Standards, Dutch GAAP uses the term 'joint venture' which in substance is the same as a joint arrangement under IFRS. A joint venture is defined as an entity, asset or operation that is subject to contractually established joint control. |
| In a joint venture, the parties to the arrangement have rights to the net assets of the arrangement. | Unlike IFRS Standards, usually, the jointly controlling parties hold ownership interests in the joint venture. | Unlike IFRS Standards, joint ventures should be classified in one of the following categories:<br>• Jointly controlled operations<br>• Jointly controlled assets<br>• Jointly controlled entities |
| A joint arrangement structured through a separate vehicle may be either a joint operation or a joint venture. Classification depends on the legal form of the vehicle, contractual arrangements and other facts and circumstances. | Prerequisite for the existence of a joint venture is ownership interests in the entity, independent of its legal form. | Unlike IFRS Standards, classification as a joint venture is independent if the arrangement is structured through a separate vehicle or not. |
| Generally, a joint venture accounts for its interest in a joint venture under the equity method. Subsequently, the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. | Unlike IFRS Standards, in principle, a joint venture may be accounted for by either using the proportional consolidation method or the equity method. | Unlike IFRS Standards, the structure of the joint venture ('joint arrangement') – whether or not in the form of a separate vehicle/entity – is the main factor in determining the accounting under Dutch GAAP.<br><br>Unlike IFRS Standards, separate vehicles at which the separation is overcome by form, contract or other facts and circumstances, fall in the category jointly controlled entities. Therefore, unlike IFRS Standards, these vehicles/entities may be accounted for either using the net equity method or by proportionate consolidation. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | | Jointly controlled entities may be accounted for either by proportionate consolidation or by using the net asset value method. |
| In relation to its involvement in a joint operation, a joint operator recognises its assets, liabilities and transactions, including its share in those arising jointly ('line-by-line' accounting). The joint operator accounts for each item in accordance with the relevant IFRS Standard. | Unlike IFRS Standards, a joint venture is legally defined by the respective ownership interests. However, an accounting treatment similar to joint operation accounting has evolved for working groups (so-called ARGE) in the construction sector. | Like IFRS Standards, jointly controlled operations and assets are line-by-line accounted for its share in the assets, liabilities and transactions, including its share in those arising jointly. |
| **References:**<br>IFRS 11, IFRS 12, IAS 28 | **References:**<br>Section 310 HGB; GAS 27 | **References:**<br>RJ 214, RJ 215, RJ 217 |

# 3.6 Inventories

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Inventories generally are measured at the lower of cost and net realisable value. | Inventories are generally accounted for at acquisition or production cost as the maximum value limit. When inventory is impaired, it has to be written down to the lower of cost or fair value. | For biological assets (including agricultural inventory) see 3.7.<br><br>Like IFRS Standards, inventory is measured at the lower of cost and net realisable value. |
| Cost includes all direct expenditure to get inventory ready to its present location and condition for sale, including attributable overheads. Borrowing costs are capitalised on inventory that is a qualifying asset. | Basically, acquisition and production costs are treated in the same way as under IFRS Standards. However, German GAAP has more options for how overheads may be recognised. | Like IFRS Standards, cost includes all direct expenditure to get inventory ready for sale, although there is less guidance in this area. However, unlike IFRS Standards, it is not mandatory to include attributable overhead, borrowing costs and other indirect costs in the cost of inventories. |
| Decommissioning and restoration costs incurred through the production of inventory are included in the cost of that inventory. | Unlike IFRS Standards, the costs of discontinuation or of restoration are recognised directly through profit or loss. | Like IFRS Standards, in practice, decommissioning and restoration costs incurred through the production of inventory are included in the cost of that inventory. |
| The cost of inventory is recognised as an expense when the inventory is sold. | Like IFRS Standards, the cost of inventory is recognised as an expense when the inventory is sold. | Like IFRS Standards, the cost of inventory is recognised as an expense when the inventory is sold. |
| The amount to recognise as an expense must be determined using the specific identification, FIFO (first-in, first-out) or weighted average cost method. Use of the LIFO (last-in, first-out) method is prohibited. | Like IFRS Standards, by using the unit account method as prescribed, HGB allows the FIFO and the weighted average cost method. Unlike IFRS Standards, the LIFO method is permitted. | Unlike IFRS Standards, the LIFO method is permitted, but FIFO and weighted average methods are recommended, as an alternative to specific identification. If the LIFO method is used, additional information about the current value of inventory should be disclosed in the notes. |
| Other cost formulas, such as the standard cost or retail method, may be used when the results approximate actual cost. | Like IFRS Standards, other methods such as the standard cost or retail method are admissible. Unlike IFRS Standards, the constant value for minor important assets method is permitted. | Like IFRS Standards, other cost formulas, such as the standard cost or retail method, may be used when the results approximate actual cost. However, in practice the term ‘retail method’ has a different meaning to the term under IFRS Standards. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The same cost formula is applied to all inventories having a similar nature and use to the entity. | Like IFRS Standards, in order to conform to the principle of consistency, the same measurement method has to be used for similar assets. | Like IFRS Standards, the same cost formula is applied to all inventories having a similar nature and use to the entity. |
| Inventory is written down to net realisable value when net realisable value is less than cost. Net realisable value is the estimated selling price less the estimated costs of completion and sale. | Similar to IFRS, following the imparity principle, inventories are required to be written down to the lower of cost or fair value. Unlike IFRS Standards, fair value represents the lower of replacement costs and market value less the estimated costs of completion and sale. However, for certain items such as merchandise only, recognising an impairment loss is not required despite lower replacement costs if it is virtually certain that the items could be sold at least to cover cost.<br><br>The lowest value principle has to be applied for almost all current assets as part of the principle of prudence. | Like IFRS Standards, inventory is written down to net realisable value when net realisable value is less than cost. At the same time, net realisable value is the estimated selling price less the estimated costs of completion and sale. |
| If the net realisable value of an item that has been previously written down subsequently increases, then the write-down is reversed. | When impairment ceases, a write-down is reversed up to the amount of the historical amortised cost. A reversal is made in the financial year in which the reasons for the impairment no longer exist. | Like IFRS Standards, if the net realisable value of item that has been previously written down subsequently increases, then the write-down is reversed. |
| **References:**<br><br>IAS 2 | **References:**<br><br>Sections 240, 241, 253, 255, 256 HGB | **References:**<br><br>RJ 220<br><br>(For biological assets (including agricultural inventory) see 3.7). |

# 3.7 Biological assets

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Biological assets are measured at fair value less costs to sell unless it is not possible to measure fair value reliably, in which case they are measured at cost. Gains and losses from changes in fair value less costs to sell are recognised in profit or loss. | Unlike IFRS Standards, there is no specific guidance for biological assets. Instead, the general requirements for inventory apply (see 3.6). | Unlike IFRS Standards, there is no specific guidance for biological assets other than for agricultural produce. In general, the requirements for property, plant and equipment or inventories would apply (see 3.1 and 3.6). |
| Agricultural produce harvested from a biological asset is measured at fair value less costs to sell at the point of harvest. After harvest, the inventories standard generally applies (see 3.6), even if the harvested produce requires additional biological transformation or harvest.<br><br>All gains and losses from changes in fair value or net realisable value are recognised in profit or loss. | | Like IFRS Standards, the inventories standard applies for agricultural produce. Unlike IFRS Standards, agricultural produce can be recognised at cost or net realisable value or fair value. Unlike IFRS Standards, unrealised changes in fair value can be recognised directly in equity (revaluation reserve) or in the profit and loss account (only permitted when frequent market quotations are available). Any revaluation reserve realised should be recognised in the profit and loss account as a separate item when the related inventories are sold.<br><br>If the decrease in net realisable value exceeds the revaluation reserve, the excess is recognised in profit or loss. |
| **References:**<br><br>IAS 2, IAS 41 | | **References:**<br><br>CC, RJ 220, BAW |

# 3.8 Impairment of non-financial assets

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The impairment standard IAS 36 covers impairment of property, plant and equipment, goodwill, intangible assets, right-of-use assets, investment property and biological assets measured at cost less accumulated depreciation, and investments in subsidiaries and equity-accounted investees (joint ventures and associates). | Like IFRS Standards, there are specific regulations for non-current assets under German GAAP. There are no exemptions for specific assets. | Like IFRS Standards, RJ 121 covers the impairment of property, plant and equipment, goodwill, intangible assets, right-of-use assets (if entity applies IFRS 16) and investments in subsidiaries, joint ventures and participating interests (associates). |
| Impairment testing generally is required only when there is an indication of impairment. | Unlike IFRS Standards, impairment in excess of depreciation or amortisation should be recognised if the fair value of non-current assets is expected to be permanently lower than their carrying amount. | Like IFRS Standards, detailed impairment testing generally is required only when there is an indication of impairment. |
| **Annual impairment testing** is required for goodwill and intangible assets that either are not yet available for use or that have an indefinite useful life. This impairment test may be performed at any time during an annual reporting period, provided it is performed at the same time each year. | Like IFRS Standards, annual impairment testing is required for intangible assets that are not yet available for use or that have an indefinite useful life at the end of the reporting period.<br><br>Unlike IFRS Standards, goodwill is amortised over its useful life and therefore not tested for impairment on an annual basis.<br><br>Unlike IFRS Standards, goodwill for which the useful life cannot be reliably estimated is amortised over 10 years. | Unlike IFRS Standards, annual impairment testing is required only for intangible assets (including goodwill) that either are not yet available for use or are amortised over more than 20 years.<br><br>Unlike IFRS Standards, the impairment test must be performed at the balance sheet date. |
| Depending on the specific asset and circumstances, assets are tested for impairment as an individual asset, as part of a cash generating unit (CGU) or as part of a group of CGUs. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. | Unlike IFRS Standards, under German GAAP, impairment tests are generally conducted on individual assets and not on CGUs. | Like IFRS Standards, depending on the specific asset and circumstances, assets are tested for impairment as an individual asset, as part of a cash generating unit (CGU) or as part of a group of CGUs. A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Whenever possible, an impairment test is performed for an individual asset. Otherwise, assets are tested for impairment in CGUs. | | Like IFRS Standards, whenever possible, an impairment test is performed for an individual asset. Otherwise, assets are tested for impairment in CGUs. |
| **Goodwill** is allocated to CGUs or groups of CGUs that are expected to benefit from synergies of the business combination from which it arose. The allocation is based on the level at which goodwill is monitored internally, restricted by the size of the entity's operating segments before aggregation. | Unlike IFRS Standards, if a subsidiary acquired consists of several lines of business, it is recommended to allocate goodwill to one or to several business lines, to the extent that it is possible to objectively trace the allocation. Otherwise, goodwill is attributed to the respective subsidiary as a whole. If the parent company applies segment reporting, the identification of business lines should follow the principles set out in GAS 28 (segment reporting). | Like IFRS Standards, goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from synergies of the business combination from which it arose. The allocation is based on the level at which goodwill is monitored internally, restricted by the size of the entity's operating segments before aggregation. |
| The carrying amount of goodwill is grossed up for impairment testing if it arose in a transaction in which NCI were measured initially based on their proportionate share of identifiable net assets. | Unlike IFRS Standards, under German GAAP the current fair value of goodwill is determined as follows: fair value of the parent entity's investment in the subsidiary less the proportionate fair value of the subsidiary's net assets as defined in Section 301 HGB. The result is then compared to the carrying amount of goodwill. | Unlike IFRS Standards, no prescribed procedure has been specified in impairment testing for NCI. |
| An **impairment loss** is recognised if an asset's or cash generating unit's (CGU) carrying amount exceeds the higher of its fair value less costs to sell and value in use, which is based on the net present value of future cash flows. The impairment loss is measured as the difference between the carrying amount of the asset, or CGU, and its recoverable amount. | Unlike IFRS Standards, under German GAAP, an impairment loss has to be recognised at the reporting date if the carrying amount of a non-current asset is expected to permanently exceed its fair value. Impairment of an amortisable non-current asset is regarded as permanent if the fair value of the asset is lower than its value net of amortisation for a large proportion of the asset's remaining useful life. | Like IFRS Standards, an impairment loss is recognised if an asset's or cash generating unit's (CGU) carrying amount exceeds the higher of its fair value less costs to sell and value in use, which is based on the net present value of future cash flows. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Estimates of future cash flows used in the value in use calculation are specific to the entity and may not be the same as those of market participants. Conversely, estimates of future cash flows used to estimate fair value less costs of disposal are consistent with those of a market participant. All cash flows used to estimate the recoverable amount are discounted to a present value. | Similar to IFRS Standards, under German GAAP, fair value is determined by a quoted or market price, replacement cost, individual realisable value, capitalised income value (based on discounted income and expenses), or the present value of discounted future cash flows. The different rules relating to the unit of account and the measurement method may lead to different impairment losses. | Like IFRS Standards, estimates of future cash flows used in the value in use calculation are specific to the entity, and may not be the same as the market's assessment. Additionally, the determination of fair value less cost of disposal determination is similar to IFRS requirement. |
| 6.12.20The pre-tax discount rate used in the value-in-use calculation reflects the market's assessment of the risks specific to the asset or CGU. | Similar to IFRS Standards, in case the fair value is determined by the value of capitalised income, the discount rate should represent the return generated by investing in an alternative investment with equivalent risk. | Like IFRS Standards, the discount rate used in the value in use calculation is a pre-tax rate that reflects the risks specific to the asset or CGU. |
| An impairment loss for a CGU is allocated first to any goodwill and then pro rata to other assets in the CGU that are in scope of the impairment standard. | Like IFRS Standards, if the write-down calculated is higher than the carrying amount of goodwill, then the carrying amount of goodwill shall be written down to the pro memoria value. Provisions in the amount of the residual negative difference may not be recognised. Any impairment of goodwill identified might indicate that other assets could also be impaired. This needs to be assessed in further analyses. | Like IFRS Standards, an impairment loss for a CGU is allocated first by writing down goodwill, then pro rata to other assets in the CGU. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An impairment loss is generally recognised in profit or loss. An exception relates to assets revalued through OCI.<br><br>An impairment loss on a revalued asset is charged directly to the revaluation reserve to the extent that it reverses a previous revaluation surplus relating to the same asset. Any excess is recognised in profit or loss. | Like IFRS Standards, an impairment loss is generally recognised in profit or loss.<br><br>Unlike IFRS Standards, under German GAAP, a revaluation model is not permitted. | Like IFRS Standards, an impairment loss on a revalued asset is charged directly to the revaluation reserve to the extent that it reverses a previous revaluation surplus relating to the same asset. Any excess is recognised in profit or loss. |
| If there is an indication of **reversal of impairment** for an asset other than goodwill and the recoverable amount of the impaired asset of CGU increases subsequently, then the impairment loss is generally reversed. A reversal of an impairment loss is recognised in profit or loss. An exception relates to assets revalued through OCI.<br><br>An impairment loss for goodwill is never reversed. | Like IFRS Standards, reversals of impairment are recognised, except for impairments of goodwill. The reversal of an impairment loss is generally recognised in profit or loss.<br><br>Like IFRS Standards, reversals of impairment in respect of goodwill are not allowed. | Like IFRS Standards, reversals of impairment are recognised in profit or loss. Unlike IFRS Standards, when the nature of expense model is applied, (reversals of) impairment losses must be presented as ‘other changes in the value of intangible and tangible fixed assets’ in the profit and loss account.<br><br>Like IFRS Standards, reversals of impairment in respect of goodwill are not allowed. |
| **References:**<br><br>IAS 36, IAS 38, IFRS 13, IFRIC 10 | **References:**<br><br>Section 253 HGB, GAS 23; GAS 24; IDW S1 | **References:**<br><br>RJ 121, RJ 210, RJ 212 |

# 3.9 Impairment of financial assets

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The impairment model in the IFRS 9 Financial Instruments standard (expected credit loss/ECL model) covers financial assets measured at amortised cost, investments in debt instruments measured at FVOCI, certain loan commitments and financial guarantee contracts issued, lease receivables and contract assets.<br><br>Investments in equity instruments are outside the scope of the ECL requirements. | Unlike IFRS Standards, no specific guidance on impairment of financial assets exists. However, for long-term financial assets, which are accounted for at amortised costs, there is an accounting policy option not to record an impairment loss if the impairment is expected to be only temporary. | Unlike IFRS Standards, expected credit loss (ECL model) has not (yet) been incorporated in the standards of the RJ.<br><br>Entities are allowed to account for impairments on financial instruments based on the expected credit loss model (ECL) in accordance with IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. |
| Impairment is recognised using an expected loss model, which means that it is not necessary for a loss event to occur before an impairment loss is recognised.<br><br>The general approach of the ECL model uses two measurement bases: 12-months ECLs and lifetime ECLs, depending on whether the credit risk on a financial instrument has increased significantly since initial recognition.<br><br>ECLs on trade receivables and contract assets that do not have a significant financing component are always measured at lifetime ECLs (simplified approach). There is an accounting policy election to measure ECLs on trade receivables that have a significant financing component and on lease receivables either using the general approach or at lifetime ECLs.<br><br>For financial assets that are credit-impaired on initial recognition, ECLs are measured as the change in lifetime ECLs since initial recognition. | See 6.7 for more information. | Unlike IFRS Standards, impairments are determined and recognised on the basis of the 'incurred loss model'. This means that the recoverable amount is determined if objective indicators for an impairment exist on balance sheet date.<br><br>As an alternative, Dutch GAAP provides the possibility to measure at 'cost or lower market value', and for derivatives (which are measured at cost) this measurement method is even obligatory.<br><br>In addition, Dutch GAAP permits the application of the so-called 'expected credit loss model' from IFRS 9.<br><br>A change in accounting policies as a result of the first time adoption of the ECL model has to be accounted for as an accounting change in accordance with RJ 140 Change in accounting policies, although the comparatives do not have to be restated.<br><br>The following guidance only applies if an entity does not adopt the IFRS 9 ECL model. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Accordingly, the amount recognised as a loss allowance for these assets is not the total amounts of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset.<br><br>ECLs are measured in a way that reflects:<br><br>• a probability-weighted amount determined by evaluating a range of possible outcomes;<br><br>• the time value of money; and<br><br>• reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. | | A financial asset or a group of financial assets are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the asset's initial recognition (a 'loss event').<br><br>The following are examples of objective indicators of impairment (step 1):<br><br>• Significant financial difficulty of the issuer<br><br>• Breach of contract, such as default or delinquency in interest or principal payments<br><br>• A concession from the lender to the borrower for economic or legal reasons relating to financial difficulties of the borrower, which the lender would not otherwise take into consideration<br><br>• Probability of bankruptcy or other financial reorganisation<br><br>• Disappearance of an active market for an asset due to financial difficulties<br><br>• Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since their initial recognition, although the decrease cannot be identified with the individual assets in the group |

| IFRS | German GAAP | Dutch GAAP |
| --- | --- | --- |
| | | An assessment for indicators of objective evidence that a financial asset measured at amortised cost is impaired is required at least at every balance sheet date.<br><br>An impairment loss for financial assets measured at amortised cost is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate (step 2).<br><br>For assets carried at amortised cost, impairment is measured based on incurred credit losses using the instrument's original effective interest rate.<br><br>Unlike IFRS Standards, for primary financial instruments valued at amortised cost and derivative financial assets valued at cost (see 6.0), RJ 290 allows an alternative for the 'two step approach' under IFRS, that is, to value the instrument at 'cost-or-lower-market (fair) value'. |
| **References:**<br><br>IFRS 9 | **References:**<br><br>Section 253 HGB | **References:**<br><br>RJ 212, RJ 252, RJ 290 |

# 3.10 Provisions

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A provision is recognised on the basis of a legal or constructive obligation arising from a past event, if there is a probable outflow of resources and the amount can be estimated reliably. Probable in this context means more likely than not. | Like IFRS Standards, a provision shall be recognised for a legal or constructive obligation to third parties at the annual reporting date, for which either the amount or the reason is uncertain. Uncertain means there are substantive reasons that a future outflow of funds from an entity may happen, based on prudent judgement. However, unlike IFRS Standards, a provision may also be needed if the probability is less than 50 percent. | Like IFRS Standards, a provision is recognised on the basis of a legal or constructive obligation, if there is a probable outflow of resources and the amount can be estimated reliably. Probable in this context means more likely than not. |
| A 'constructive obligation' arises when an entity's actions create valid expectations of third parties that the entity will accept and discharge certain responsibilities.<br><br>No provision may be recognised for future operating losses. | Like IFRS Standards, for a constructive obligation a provision has to be recognised. German GAAP explicitly includes a requirement to recognise a provision for warranties that are carried out without legal requirement.<br><br>Like IFRS Standards, no provision may be recognised for future operating losses. | Like IFRS Standards, a 'constructive obligation' arises when an entity's actions create valid expectations of third parties that the entity will accept and discharge certain responsibilities.<br><br>Like IFRS Standards, no provision may be recognised for future operating losses. |
| A provision **is measured at the best estimate of the expenditure to be incurred**. | A provision is measured at its fulfilment amounts based on reasonable commercial assessment taking into account the principle of prudence. | Like IFRS Standards, a provision is measured at the best estimate of the anticipated outflow of resources. |
| If there is a large population of items, then the obligation is generally measured at its expected value. | Unlike IFRS Standards, if there is a large population of items with a comparable pattern, it is admissible to measure them as one group assuming they have typical valuation parameters. A further disaggregation into sub-populations may be necessary to reach a homogeneous population. | Like IFRS Standards, if there is a large population of items, then the obligation is generally measured at its expected value. |
| If there is a continuous range of equally possible outcomes for a single event, then the obligation is measured at the mid-point in the range. | Unlike IFRS Standards, if there is more than one possible outcome, German GAAP requires identifying the range of possible fulfilment amounts. The range is determined without applying the prudence principle, in other words neutrality is required. | Like IFRS Standards, if there is a continuous range of equally possible outcomes for a single event, then the obligation is measured at the mid-point in the range. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | However, when the fulfilment amount for the provision is identified, the prudence principle needs to be applied.<br><br>If there is a continuous range of equally possible outcomes for a single event, then the obligation is measured at an amount that is higher than the mid-point in the range, as for measurement the prudence principle needs to be applied. | |
| If the possible outcomes of a single obligation are mostly higher (lower) than the single most likely outcome, then the obligation is measured at an amount higher (lower) than the single most likely outcome. | There is no specific guidance under German GAAP for this situation. The prudence principle needs to be applied, which would result in a higher amount than the most likely single outcome, if the possible other outcomes are mostly higher. In the opposite case (possible outcomes mostly lower), the measurement would rather reflect the higher most likely outcome or possible other outcomes, if higher. | Like IFRS Standards, if the possible outcomes of a single obligation are mostly higher (lower) than the single most likely outcome, then the obligation is measured at an amount higher (lower) than the single most likely outcome. |
| **Provisions are discounted** if the effect of discounting is material.<br><br>Provisions are discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. | Unlike IFRS Standards, provision requirements are more rule-based, i.e. provisions with a remaining maturity of more than one year are discounted at the 7-year average interest rate (provisions for pensions at the 10-year average interest rate) applicable to their remaining maturity. The applicable discount rate is periodically provided by the German Federal Central Bank (Deutsche Bundesbank). | Like IFRS Standards, the discounting of provisions is required if the effect of time value of money is material. Provisions are discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. Unlike IFRS Standards, RJ 252 indicates that the market interest rate of high-quality corporate bonds best reflects the current market rate of interest. |
| A reimbursement right is recognised as a separate asset when recovery is virtually certain, capped at the amount of the related provision. | Unlike IFRS Standards, a reimbursement right is recognised as a separate asset only when it is enforceable. Under certain conditions it may be deducted from the corresponding provision. | Like IFRS Standards, a reimbursement right is recognised as a separate asset. Unlike IFRS Standards, the recognition threshold is 'more likely than not' instead of 'virtually certain'. Like IFRS Standards, this is capped at the amount of the related provision. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| **A provision for restructuring** is not recognised until there is a detailed formal plan and either details of the restructuring have been communicated to those affected by the plan before or on the balance sheet date or management has started to implement that plan. | There are no specific rules for a provision for restructuring costs. In a restructuring situation an obligation is often based on legal requirements for a social compensation plan. In general, the provision has to be recognised before the reporting date if management takes decisions that result in a legal or factual requirement for such a plan before the balance sheet date and informs the workers' council no later than the date of approval for issuing the annual financial statements. | Like IFRS Standards, a provision for restructuring costs is not recognised until there is a formal plan and details of the restructuring have been communicated to those affected by the plan.<br><br>Unlike IFRS Standards, the communication criterion may be met after the balance sheet date but before the financial statements are prepared (authorised for issue). |
| Provisions are not recognised for repairs or maintenance of own assets or for self-insurance before an obligation is incurred. | Unlike IFRS Standards, provisions shall be recognised for deferred maintenance only to the extent they are used within the first three months of the subsequent financial year. | Like IFRS Standards, provisions for self-insurance are prohibited. Unlike IFRS Standards, provisions for periodic maintenance and major overhauls are permitted (see 3.1). |
| A provision is recognised for a contract that is onerous.<br><br>The amendment in IAS 37 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. | Like IFRS Standards, a provision is recognised for onerous contracts. Like IFRS Standards, the provision for onerous contracts needs to be measured on a full cost basis. However, a limitation of cost included (i.e. costs that relate directly to the contract) is to be considered. | Like IFRS Standards, a provision is recognised for a contract that is onerous.<br><br>Like IFRS Standards, the direct cost approach is followed to identify the cost of fulfilling a contract. |
| The expected period of outflow of resources shall be disclosed for every provision category. | Unlike IFRS Standards, it is not required to disclose the expected period of outflow for provisions. | Unlike IFRS Standards, it is recommended to disclose which amount from the total of the provisions is expected to be settled within a year and which amount after five years. |
| IFRIC 21 prescribes that a liability in relation to a government levy shall be recognised at the time that it has met all of the conditions from the relevant legislation and/or regulations. | Like IFRS Standards, a liability in relation to a government levy shall be recognised at the time that it has met all of the conditions from the relevant legislation and/or regulations; thus, as soon as a legal or factual obligation to third parties is established. | Unlike IFRS Standards, as an alternative, the recognition of such a liability may happen during the period to which the government levy relates. |
| **References:**<br><br>IAS 37, IFRS 15, IFRIC 1, IFRIC 5, IFRIC 6, IFRIC 21 | **References:**<br><br>Sections 249, 253 HGB; IDW RS HFA 4, IDW RS HFA 34 | **References:**<br><br>RJ 212, RJ 252 |

# 3.11 Contingent assets and liabilities

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Contingent liabilities are present obligations with uncertainties about either the probability of outflow of resources or the amount of the outflows, or possible obligations whose existence is uncertain. | Like IFRS Standards, contingent liabilities are obligations subject to a condition precedent where the condition on which the validity of the obligation depends has not yet occurred and is unlikely to occur. The liability relationship must be such that the entity is burdened with an additional economic risk from a conditional or other uncertain obligation. | Like IFRS Standards, contingent liabilities are obligations that generally are not recognised in the balance sheet due to uncertainties about either the probability of outflows of resources or about the amount of the outflows or possible obligations, when the existence of an obligation is uncertain. However, unlike IFRS Standards, long-term obligations that are equally unfulfilled (e.g. executory contracts) also are contingent liabilities. |
| Contingent liabilities are not recognised except for those that represent present obligations in a business combination.<br><br>Contingent liabilities assumed in a business combination are recognised if there is a present obligation arising from past events and their fair value is reliably measurable. | Unlike IFRS Standards, contingent liabilities are not recognised in a business combination, as such contingencies do not meet the general criteria for recognition as a liability. | Unlike IFRS Standards, contingent liabilities are not recognised in a business combination, as such contingencies do not meet the general criteria for recognition as a liability.<br><br>Unlike IFRS Standards, there are specific provisions derived from legislation for off-balance sheet arrangements. |
| Details of contingent liabilities are disclosed in the notes to the financial statements, unless the probability of an outflow is remote or in rare cases when disclosure could seriously prejudice the entity's position in a dispute with another party. | Like IFRS Standards, details of contingent liabilities are disclosed off the balance sheet or in the notes to the financial statements of the entity. | Like IFRS Standards, details of contingent liabilities are disclosed in the notes to the financial statements, unless the probability of an outflow is remote or in rare cases when disclosure could seriously prejudice the entity's position in a dispute with another party. |
| Contingent assets are possible assets whose existence is uncertain. | Unlike IFRS Standards, German GAAP does not define any contingent assets. | Like IFRS Standards, contingent assets are defined as possible assets arising from past events whose existence is uncertain. However, unlike IFRS Standards, the definition also includes assets that cannot be estimated reliably, or those where it is not probable that the related future economic benefits will flow to the entity. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Contingent assets are not recognised in the statement of financial position. If an inflow of economic benefits is probable (more likely than not), then details are disclosed in the notes. When the realisation of a contingent asset is virtually certain, it is no longer considered contingent and is recognised as an asset. | Unlike IFRS Standards, contingent assets are neither recognised nor disclosed. | Like IFRS Standards, contingent assets are not recognised in the balance sheet unless their realisation is virtually certain. Unlike IFRS Standards, disclosure may be omitted if it is impracticable to make an estimate even if existence is probable. |
| **References:**<br>IAS 20, IFRS 3, IAS 37, IFRIC 1, IFRIC 5, IFRIC 6, IFRIC 21 | **References:**<br>Sections 251, 268 HGB; GAS 23 | **References:**<br>RJ 216, RJ 252, RJ 274 |

# 3.12 Deferred tax assets and liabilities

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Deferred tax is recognised for the estimated future tax effects of temporary differences, unused tax losses carry-forward and unused tax credits carried forward. | Similar to IFRS, deferred taxes are recognised for the estimated future tax effects of temporary differences, unused tax loss carryforwards, interest carryfor-wards and unused tax credit carryforwards.<br><br>Unlike IFRS Standards, tax loss carryforwards shall only be considered when calculating deferred tax assets if the tax benefit from the tax loss carryforward can be expected to be recovered within the next five years. The same principles apply for the recognition of deferred tax assets in respect of tax credits or interest deductions carried forward. | Like IFRS Standards, deferred tax is recognised for the estimated future tax effects of temporary differences, tax loss carry-forwards and unused tax credit carried forward. |
| A temporary difference is the difference between the tax base of an asset or liability and its carrying amount in the financial statements that will result in taxable or deductible amounts in future periods when the carrying amount is recovered or settled. This approach focuses on the statement of financial position carrying amounts, rather than on the differences between the profit and loss and taxable profits. | Like IFRS Standards, a temporary difference is the difference between the tax base of an asset or liability and its carrying amount in the financial statements that will result in taxable or deductible amounts in future periods when the carrying amount is recovered or settled. This approach focuses on the statement of financial position carrying amounts, rather than on the differences between the profit and loss and taxable profits. | Like IFRS Standards, a temporary difference is the difference between the tax base of an asset or liability and its carrying amount in the financial statements. |
| A deferred tax asset is recognised to the extent that it is probable that it will be realised – i.e. a net approach. | Like IFRS Standards, a deferred tax asset is recognised to the extent that it is probable that it will be realised. | Like IFRS Standards, a deferred tax asset is recognised to the extent that it is probable that it will be realised – i.e. a net approach. |
| It is probable that taxable profit will be available against which a deductible temporary difference can be utilised when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse. | Like IFRS Standards, it is probable that taxable profit will be available against which a deductible temporary difference can be utilised when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse. | Like IFRS Standards, it is probable that taxable profit will be available against which a deductible temporary difference can be utilised when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse. |

| IFRS | German GAAP | Dutch GAAP |
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| | | Unlike IFRS Standards, when assessing whether there are sufficient taxable temporary differences, taxable temporary differences resulting from revaluation are disregarded. |
| **A deferred tax liability (asset) is recognised unless it arises from:**<br>• the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit;<br>• the initial recognition of goodwill; or<br>• post-acquisition adjustments of goodwill for which amortisation is not tax deductible.<br>A deferred tax liability is recognised for post-acquisition adjustments of goodwill for which amortisation is tax deductible. | Like IFRS Standards, a deferred tax is not to be recognised in consolidated financial statements under German GAAP if it arises from the initial recognition of goodwill.<br>Unlike IFRS Standards, there is no comparable initial recognition exemption under German GAAP beyond the exemption regarding goodwill.<br>Unlike IFRS Standards, German GAAP differentiates between deferred taxes arising at single entity level and deferred taxes resulting from consolidation entries. This differentiation affects the recognition as well as the presentation of deferred taxes under German GAAP.<br>Unlike IFRS Standards, the recognition of deferred tax assets resulting from temporary differences, unused tax loss carryforwards, interest carryfor-wards and unused tax credit carryforwards exceeding deferred tax liabilities (overall net amount) is optional in separate financial statements. | The recognition criteria and exemptions for deferred tax liabilities (assets) are in line with those of IFRS Standards.<br>However, unlike IFRS Standards, there is no initial recognition exemption for goodwill. Furthermore, unlike IFRS Standards, when a non-monetary asset is revalued it is only highly recommended to recognise a deferred tax liability. |
| Deferred tax assets and liabilities are not recognised in respect of investments in subsidiaries, associates and joint ventures/ arrangements if certain conditions are met. | Unlike IFRS Standards, the recognition of deferred tax assets and liabilities with respect to investments in subsidiaries, associates and joint ventures (so called outside basis differences) is prohibited in consolidated accounts under German GAAP. | Like IFRS Standards, deferred tax assets and liabilities are not recognised in respect of investments in subsidiaries, participating interests (associates) and joint ventures if certain conditions are met. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The measurement of deferred tax is based on the expected manner of settlement (liability) or recovery (asset). | Like IFRS Standards, deferred tax are measured based on the expected settlement or recovery, i.e. anticipating the future tax effect resulting from the settlement or recovery. | Like IFRS Standards, the measurement of deferred tax is based on the expected manner of settlement (liability) or recovery (asset). |
| Deferred tax relating to items charged or credited directly to equity is itself charged or credited directly to equity. | Unlike IFRS Standards, income tax is, in principle, to be recognised in profit or loss. Under certain conditions, tax resulting from transactions with shareholders may be recognised in equity. | Like IFRS Standards, deferred tax relating to items charged or credited directly to equity is itself charged or credited directly to equity. |
| Deferred tax assets recognised in relation to share-based payment arrangements are adjusted each period to reflect the amount of tax deduction that the entity would receive if the award were tax-deductible in the current period based on the current market price of the shares. | Unlike IFRS Standards, German GAAP has no specific guidance related to share-based payment arrangements; the general provisions for income tax accounting apply. | Unlike IFRS Standards, Dutch GAAP has no specific guidance related to this matter; the general provisions of the income taxes standard apply. |
| As a result of a business combination, the probability of realising a pre-acquisition deferred tax asset of the acquirer could change. Such changes are recognised separately from the acquisition accounting and, therefore, the acquirer does not take it into account in measuring the goodwill or bargain purchase gain it recognises in the business combination. | Like IFRS Standards, such changes as a result of a business combination are recognised separately from the acquisition accounting and, therefore, the acquirer does not take it into account in measuring the goodwill or bargain purchase gain it recognises in the business combination. | Unlike IFRS Standards, changes in the acquirer's deferred tax assets resulting from a business combination are taken into account in determining the goodwill; the deferred tax asset recognised by the acquirer is deducted from the goodwill arising on the acquisition. |
| In a business combination acquired deferred tax benefits are recognised, within 12 months of the acquisition date, that result from new information about facts and circumstances that existed at the acquisition date. In this case the carrying amount of any goodwill related to that acquisition is reduced.<br><br>All other adjustments to deferred tax assets arising on the acquisition are recognised in profit or loss (or outside profit or loss). | Like IFRS Standards, subsequent adjustments to deferred tax assets arising on the acquisition are recognised directly in equity, and simultaneously the carrying amount of goodwill is also adjusted through equity. | Unlike IFRS Standards, subsequent adjustments to deferred tax assets arising on the acquisition are recognised through profit and loss, and simultaneously the carrying amount of goodwill is also adjusted through profit and loss. |
| Deferred tax is measured on an undiscounted basis (nominal value). | Like IFRS Standards, deferred taxes are measured on an undiscounted basis. | Unlike IFRS Standards, deferred tax assets and liabilities shall be measured at either nominal or present value. If measurement at present value is applied, this shall be disclosed clearly in the notes. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A deferred tax liability (asset) is recognised for exchange gains and losses related to foreign non-monetary assets and liabilities that are remeasured into the functional currency using historical exchange rates or indexing for tax purposes. | The requirements with respect to recognising deferred tax assets and liabilities related to foreign currency gains and losses are the same as under IFRS Standards. | Like IFRS Standards, when a non-monetary asset is revalued, it is highly recommended to recognise a deferred tax liability. |
| A deferred tax liability (asset) is recognised for the step-up in tax bases as a result of an intra-group transfer of assets between jurisdictions. Additionally, the current tax effects for the seller are recognised in the current tax provision. | Like IFRS Standards, deferred taxes are to be recognised with a 'step-up' for tax purposes as a result of a transfer of assets between taxable entities within a group. When measuring the tax provision, the effect on current taxes is also to be recognised. | Unlike IFRS Standards, there is no specific guidance regarding the tax rate at which deferred taxes arising from intragroup transactions should be recognised. However, as the main principle is to be applied, this will not result in differences compared to IFRS Standards. |
| Deferred tax is measured based on enacted or substantively enacted tax rates and tax laws at the reporting date. | Like IFRS Standards, current and deferred taxes are measured on the basis of tax legislation and at tax rates applicable at the reporting date or enacted in the future. | Like IFRS Standards, deferred tax is measured based on enacted or substantively enacted tax rates. |
| Deferred tax assets and liabilities are **classified as non-current** in a classified statement of financial position. | Unlike IFRS Standards, under German GAAP, deferred taxes are presented as separate line items on the asset and/or liability side of the balance sheet and are not classified as non-current or current amounts. | Unlike IFRS Standards, the general classification rules for current/non-current assets apply to deferred tax assets; therefore, a portion of a deferred tax asset may be classified as current. Unlike IFRS Standards, deferred tax liabilities are classified as a separate class of provisions within liabilities, for which the current/non-current distinction is not applicable. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Deferred tax liabilities and assets are **offset** if the entity has a legally enforceable right to set off current tax liabilities and assets, and the deferred tax liabilities and assets relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities that intend to settle current taxes on a net basis or their tax assets and liabilities will be realised simultaneously. | Unlike IFRS Standards, in principle, it is optional whether deferred tax is to shown on an offset or non-offset basis. In addition, deferred income tax of individual group companies may be aggregated.<br><br>Unlike IFRS Standards and regardless of which presentation method is chosen, the recognition of deferred tax assets exceeding deferred tax liabilities (overall net amount) is optional in both separate financial statements and consolidated financial statements. However, deferred tax assets resulting from consolidation differences are recognized in the consolidated financial statements. For deferred tax liabilities exceeding deferred tax assets there is an obligation to capitalise the excess amount in both separate and consolidated financial statements. | Like IFRS Standards, deferred tax liabilities and assets are offset if the entity has a legally enforceable right to set off current tax liabilities and assets to the extent that they relate to the same financial year and taxes are levied by the same tax authority on the same taxable legal entity or fiscal unit. |
| **References:**<br><br>IAS 12, IFRIC 23, SIC 25 | **References:**<br><br>Sections 274, 275, 306 HGB, GAS 18 | **References:**<br><br>RJ 272 |

# 4

# Specific income statement items

# 4.1 Revenue from contracts with customers

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A five-step model is used to implement the core principle that is used to determine when to recognise revenue, and at what amount. | In principle, revenue is recognised when an entity has fully supplied goods or services and is entitled to claim consideration (so-called principle of realisation). A greater emphasis is generally placed on formal aspects than under IFRS Standards. There are no specific rules or additional principles. | Like IFRS, the basis comprises a framework of five steps for the determination of when revenue must be recognised and for which amount. The framework applies to all types of contracts with customers (and types of transactions). In the revised RJ 270 and RJ 221, these five steps are implicitly expressed. |
| Under **step 1 (identify the contract)**, an entity accounts for a contract under the model when it is legally enforceable and specific criteria are met. These criteria include that collection of consideration is 'probable', which means 'more likely than not'. | Unlike IFRS Standards, under German GAAP, there are no specific accounting rules in order to identify a contract with a customer. The assessment has to be conducted for each legal contract. | Like IFRS, under Step 1 (identify the contract), an entity accounts for a contract under the model when it is legally enforceable and specific criteria are met. These criteria include that collection of consideration is 'probable', which means 'more likely than not'. |
| Under **step 2 (identify the performance obligations in the contract)**, an entity breaks down the contract into one or more distinct performance obligations. | Like IFRS Standards, it may be necessary to account for revenue realised for individual components of multi-component transactions separately. However, unlike IFRS Standards, the criteria under HGB for determining components may differ. | Like IFRS, under Step 2 (identify the performance obligations in the contract), an entity breaks down the contract into one or more distinct performance obligations. |
| Under **step 3 (determine the transaction price)**, an entity determines the amount of consideration to which it expects to be entitled in exchange for transferring goods or services to a customer.<br><br>In determining the transaction price, the company considers, among other things, the effects of:<br><br>• variable consideration;<br>• significant financing components;<br>• non-cash consideration; and<br>• consideration payable to customers. | Unlike IFRS Standards, under German GAAP, there are no specific rules for determining the transaction price under a contract. Accounting practice and literature have developed practical application guidance regarding variable consideration, non-cash consideration or attribution of consideration to multi-element contracts. Companies need to consider general accounting and measurement principles like the realisation principle, prudence principle etc. when developing their accounting principles for revenue recognition. | Like IFRS, under Step 3 (determine the transaction price), an entity determines the amount of consideration to which it expects to be entitled in exchange for transferring goods or services to a customer.<br><br>In determining the transaction price, the company considers, among other things, the effects of:<br><br>• variable consideration;<br>• significant financing components;<br>• non-cash consideration; and<br>• consideration payable to customers. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Under **step 4 (allocate the transaction price to the performance obligations in the contract)** an entity generally allocates the transaction price to each performance obligation in proportion to its stand-alone selling price. | | • Like IFRS, under Step 4 (allocate the transaction price to the performance obligations in the contract) an entity generally allocates the transaction price to each performance obligation in proportion of its stand-alone selling price. |
| Under **step 5 (recognise revenue)** an entity recognises revenue when or as it satisfies the performance obligation by transferring a good or service to a customer, either at a point in time or over time. A good or service is transferred when or as the customer obtains control of it. | Revenue from the sale of goods is usually recognised when the seller has transferred the risk and rewards to the buyer. When assessing the transfer of risk, legal aspects may play a more important role than under IFRS Standards. Accounting practice and literature have developed accounting principles for situations, in which economic ownership differs from legal ownership, which are based on the allocation of risks and rewards to the parties in a contract.<br><br>Unlike IFRS Standards, in principle, the percentage-of-completion method is not permitted under German GAAP.<br><br>Except for very specific circumstances, construction contracts are therefore accounted for by using the completed contract method under which revenue is not recognised until all the goods have been supplied to and accepted by the buyer.<br><br>Like IFRS Standards, revenue from service contracts is recognised in the period during which the service is rendered. | Unlike IFRS, Dutch GAAP couples the criteria for revenue recognition (including the time) to the type of transactions, namely the sale of goods (transfer of significant risk and rewards, at a point in time), rendering of services including construction contracts (with reference to the stage of completion, over a period of time). In certain situations, these differences in starting points can lead to a different timing and/or a different pace of revenue recognition. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The IFRS Standards include guidance on separating a license of IP (intellectual property, e.g. software) from other components of an arrangement in order to determine whether it is distinct or not. If a license of IP is distinct from other goods or services in the contract, a separate performance obligation exists for which revenue can be recognised at a point in time or over time.<br><br>The IFRS standard also contains guidance, separate from the general model for estimating variable consideration, on the recognition of sales- or usage-based royalties on licenses of IP when the licence is the sole or predominant item which the royalty relates. | Unlike IFRS Standards, German GAAP does not contain any specific guidance on accounting for revenues from licensing arrangements. The general principles on revenue recognition apply.<br><br>Unlike IFRS Standards, licence fees and royalties are recognised based on the substance of the agreement. This can result in licence fees and royalties being recognised on an accrual basis, generally on a straight-line basis over the period of the agreement. In other cases, the transfer of rights in substance is a sale for which the entity recognises revenue when the conditions for the sale of goods are met. | Like IFRS, specific provisions exist for revenue recognition concerning licences of intellectual property, such as software, patents and copyrights. Like IFRS, a distinction is made between providing the right to access (then: revenue recognition over a period of time) and providing a right to use (then: revenue recognition at a point in time). |
| As an exception to the general requirements, for sales- or usage-based royalties that are attributable to a licence of intellectual property, revenue is recognised at the later of:<br><br>• when the subsequent sale or usage occurs; and<br><br>• the satisfaction or partial satisfaction of the performance obligation to which some or all of the sales- or usage-based royalty has been allocated. | Unlike IFRS Standards, German GAAP does not contain any specific guidance on accounting for revenues from licensing arrangements. The general principles on revenue recognition apply. | Like IFRS, as an exception to the general requirements, for sales- or usage-based royalties that are attributable to a licence of intellectual property, revenue is recognised at the later of:<br><br>• when the subsequent sale or usage occurs; and– the satisfaction or partial satisfaction of the performance obligation to which some or all of the sales- or usage-based royalty has been allocated. |
| A non-cash consideration received from a customer is measured at fair value. If an entity cannot make a reasonable estimate of the fair value, then it refers to the estimated stand alone selling price of the promised goods or services. | Unlike IFRS Standards, German GAAP does not contain any specific guidance on accounting for non-cash consideration received from a customer. The general principles on revenue recognition apply. | Like IFRS, non-cash consideration is measured at fair value. |

| IFRS | German GAAP | Dutch GAAP |
| --- | --- | --- |
| An entity assesses whether a non-refundable up-front fee relates to the transfer of a promised good or service to the customer. If the related activity does not result in the transfer of a promised good or service to the customer, then the up-front fee is an advance payment for performance obligations to be satisfied in the future and is recognised as revenue when those future goods or services are provided. | Unlike IFRS Standards, German GAAP does not contain any specific guidance on accounting for a non-refundable up-front fee relates to the transfer of a promised good or service to the customer. | Like IFRS, an entity assesses whether a non-refundable up-front fee relates to the transfer of a promised good or service to the customer. If the related activity does not result in the transfer of a promised good or service to the customer, then the up-front fee is an advance payment for performance obligations to be satisfied in the future and is recognised as revenue when those future goods or services are provided. |
| The transaction price includes an estimate of variable consideration to the extent that it is 'highly probable' that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. | German GAAP required measurement of revenues at the fair value of the consideration received or recevibale (usually cash or cash equivalents). | In addition, on the determination of the transaction price IFRS 15 makes use of the concept of the 'limitation of the variable consideration'. This means that only a part of the estimated variable consideration can be recognised in the transaction price, of which it is highly probable that no significant reversal will be required at a later time ('highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur').<br><br>Like IFRS, Dutch GAAP also includes specific provisions for the accounting of variable consider-ation, but these are not entirely the same as the provisions in IFRS 15. For example, in the context of the prudence to be applied, RJ 270 refers to a 'low probability of subsequent reversal', whereas IFRS 15 uses the criterion 'highly probable that no subsequent reversal will occur'. Furthermore, IFRS 15 has a threshold, namely that the limitation only applies to significant reversals. RJ 270 does not mention such a threshold. |
| At the end of each reporting period, an entity shall update the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained). | Unlike IFRS Standards, German GAAP does not contain any specific guidance on updating the estimated transaction price at the end of each reporting period. | Like IFRS, at the end of each reporting period, an entity shall update the estimated amount of any variable consideration. |

| IFRS | German GAAP | Dutch GAAP |
| --- | --- | --- |
| An entity evaluates any consideration payable to a customer (e.g. cash, a coupon or voucher) to determine whether the amount represents a reduction of the transaction price, a payment for distinct goods or services, or a combination of the two. | Like IFRS, an entity evaluates any consideration payable to a customer (e.g. cash, a coupon or voucher) to determine whether the amount represents a reduction of the transaction price, a payment for distinct goods or services, or a combination of the two. | Like IFRS, an entity evaluates any consideration payable to a customer (e.g. cash, a coupon or voucher) to determine whether the amount represents a reduction of the transaction price, a payment for distinct goods or services, or a combination of the two. |
| Discounts are allocated pro rata to all separate performance obligations unless there is observable evidence that a discount applies to only one or more (but not all) performance obligations. | Unlike IFRS, German GAAP contains no such provision and discounts are allocated to all separate performance obligations. | Unlike IFRS, Dutch GAAP contains no such provision and discounts are allocated to all separate performance obligations. |
| A warranty is considered a performance obligation if the customer has an option to purchase the good or service with or without the warranty or the promised warranty provide the customer with a service in addition to the assurance that the product complies with agreed specifications. In that case, the entity allocates a portion of the transaction price to the performance obligation for the service. | Unlike IFRS, a warranty is not considered as performance obligation if the customer has an option to purchase the good or service with or without warranty. | Like IFRS Standards, a warranty is considered a performance obligation if the customer has an option to purchase the good or service with or without the warranty. In that case, like IFRS Standards, the entity allocates a portion of the transaction price to the performance obligation for the service. |
| An entity generally capitalises **incremental costs** to obtain a contract with a customer if it expects to recover those costs. An entity capitalises costs of fulfilling a contract if certain criteria are met. An impairment loss recognised in respect to capitalised costs is reversed if the carrying amount is no longer impaired. | Unlike IFRS Standards, German GAAP does not contain any specific guidance on capitalisation of contract costs. Moreover, the general accounting policies on recognition of assets and capitalisation of costs apply. | Unlike IFRS, costs directly related to the contract and incurred in obtaining the contract may be capitalised if it is probable that the contract will be obtained, those costs can be separately identified and reliably determined. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A modification to an existing contract is recognised in accordance with the economic substance of that modification. Depending on the nature of a modification to an existing contract, the modification is accounted for as:<br>• a separate contract in addition to the existing contract;<br>• a termination of the existing contract and the concluding of a new contract (in which the unsatisfied performance obligations of the terminated contract are included); or<br>• a modification of the existing contract, as if the additional goods or services were part of the existing contract, i.e. a cumulative catch-up adjustment of revenue. | Unlike IFRS Standards, there is no specific guidance on accounting for a contract modification. The general principles on revenue recognition apply. | Like IFRS, a modification to an existing contract is recognised in accordance with the economic substance of that modification. Depending on the nature of a modification to an existing contract, the modification is accounted for as:<br>• a separate contract in addition to the existing contract;<br>• a termination of the existing contract and the concluding of a new contract (in which the unsatisfied performance obligations of the terminated contract are included); or<br>• a modification of the existing contract, as if the additional goods or services were part of the existing contract, i.e. a cumulative catch-up adjustment of revenue. |
| When an entity makes a sale with a right of return, it initially recognises:<br>• revenue: measured at the gross transaction price, less the expected level of returns calculated using the guidance on estimating variable consideration and the constraint;<br>• refund liability: measured at the expected level of returns – i.e. the difference between the cash or receivable amount and the revenue as measured above;<br>• return asset: measured with reference to the carrying amount of the products expected to be returned, less the expected recovery costs (including potential decreases in the value to the entity of returned products); and<br>• adjustment to cost of sales: measured as the carrying amount of the products sold, less the asset as measured above. | Unlike IFRS Standards, there is no specific guidance on accounting for a sale with a right of return. The general principles on revenue recognition apply. | Like IFRS, when an entity makes a sale with a right of return, it initially recognises:<br>• revenue: measured at the gross transaction price, less the expected level of returns calculated using the guidance on estimating variable consideration and the constraint;<br>• refund liability: measured at the expected level of returns – i.e. the difference between the cash or receivable amount and the revenue as measured above;<br>• return asset: measured with reference to the carrying amount of the products expected to be returned, less the expected recovery costs (including potential decreases in the value to the entity of returned products);and<br>• adjustment to cost of sales: measured as the carrying amount of the products sold, less the asset as measured above. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| If the entity **is a principal**, then revenue is recognised on a gross basis – corresponding to the consideration to which the entity expects to be entitled. If the entity is **an agent**, then revenue is recognised on a net basis – corresponding to any fee or commission to which the entity expects to be entitled. | Like IFRS Standards, revenue comprises only the income received by an entity for its own account. Income received on behalf of a third person (principal) is not recognised as revenue. The accounting in such situations is based on principles developed in practice and the literature. | Like IFRS, if the entity is a principal, then revenue is recognised on a gross basis – corresponding to the consideration to which the entity expects to be entitled. If the entity is an agent, then revenue is recognised on a net basis– corresponding to any fee or commission to which the entity expects to be entitled. |
| Onerous contracts are accounted for under the provisions standard. | Like IFRS, onerous contracts are accounted for under the provisions standard. | Like IFRS, onerous contracts are accounted for under the provisions standard. |
| An entity presents a contract liability or contract asset in its statement of financial position when either party to the contract has performed. Any unconditional rights to consideration are presented separately as a receivable. | Under German GAAP , an entity recognises a receivable and corresponding revenues in accordance with the principle of realisation.<br><br>Any consideration received from the customer prior to the performance is recognised as a prepayment received. | Like IFRS Standards, a contract's liabilities and assets are presented in the financial statements. |
| The IFRS Standards contain **extensive disclosure requirements** designed to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. There are no exemptions from these disclosure requirements. | Unlike IFRS Standards, disclosure requirements under German GAAP are less extensive. | Unlike IFRS Standards, disclosure requirements are less extensive and mainly include a split according to the type of revenue (sale of goods, rendering of services, interest, royalties and dividends). The nature of significant performance obligations and the method of allocating revenue to reporting periods, including the method of determining the stage of completion of service contracts, must be disclosed for each significant type of performance obligation. In addition, the total capitalised costs of obtaining a contract shall be disclosed. |
| **References:**<br><br>IFRS 15 | **References:**<br><br>Sections 252, 275, 277 HGB | **References:**<br><br>CC, RJ 110, RJ 135, RJ 221, RJ 270, RJ 292, RJ-Uiting 2017-9, RJ-Uiting 2018-6 |

# 4.2 Government grants

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Government grants are assistance by government in the form of transfers of resources to on entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. | Like IFRS Standards, government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities. | Like IFRS Standards, government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities. |
| Government grants are recognised when there is reasonable assurance that the entity will comply with the relevant conditions and the grant will be received. | Like IFRS Standards, government grants are recognised when an entity has complied with the requirements for receiving a grant at the reporting date. | Like IFRS Standards, government grants are recognised when there is a reasonable assurance that the entity will comply with the relevant conditions and the grant will be received. |
| A forgivable loan is treated as a government grant only when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. Otherwise, the loan is recognised as a liability in accordance with IFRS 9 Financial Instruments. | Unlike IFRS, German GAAP does not contain any specifications on the accounting of a forgivable loan. | Unlike IFRS Standards, the term financing facilities is used which encompasses a forgivable loan. Like IFRS Standards, financing facilities shall in principle be ignored upon the recognition of the related credits. Like IFRS Standards, a financing facility is treated as a government grant only when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan. Otherwise, the loan is recognised as a liability in accordance with RJ 290 Financial Instruments. |
| Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. | Like IFRS Standards, in principle, government grants are recognised in profit or loss to match the costs that they are intended to compensate. | Like IFRS Standards, government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. |
| Unconditional government grants relating to biological assets measured at fair value less cost to sell are recognised in profit or loss when they are receivable. Conditional grants for such assets are recognised in profit or loss when the required conditions are met. | Unlike IFRS Standards, these principles also are to be applied for grants related to biological assets. | Unlike IFRS Standards, no specific guidance is available for government grants relating to biological assets. They are accounted for under the general requirements for government grants. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| **Government grants that relate to the acquisition of an asset** may be recognised either as a reduction in the cost of the asset or as deferred income that is amortised as the related asset is depreciated or amortised. | Like IFRS Standards, grants for specific assets are recognised by a reduction of cost or by setting up deferred income and, subsequently recognised in profit or loss as the asset is depreciated or amortised. | Unlike IFRS, government grants that relate to the acquisition of an asset may be recognised either as a reduction in the cost of the asset or as deferred income that is amortised as the related asset is depreciated or amortised. |
| Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. | In the case of government grants which are made as financial contributions to an investment (acquisition, production) and whose legal purpose is limited to the realization of the investment, the acquisition costs/production costs must be reduced. | Like IFRS Standards, government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. |
| If a government grant is in the form of a non-monetary asset, then both the asset and the grant are recognised either at the fair value of the non-monetary asset or at a nominal amount.<br><br>For government loans with a below-market rate of interest or which are interest-free, interest is imputed on these loans. | German GAAP does not contain any specific requirements for dealing with non-monetary government grants.<br><br>Unlike IFRS Standards, no interest is imputed on low-interest government loans.<br><br>For interest-free government loans interest may be imputed under specific circumstances. | Unlike IFRS Standards, there is no specific guidance for government grants in the form of a non-monetary asset. However, transactions shall be reflected in accordance with the economic reality (economic substance).<br><br>Like IFRS Standards, interest is imputed on low-interest or interest- free loans from a government. |
| **References:**<br><br>IAS 20, IAS 41, SIC-10 | **References:**<br><br>IDW HFA 1/1984, as amended 1990<br><br>Beck'scher Bilanzkommentar 13. Aufl. 2022 \| HGB § 255 Rn. 115-119 | **References:**<br><br>RJ 274 |

# 4.3 Employee benefits

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| IFRS Standards specify accounting requirements for all types of employee benefits, and not just pensions. Liabilities for employee benefits are recognised on the basis of a legal or constructive obligation. | Unlike IFRS Standards, under German GAAP, the term 'employee benefits' is not explicitly defined. German GAAP does not differentiate the same categories as IFRS Standards. German GAAP distinguishes between retirement benefit obligations and other comparable long-term provisions. Provisions for short-term employee benefit obligations are set up in accordance with accrual accounting principles. If the obligations are expected to be settled within one year, discounting is not required. Provisions with a remaining term of more than one year are to be discounted at the average market interest rate corresponding to their remaining term, which in the case of provisions for retirement benefit obligations is derived from the past ten financial years (see 3.10). | General note – the Dutch pension accounting rules differ fundamentally from IAS 19. However, there is an option to apply the full requirements of IAS 19 to all pension plans or only to foreign pension plans that are not comparable with Dutch pension plans.<br><br>Like IFRS Standards, accounting requirements are specified for all types of employee benefits, and not just pensions.<br><br>Like IFRS Standards, liabilities for employee benefits are recognised on the basis of a legal or constructive obligation. |
| Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.<br><br>Share based payments are dealt with in a separate standard (see 4.4). | Unlike IFRS Standards, under German GAAP, the term 'employee benefits' is not explicitly defined.<br><br>Comparable to IFRS, employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.<br><br>Unlike IFRS Standards, accounting for share based payments is not explicitly addressed by German GAAP (see 4.4). | Like IFRS, employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.<br><br>Like IFRS, share based payments are dealt with in a separate standard (see 4.4). |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Short-term employee benefits are employee benefits that are expected to be settled wholly within 12 months of the end of the period in which the services have been rendered and are accounted for using normal accrual accounting. | Like IFRS, liabilities and expenses for employee benefits during the employment are generally recognised as an expense in the period in which the employee renders the service. | Unlike IFRS, for remunerations payable during the employment there is no distinction made between short-term employee benefits and (other) long-term employee benefits. As such, more types of employee benefits may fall under short-term employee benefits (remunerations during the employment), i.e. the liability relating to holidays not taken.<br><br>Like IFRS, liabilities and expenses for employee benefits during the employment are generally recognised as an expense in the period in which the employee renders the service. |
| Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits.<br><br>The expense for other long-term employee benefits, calculated on a discounted basis, is usually accrued over the service period. The computation is similar to defined benefit plans. | Unlike IFRS Standards, under German GAAP, other long term employee benefits are not defined separately. Provisions for other long term employee benefits are accrued in accordance with general principles. Like IFRS Standards, under German GAAP, the expense for employee benefits is attributed to periods of service in accordance with the plan's benefit formula. | Unlike IFRS, for remunerations payable during the employment there is no distinction made between short-term employee benefits and (other) long-term employee benefits.<br><br>Unlike IFRS, for specific types of accrued conditional rights, such as long-service awards, a liability is recognised based on a best estimate of the amounts which are necessary in order to settle the liability on the balance sheet date. |
| There are no provisions with respect to insured disability risks. A provision for insured disability risks would generally not be allowed. | Like IFRS, there are no provisions with respect to insured disability risks. All provisions need to be recognized in accordance with general principles. | Unlike IFRS, a provision may be recognised, insofar as the risk of disability is insured, for the part of the insurance premiums to be paid in the future that can be directly allocated to the individual claim history of the legal entity. As an alternative recognition method, it is permitted only to account for such premiums in the period(s) during which they are payable. |
| Post-employment benefits are employee benefits that are payable after the completion of employment (before or during retirement). | Unlike IFRS Standards, under German GAAP, post-employment benefits are not defined separately. Provisions for post-employment benefits are accrued in accordance with general principles. | Like IFRS, post-employment benefits are employee benefits that are payable after the completion of employment (before or during retirement). |

<table>
<tr><th>IFRS</th><th>German GAAP</th><th>Dutch GAAP</th></tr>
<tr><td>Liabilities and expenses for employee benefits generally are recognised in the period in which the services are rendered.</td><td>Under German GAAP , liabilities and expenses for employee benefits are recognised at the earlier of the date of legal obligation and economic causation (wirtschaftliche Verursachung) which occurs when services are rendered.</td><td>Like IFRS Standards, liabilities and expenses for employee benefits generally are recognised in the period in which the services are rendered.</td></tr>
<tr><td>A defined contribution plan is a post-employment benefit plan under which the employer pays fixed contributions into a separate entity and has no further obligations. All other post-employment plans are defined benefit plans.</td><td>In principle, defined contribution plans and defined benefit plans are defined in the same way as under IFRS Standards.</td><td rowspan="2">Unlike IFRS Standards (which incorporates the concept of matching), Dutch GAAP is based on a ‘liability approach’.<br><br>Under Dutch GAAP contributions are expensed when the obligation to make the payments is incurred. However, if an employer has an additional (legal or constructive) obligation to pay further contributions, for example, to fund deficits or to pay for unconditional indexation, a liability for that obligation should be recognised on the balance sheet. This liability is measured at the best estimate of the outflow of resources to settle the obligation and all changes are recognised in the income statement.<br><br>Consequently, unlike IFRS Standards, Dutch GAAP does not distinguish between defined contribution plans and defined benefit plans. However, if there is no additional obligation, accounting for the pension plan is similar to the IFRS Standards’ accounting of defined contribution plans.<br><br>Dutch GAAP however provides two options to consistently apply the full requirements of IAS 19 to the accounting of pension plans:<br><br>• all pension plans of the company; or<br><br>• (only) the foreign pension plans that are not comparable to Dutch pension plans.</td></tr>
<tr><td>Contributions to a defined contribution plan are accounted for on an accrual basis.</td><td>Like IFRS Standards, contributions to external providers, notably insurance companies, are attributable to the reporting period in which they are economically incurred, i.e. on an accrual basis.</td></tr>
</table>

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Accounting for defined benefit plans involves the following steps:<br><br>• Determining the present value of the defined benefit obligation by applying an actuarial valuation method<br><br>• Deducting the fair value of any plan assets<br><br>• Adjusting the amount of the deficit or surplus for any effect of limiting a net defined benefit asset to the asset ceiling<br><br>• Determining service costs, net interest and remeasurements of the net defined benefit liability (asset)<br><br>• The projected unit credit method is used to determine the present value of the defined benefit obligation and the related current service cost and, if applicable, any past service cost.<br><br>There is no specific guidance on the application of defined benefit accounting to plans that would be defined contribution plans except that they contain minimum benefit guarantees. In our view, a minimum benefit guarantee causes a plan to be a defined benefit plan. | German GAAP distinguishes between direct and indirect obligations. Direct obligations are eventually paid by the reporting entity, whereas indirect obligations are paid by a third party, e.g. a German pension trust which may be structured in a variety of ways. For distinguishing between direct and indirect obligations, it is not relevant whether the reporting entity is liable for the indirect benefits in case the third party does not hold sufficient funds to eventually pay the benefits. Whereas when provisions are set up for direct obligations, there is an accounting policy option not to recognise indirect obligations. Under IFRS Standards, there is no such option.<br><br>However, the outlined accounting policy option for not recognising indirect obligations may lead to defined contribution accounting for such indirect obligations which may well qualify as defined benefit obligations under IFRS Standards.<br><br>In Germany, it is common practice to qualify certain insurance products as defined contribution plans even though the employer is obliged by the German Company Pension Act [Betriebsrentengesetz (BetrAVG)] to guarantee a minimum return (at inflation level) on the contributions. Compared to expected returns in the marketplace, the guaranteed returns are deemed to be immaterial.<br><br>Under German GAAP, a provision is recognised for an employer´s retirement benefit obligation. In principle, the projected unit credit method is applied, alternatively an entity may choose (under specific, limited circumstances) the entry age normal method required for tax accounting purposes. | Unlike IFRS Standards, there are no specific rules for employer plans, multi-employer plans and insured benefit plans, although the occurrence of an additional liability differs between those plans. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | Like IFRS Standards, German GAAP requires to offset plan assets with retirement benefit obligations. The criteria for qualifying as plan assets under German GAAP are comparable to the requirements under IAS 19 (plan asset definition). However, unlike IAS 19.8, it is not required under German GAAP that the entity holding the plan assets is legally separate.<br><br>There are no specific criteria for the qualification of insurance policies as plan assets. | |
| Multi-employer plans are post-employment plans that pool the assets contributed by various entities that are not under common control to provide benefits to employees of more than one entity. Such plans are classified as defined contribution or defined benefit plans following the above definitions. However, if insufficient information is available to permit defined benefit accounting, then the plan is treated as a defined contribution plan and additional disclosures are required.<br><br>If defined contribution plan accounting is applied to a multi-employer defined benefit plan and there is an agreement that determines how a surplus in the plan would be distributed or a deficit in the plan funded, then an asset or liability that arises from the contractual agreement is recognised.<br><br>If insufficient information is available for a **multi-employer defined benefit plan** to be accounted for as a defined benefit plan, then it is treated as a defined contribution plan, expect that: | Unlike IFRS Standards, German GAAP does not contain any specific guidance regarding multi-employer plans. Therefore, the general recognition and measurement principles for provisions apply. | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| • an asset or liability for any surplus or deficit is recognised if there is a contractile agreement that determines how a surplus in the plan would be distributed or a deficit in the plan funded; and<br>• additional disclosures are required. | | |
| If a defined benefit plan is in surplus, then the amount of any net asset recognised is the lower of the surplus or the present value of any available economic benefits from the plan in the form of refunds from the plan or the reductions in future contributions to the plan (the 'asset ceiling'). | Unlike IFRS Standards, there are no asset ceiling requirements under German GAAP.<br><br>German GAAP does not provide specific rules comparable to the minimum funding requirement. This may stem from the fact that in Germany, minimum funding requirements are generally not established and not required by laws and regulations. | |
| Minimum funding requirements to cover existing shortfalls give a rise to a liability if payments under the requirement would create a surplus in excess of the asset ceiling. | German GAAP does not provide specific rules comparable to the minimum funding requirement. This may stem from the fact that in Germany, minimum funding requirements are generally not established and not required by laws and regulations. | |
| Actuarial gains or losses which arise from changes in the present value of obligation of the defined benefit plans are recognised immediately in other comprehensive income (OCI) in the period during which they arise.<br><br>All past service costs of defined benefit plans, including unvested amounts, are recognised immediately in profit or loss. | Unlike IFRS Standards, under German GAAP, remeasurements are not recognised in OCI. Instead, changes in the provision and plan assets are recognised in profit or loss. The impact on profit or loss of changes in the discount rate is evened out by discounting with average discount rates over 10 or 7 years depending on the classification of the provision. | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Benefits are attributed to periods of service in accordance with the plan's benefit formula unless that formula is back-end loaded, in which case straight-line attribution is used instead. | Like IFRS Standards, under German GAAP, the expense for employee benefits is attributed to periods of service in accordance with the plan's benefit formula. | |
| Curtailments and other plan amendments are recognised at the same time as a related restructuring provision or related termination benefits when those occur before the curtailments or other plan amendments occur. | The procedures regarding curtailment are comparable to the procedures under IFRS Standards. | |
| Termination benefits are employee benefits provided as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.<br><br>A termination benefit is recognised at theearlier on the date of which the entity recognises costs for a restructuring that includes the payment of termination benefits and the date on which the entity can no longer withdraw the offer of the termination benefits. | Unlike IFRS Standards, under German GAAP, termination benefits are not defined separately. Provisions for termination benefits are accrued in accordance with general principles. | Unlike IFRS, termination benefits are only benefits that are granted to an employee in exchange for the termination of the employment.<br><br>Like IFRS, a termination benefit is recognised at the earlier on the date of which the entity recognises costs for a restructuring that includes the payment of termination benefits and the date on which the entity can no longer withdraw the offer of the termination benefits. |
| A restructuring provision (including termination benefits) is recognised once the restructuring plan and details of the restructuring have been communicated to those affected and a valid expectation by those affected has arisen (see 3.10). | An entity unable to withdraw from an obligation to pay termination benefits has to recognise a provision when communication to those affected has occurred or is expected by the date the financial statements are authorised for issue (see 3.10). | Like IFRS, restructuring costs (including termination benefits) are not recognised until the restructuring plan has been communicated to the affected employees. However, unlike IFRS, a liability may be recognised (accounting policy choice) if the communication occurs after the balance sheet date but before the financial statements are prepared (authorised for issue), (see 3.10). |
| **References:**<br><br>IAS 19, IFRIC 14, IAS 37 | **References:**<br><br>Sections 249, 253 HGB; Art. 28 EGHGB | **References:**<br><br>RJ 271, RJ 252 |

# 4.4 Share-based payments

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Goods or services received in a share-based payment transaction are measured using a fair value-based measure.<br><br>An intrinsic value approach is permitted only in the rare circumstance that the fair value of the equity instrument cannot be estimated reliably. | Unlike IFRS Standards, accounting for share option programmes is not explicitly addressed by German GAAP. | General note – Dutch GAAP (RJ 275) is to a large extent in line with IFRS 2 but provides less detailed guidance and contains an additional measurement alternative.<br><br>Unlike IFRS Standards, Dutch GAAP provides an accounting policy option for the measurement of services received under employee share-based plans: (a) fair value of the award or (b) intrinsic value of the reward. |
| Goods are recognised when they are obtained, and services are recognised over the period that they are received. | | Like IFRS Standards, goods should be recognised when they are obtained, and services recognised over the period they are received. |
| **Equity-settled transactions with employees** are generally measured based on the fair value on the grant date of the equity instruments (e.g., options) granted. | However, although not explicitly stated in German GAAP, but derived by commentary literature, for granting share options to be settled by issuing new shares, there is an accounting policy option (1) to recognise no grant at all, (2) to recognise a provision against personnel expenses until the option is exercised, to remeasure this provision at each reporting date and to reclassify to equity upon exercise of the share option, or (3) just as under IFRS Standards, to recognise the grant date fair value of the option against personnel expenses accrued over the vesting period; any offsetting entry is an increase in the capital reserve.<br><br>For granting share options to be settled by repurchased shares, the same principles basically apply as for settlement by issuing new shares. Unlike IFRS Standards, an additional provision is, however, to be recognised for the potential net payment obligation for repurchasing shares. | Like IFRS Standards, equity-settled grants to employees generally are measured based on the value of the instruments (e.g. options) issued on the grant date. However, as stated, unlike IFRS Standards, this value could be an intrinsic value or fair value.<br><br>Like IFRS Standards, equity-settled share option grants to employees are not remeasured for subsequent changes in value. However, unlike IFRS Standards, equity-settled share option grants to employees are remeasured at each reporting date and the date of settlement, when measured at intrinsic value. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | Setting up the provision is not charged to profit or loss but charged directly to the equity component that is charged when the shares are repurchased. | |
| 'Grant date' is the date on which the entity and the employee have a shared understanding of the terms and conditions of the arrangement. | There is no guidance on any of these issues under German GAAP. | The grant date is interpreted similarly to IFRS Standards. |
| IFRS 2 makes a distinction in the conditions associated with share-based payments between 'vesting conditions' and 'non-vesting conditions'. Vesting conditions are related to services provided by the employee, non-vesting conditions are not. Vesting conditions comprise 'service conditions' and 'performance conditions', the latter of which shall be subdivided into 'market conditions' (price-related conditions) and 'non-market conditions' (performance-related conditions). The distinguished categories of conditions have an impact on the measurement of share-based payments. | | Unlike IFRS Standards, RJ 275 only has the categories of performance-related conditions and price-related conditions. Service conditions are considered part of performance-related conditions.<br><br>This means that 'non-vesting conditions' must be classified in one of the two categories. Like IFRS Standards, the distinguished categories of conditions have an impact on the measurement of share-based payments. |
| Market conditions are reflected in the measurement of the fair value of share-based payment transactions. There is no true-up if the expected and actual outcomes differ because of market conditions. | | Like IFRS Standards, market conditions for equity-settled transactions are reflected in the initial measurement of fair value. There is no true-up if the expected and actual outcomes differ because of market conditions. |
| Like market conditions, non-vesting conditions are reflected in the initial measurement of fair value and there is no subsequent true-up for differences between the expected and the actual outcome. | | Unlike IFRS Standards, non-vesting conditions are not separately distinguished and might be accounted for in the same manner as a market condition i.e. reflected in the measurement of fair value or treated similar to a performance-related condition. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Service and non-market performance conditions for equity settled transactions are not reflected in the initial measurement of fair value but are considered in estimating the number of instruments that are expected to vest. Initial estimates of the number of equity-settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity- settled instruments that vest unless differences are due to market conditions. | | Like IFRS Standards, changes in non-market-based ('perfor-mance-related') conditions are not taken into account in the value on the grant date, but instead lead to changes in the estimate of the number of options that will vest (forfeitures). Like IFRS Standards, estimates of the number of equity-settled instruments that vest are adjusted to the actual numbers that vest unless forfeitures are due to market-based ('price-related') conditions. Changes in market-based conditions are included in the value of, for example, the option on the grant date. |
| Modification of an equity-settled share-based payment results in the recognition of any incremental fair value but not in any reduction in fair value. Replacements are accounted for as modifications.<br><br>When an entity modifies a cash-settled share-based payment transaction such that it becomes equity-settled, it measures the equity-settled award at its fair value and recognises in equity that fair value to the extent that the services have been rendered up to that date; and immediately recognises in profit or loss the difference between the carrying amount of the liability and the amount recognised in equity. | | Like IFRS Standards, modification of an equity-settled share-based payment results in the recognition of any incremental fair value but not in any reduction in fair value. Replacements are accounted for as modifications. |
| For equity-settled transactions an entity recognises a cost and a corresponding increase in equity. The cost is recognised as an expense unless it qualifies for recognition as an asset. | | Like IFRS Standards, for equity-settled transactions an entity recognises a corresponding increase in equity. The cost is recognised as an expense unless it qualifies for recognition as an asset. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| **For cash-settled transactions**, an entity recognises a cost and a corresponding liability. The cost is recognised as an expense unless it qualifies for recognition as an asset.<br><br>The liability for cash-settled transactions is remeasured until settlement date for subsequent changes in the fair value of the liability. The remeasurements are recognised in profit or loss and are not eligible for capitalisation. | Accounting for share option programmes with cash settlement is not explicitly addressed by German GAAP. Accounting principles are derived from commentary literature.<br><br>Like IFRS Standards, a provision spread over the vesting period is recognised for granting share options to be settled in cash.<br><br>One option in German GAAP is that the grant-date fair value of the options is thereby recognised, spread over the vesting period.<br><br>Like IFRS Standards, subsequent changes in value during the vesting period are only recognised pro rata temporis. | Like IFRS Standards, for cash-settled transactions, an entity recognises a cost and a corresponding liability. The cost is recognised as an expense unless it qualifies for recognition as an asset. However, unlike IFRS Standards, the value of the liability depends on the measurement option chosen (fair value versus intrinsic value).<br><br>Like IFRS Standards, cash-settled transactions are remeasured at each balance sheet date and at the settlement date for subsequent changes in the fair value of the liability. The remeasurements are recognised in profit or loss. |
| Cancellation of a share-based payment results in accelerated recognition of any unrecognised cost. | Due to a lack of literature interpretation IFRS is applied "analogously" in practice. | Like IFRS Standards, cancellation of a share-based payment results in accelerated recognition of any unrecognised cost. |
| Classification of grants in which the entity has the choice of equity or cash settlement depends on whether the entity has the ability and intent to settle in shares.<br><br>Grants in which the employee has the choice of equity or cash settlement are accounted for as compound instruments. Therefore, the entity accounts for a liability component and an equity component separately. | When classifying share option plans with an option to fulfil in either shares or cash, the accounting as either equity-settled or cash-settled should principally follow the settlement method that is most likely. | Like IFRS, classification of grants in which the entity has the choice of equity or cash settlement depends on whether it involves a constructive obligation for settlement in cash and cash equivalents.<br><br>Unlike IFRS, grants in which the employee has the choice of equity or cash settlement can be treated as a compound instrument or a cash-settled transaction. |
| **Equity-settled transactions with non-employees** are generally measured based on the fair value of the goods or services obtained. The measurement date is the date on which the goods or services are received, which means that there may be multiple measurement dates. | Like IFRS Standards, equity-settled transactions with non-employees are generally measured based on the fair value of the goods or services obtained. The measure-ment date is the date on which the goods or services are received, which means that there may be multiple measurement dates. | Like IFRS Standards, share-based payments to non-employees are measured based on the fair value of the goods and services received, unless the fair value cannot be measured reliably. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| There is specific guidance on group share-based payment arrangements, which are accounted for in each group entity's financial statements based on their own perspectives. | Unlike IFRS, with regard to the accounting of share-based payments, there are largely no explicit regulations in German GAAP. Therefore, a comparison with IFRS 2, which regulates the accounting of share-based payments in detail and comprehensively, is often found in the relevant literature. | Unlike IFRS Standards, Dutch GAAP does not contain stipulations about the accounting of group share-based payments. In our view, treatment comparable to IFRS 2 is acceptable. |
| **References:**<br><br>IFRS 2 | **References:**<br><br>Sections 249, 272 HGB | **References:**<br><br>RJ 275 |

# 4.5 Income tax (current tax)

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| 'Income taxes' are taxes based on taxable profits, and taxes that are payable by a subsidiary, associate or joint arrangement on distribution to the reporting entity (e.g. withholding taxes). | Similar to IFRS Standards, income tax is the amount that an entity itself as a taxpayer is obliged to pay or has a right to receive in accordance with tax law. | Like IFRS Standards, 'Income taxes' are taxes based on taxable profits, and taxes that are payable by a subsidiary, associate or joint venture on distribution to the reporting entity (e.g. withholding taxes). |
| The total income tax expense (income) recognised in a period is the sum of current tax expense (or recovery) plus the change in deferred tax liabilities and assets during the period, net of tax amounts recognised outside profit or loss – i.e. in OCI or directly in equity or arising from a business combination.<br><br>Income tax relating to items recognised outside profit or loss, in the current or a previous period, is itself recognised outside profit or loss. | Like IFRS Standards, the total income tax expense recognised in a period is the sum of current tax plus the change in deferred tax assets and liabilities during the period. Unlike IFRS Standards, neither current tax nor deferred tax is recognised outside profit or loss.<br><br>Unlike IFRS Standards, only for transactions with shareholders recognised directly in equity, the resulting deferred tax may also be recognised in equity. | Like IFRS Standards, the total income tax expense recognised in profit or loss is the sum of current tax expense (or recovery) plus the change in deferred tax liabilities and assets during the period, net of tax amounts recognised directly in equity or arising from a business combination.<br><br>Like IFRS Standards, income tax relating to items recognised outside profit or loss, in the current or previous periods, is recognised outside profit or loss. |
| Current tax represents the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. | Like IFRS Standards, current tax represents the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. | Like IFRS Standards, current tax represents the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. |
| The **measurement of current tax** is based on rates and tax laws that are enacted or substantively enacted at the reporting date. | Like IFRS Standards, current taxes are measured on the basis of tax legislation and at tax rates applicable at the reporting date. | Like IFRS Standards, the measurement of current tax is based on rates and tax laws that are enacted or substantively enacted at the balance sheet date. |
| Taxes payable on distributions are recognised at the same time as the distribution. | Like IFRS Standards, taxes payable on distributions are recognised at the same time as the distribution. | Like IFRS Standards, current tax assets and liabilities are offset only if there is a legally enforceable right to set off and the entity intends to offset or to settle simultaneously. |
| Current tax assets and liabilities **are offset** only if there is a legally enforceable right to set off and the entity intends to offset or to settle simultaneously. | Like IFRS Standards, current tax assets and liabilities are offset only if there is a legally enforceable right to set off and the entity intends to offset or to settle simultaneously. | Like IFRS Standards, current tax assets and liabilities are offset only if there is a legally enforceable right to set off and the entity intends to offset or to settle simultaneously. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| In the case of uncertainty about an income tax treatment, an entity considers whether it is probable that a tax authority will accept the treatment used in its tax filing. If the tax authority is likely to accept the entity's tax treatment, then the current and deferred taxes are measured consistently with the tax treatment in the income tax filing. However, if the tax authority is unlikely to accept the entity's tax treatment, then the effect of the tax uncertainty is reflected in measuring current or deferred tax by using either the most likely amount or the expected value method.<br><br>The entity presumes that the tax authorities possess all relevant information and detection risk is not considered. | German GAAP does not include specific guidance on income tax exposures. Consequently, the general accounting rules for provisions apply.<br><br>Therefore, uncertain tax liabilities are presented as part of tax provisions (subitem of provisions) and measured in accordance with the specific rules for provisions. Uncertain tax assets will generally not be accounted for based on the prudence and realisation principles. | Like IFRS Standards, if the tax authority is likely to accept the entity's tax treatment, then the current and deferred taxes are measured consistently with the tax treatment in the income tax filing. Otherwise, the effect of the tax uncertainty is reflected in measuring current or deferred tax by using either the most likely amount or the expected value method., using the best estimate. Like IFRS Standards, the entity presumes that the tax authorities possess all relevant information and detection risk is not considered. |
| IFRS Standards do not contain specific guidance on allocating taxes to the financial statements of members within a consolidated tax group that file a consolidated tax return, and practice may vary. | Unlike IFRS Standards, deferred taxes of a tax group should generally be allocated to the top company, i.e. the taxpayer. Are there any tax sharing agreement in place, allocation at subsidiary level may be possible though. | Unlike IFRS Standards, RJ 272 has provisions for the allocation of taxes within a tax group (fiscal unity).<br><br>With regard to liabilities relating to group companies, it shall be disclosed separately in the notes that the legal entity has been included in a tax group and, as a result of that, is jointly and severally liable for tax debts of the tax group as a whole. |
| **References:**<br><br>IAS 12, IFRIC 23, SIC-25 | **References:**<br><br>Sections 274, 275 HGB; GAS 18 | **References:**<br><br>RJ 272 |

# 5

# Special topics

# 5.1 Leases

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| IFRS 16 is effective for annual periods beginning on or after 1 January 2019. | Accounting for leases is not explicitly addressed under German GAAP. However, in accordance with regulations, it is generally accepted that a leased asset is recognised by the lessee (beneficial owner) and not by the lessor (legal owner), if the lessee is in substance exposed to/benefits from the majority of the risks and rewards associated with the leased asset. | The DASB allows the application of IFRS 16 for annual reporting periods beginning on or after 1 January 2019, instead of RJ 292, when it is applied integrally and consistently. Accordingly, no difference is expected.<br><br>However, the following differences may arise if IFRS 16 is not applied under Dutch GAAP. |
| The standard applies to leases of property, plant and equipment and other assets, with limited exclusions. | Like IFRS Standards, lease accounting regulations apply to leases of property, plant and equipment and other assets, with limited exclusions. | Like IFRS Standards, the RJ 292 standard applies to leases of property, plant and equipment and other assets, with limited exclusions. |
| If an underlying asset of a lease would meet the definition of investment property, the right-of-use asset is accounted for in accordance with IAS 40. The lease liability is accounted for in accordance with IFRS 16. | Unlike IFRS Standards, there is no specific accounting guidance for real estate held by a lessee that is recognised as investment property. | Like IFRS, an entity applies the investment property standard RJ 213 to account for a right-of-use asset if the underlying asset would otherwise meet the definition of investment property.<br><br>However, unlike IFRS, a right of use in a property that classifies as operating lease for a lessee (for example land in leasehold) can be recorded by the lessee as an investment property if and insofar this right of use regarding this property fulfils the definition of an investment property and the lessee applies the current value as the measurement basis. Accordingly, RJ 213 Investment property will apply. |
| A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. | Unlike IFRS Standards, under German GAAP, legal transactions that constitute a lease from an economic point of view (substance over form) are treated as leases for the purpose of accounting. There are no explicit requirements for 'embedded' leases under German GAAP. | Like IFRS, a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Lessees apply a single on-balance sheet lease accounting model, except for leases to which they elect to apply the recognition exemptions for short-term leases or leases for which the underlying asset is of low-value. | Unlike IFRS Standards, under German GAAP, a lessee classifies a lease as either a finance lease or an operating lease. The lease classification is made at inception of the lease and is not revised unless the lease agreement is modified. The lease classification depends on whether substantially all the risks and rewards incidental to ownership of a leased asset have been transferred from the lessor to the lessee. However, the transfer of risks and rewards is generally assessed based on tax regulations that may differ from the classification characteristics for lessors under IFRS Standards. | Unlike IFRS, a lessee classifies a lease as either a finance lease or operating lease. The lease classification depends on whether substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred from the lessor to the lessee. |
| **Short-term** leases and leases **of a low-value** underlying asset are not required to be recognised on-balance by the lessee. The related lease-payments are recognised on a straight-line basis over the lease term or another systematic basis.<br><br>In determining what lease payments should be included in the lease liability any renewal and termination options in the contract should be considered. | Unlike IFRS Standards, there are no exemptions for short-term leases or leases of low-value assets. All leases are classified as finance leases or operating leases.<br><br>Unlike IFRS Standards, lease payments under an operating lease are recognised by the lessee as an expense on a straight-line basis over the lease term. The lessor recognises the lease payments as income over the lease term, generally on a straight-line basis and the underlying asset in its statement of financial position. | Unlike IFRS Standards, there are no exemptions for short-term leases or leases of low-value assets. |
| A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability at the present value of the lease payments made during the lease term. At the commencement date, a lessee shall measure the right-of-use asset at cost. | Like IFRS Standards, a lessee recognises a lease asset and a lease liability under a finance lease considering renewal and termination options. The lessor derecognises the underlying asset and recognises a finance lease receivable. The lease receivables are based on the acquisition and manufacturing costs used. | Unlike IFRS, a lessee recognises a lease asset and a lease liability under a finance lease at the lower of the underlying asset's fair-value or the present value of the lease payments made during the lease term.<br><br>Unlike IFRS, any lease-payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. |
| **After initial recognition**, a lessee measures the lease liability at amortised cost using the effective interest method. | Generally, after initial recognition, a lessee measures the lease liability resulting from a finance lease at amortised cost using the effective interest method. | Like IFRS Standards, after initial recognition, a lessee under a finance lease measures the lease liability at amortised cost using the effective interest method. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The lease liability is also remeasured to reflect lease modifications and changes in the lease payments, including changes caused by a change in an index or rate. | Like IFRS Standards, the lease liability needs to be remeasured to reflect lease modifications and changes in lease payments. | Unlike IFRS, there is no specific guidance on lease modifications and remeasurement. |
| A lessee measures the right-of-use asset at cost less accumulated depreciation and accumulated impairment losses, except when it applies the alternative measurement models for revalued assets and investment property. | Like IFRS Standards, a lessee measures the leased asset under a finance lease at cost less accumulated depreciation and accumulated impairment losses. Unlike IFRS Standards, there is no revaluation model. | Like IFRS Standards, a lessee measures the leased asset under a finance lease at cost less accumulated depreciation and accumulated impairment losses, except when it applies the alternative measurement models for revalued assets and investment property. |
| Lessors classify leases as either finance or operating leases.<br><br>Lease classification is made at inception date of the lease and is reassessed only if there is a lease modification. The classification depends on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred, based on the substance of the arrangement. | Unlike IFRS Standards, there is no specific guidance on accounting for lease modifications by lessees and lessors. | Like IFRS, lessors classify leases as either a finance lease or operating lease.<br><br>Like IFRS, the lease classification is made at inception of the lease and is not revised unless the lease agreement is modified. The lease classification depends on whether substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred from the lessor to the lessee. |
| Under a finance lease, a lessor derecognises the underlying asset and recognises a finance lease receivable. A manufacturer or dealer lessor recognises the selling margin in a finance lease by applying its normal accounting policy for outright sales.<br><br>Under an operating lease, the lessor recognises the lease payments as income over the lease term, generally on a straight-line basis or on another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lessor recognises the underlying asset in its statement of financial position. | Unlike IFRS Standards, there is no specific guidance on accounting for finance and operating lease. Who and how to account for the leased asset depends on the issues of legal and beneficial ownership and the useful life of the leased asset. | Like IFRS Standards, under a finance lease, a lessor derecognises the underlying asset and recognises a finance lease receivable. A manufacturer or dealer lessor recognises the selling margin in a finance lease by applying its normal accounting policy for outright sales.<br><br>Like IFRS, under an operating lease, the lessor recognises the lease payments as income over the lease term, generally on a straight-line basis. The lessor recognises the underlying asset in its statement of financial position. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A 'lease modification' is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease – e.g. adding or terminating the right to use one or more underlying assets. | Unlike IFRS Standards, there is no specific guidance on accounting for lease modifications by lessees and lessors. | Unlike IFRS Standards, there is no specific guidance under Dutch GAAP. From the general guidance it can be derived that if there is no change in lease classification the existing lease (accounting) will be continued. In our view, any modified cash flows would be accounted for as a change in accounting estimate and, therefore, recognised prospectively. |
| In a **sale-and-leaseback transaction**, the seller-lessee first determines if the buyer-lessor obtains control of the asset based on the revenue standard (see 4.1). Then, recognition of the immediate gain can be analysed. If not, then the transaction is accounted for as a financing arrangement.<br><br>If the transaction qualifies for sale accounting then:<br><br>• the buyer-lessor recognises the underlying asset and applies the lessor accounting model to the leaseback; and<br><br>• the seller-lessee derecognises the underlying assets and applies the lessee accounting model to the leaseback.<br><br>The seller-lessee measures the right-of-use asset at the related portion of the previous carrying amount (i.e. at cost). It recognises only the amount of any gain or loss related to the rights transferred to the lessor-buyer. | Unlike IFRS Standards, immediate gain recognition from the sale and leaseback of an asset is dependent upon whether the leaseback is classified as a finance or an operating lease and, if the leaseback is an operating lease, whether the sale takes place at fair value ('true sale'). | Unlike IFRS Standards, immediate gain recognition from the sale and leaseback of an asset is dependent upon whether the leaseback is classified as a finance or an operating lease and, if the leaseback is an operating lease, whether the sale takes place at fair value ('true sale'). |
| In a **sub-lease**, the original lessee/ intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. An intermediate lessor classifies a sub-lease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease. | Like IFRS Standards, in a sub-lease, the original lessee/ intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. German GAAP requires a classification by reference to the underlying asset. | Like IFRS Standards, in a sub-lease, the original lessee/intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. Dutch GAAP does not specify whether the sub-lessor should assess the lease classification by reference to the underlying asset or the lease asset. |
| **References:**<br><br>IFRS 16 | **References:**<br><br>Sections 246, 247 HGB | **References:**<br><br>RJ 115, RJ 292, RJ-Uiting 2020-12, 2021-9 |

# 5.2 Operating segments

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Segment disclosures are presented by entities whose debt or equity instruments are traded in a public market or which file, or are in the process of filing, their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. | The consolidated financial statements can be expanded by segment reporting. Accordingly, unlike IFRS Standards, the preparation of segment reporting for companies preparing in accordance with German GAAP consolidated financial statements is voluntary. GAS 28 replaced GAS 3 and sets out procedures for such voluntary segment reporting. | The legal provisions in Title 9 concerning segment information are limited to (a) the net turnover and (b) the (average) number of employees. The legal requirements under (b) shall apply to all companies. The requirements under (a) shall exclusively apply to large, non-listed companies and shall be provided by line of business and individual geographical area as numerical information. The amounts shall reconcile with the revenue in the income statement. Companies may choose to exclusively provide the legally required segment information.<br><br>RJ 350 has further provisions relating to additional segment information (in comparison with the law) that are recommended if the company (on a voluntary basis) discloses additional segment information in its financial statements. |
| Segment disclosures are provided on the components of the entity that management monitors in making decisions about operating matters (the management approach).<br><br>An 'operating segment' is a component of an entity:<br><br>• that engages in business activities from which it may earn revenues and incur expenses;<br><br>• whose operating results are reviewed regularly by the CODM; and<br><br>• for which discrete information is available. | With the introduction of GAS 28, an explicitly emphasized convergence with IFRS 8 was achieved. This applies in particular to the definition of operating segments in accordance with the management approach.<br><br>Similar to IFRS Standards, an 'operating segment' is a part of a group:<br><br>• that engages in business activities that lead, potentially or effectively, to external or intersegment revenue or similar income;<br><br>• whose operating results are reviewed regularly by group management for group management purposes; and | The RJ 350 provisions concerning additional segment information are derived from IFRS 8 Operating Segments.<br><br>Additional segment information disclosed in the financial statements shall be derived from the internal information regarding 'operating segments' presented to the management board. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Such components (operating segments) are identified on the basis of internal reports that the entity's chief operating decision maker (CODM) regularly reviews in allocating resources to segments and in assessing their performance.<br><br>The aggregation of operating segments is permitted only when the segments have 'similar' economic characteristics and meet a number of other specified criteria. | • for which discrete information is available.<br><br>Similar to IFRS Standards, segmentation is based on the group's internal decision-making and reporting structure, as the structure optimised for internal purposes most accurately reflects the group's internal monitoring and management, and hence also offers the best basis for decisions taken by external users of the financial statements.<br><br>Like IFRS Standards, operating segments that share the same economic characteristics may be aggregated. | |
| Reportable segments are identified based on quantitative thresholds of revenue, profit or loss, or total assets.<br><br>The amounts disclosed for each reportable segment are the measures reported to the CODM, which are not necessarily based on the same accounting policies as the amounts recognised in the financial statements. | Like IFRS Standards, reportable segments are identified based on quantitative thresholds of revenue, profit or loss, or total assets. In line with the management approach, segment reporting is required to adopt the policies and carrying amounts applied to the internal reporting that are primarily used by group management to manage the group. | |
| As part of the disclosure, an entity reports a measure of profit or loss for each reportable segment and, if reported to the CODM, a measure of the total assets and liabilities for each reportable segment.<br><br>Disclosures are required for additions to non-current assets, with certain exceptions.<br><br>Reconciliations between total amounts for all reportable segments and financial statement amounts are disclosed with a description of reconciling items. | Similar to IFRS Standards, for each reportable segment a segment profit or loss shall be disclosed; segment assets, segment liabilities, or segment equity, respectively, shall be disclosed for each reportable segment if those amounts are regularly reported to group management and used by it for management purposes. Disclosures are required for additions to non-current assets, with certain exceptions. | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| General and entity-wide disclosures include information about products and services, geographical areas, major customers and factors used to identify an entity's reportable segments and the judgments made by management in applying the aggregation criteria. Such disclosures are required even if an entity has only one segment.<br><br>Comparative information is normally revised for changes in reportable segments. | Like IFRS Standards, reconciliations between total amounts for all reportable segments and financial statement amounts are disclosed with a description of (material) reconciling items.<br><br>Like IFRS Standards, disclosures about characteristics used for defining the segments and the criteria applied to any decision to aggregate operating segments are necessary, as well as the description of products and services for each reportable segment.<br><br>Unlike IFRS Standards, there are no requirements to include entity-wide disclosures on geographical areas or major customers.<br><br>Unlike IFRS 8, GAS 28 does not require the disclosure of prior-year figures; this is only recommended. | |
| **References:**<br><br>IFRS 8 | **References:**<br><br>Section 297 HGB; GAS 28 | **References:**<br><br>CC, RJ 350 |

# 5.3 Earnings per share

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Basic and diluted earnings per share (EPS) are presented by entities whose ordinary shares or potential ordinary shares are traded in a public market or which file, or are in the process of filing, their financial statements for the purpose of issuing any class of ordinary shares in a public market.<br><br>Basic and diluted EPS for both continuing operations and profit or loss are presented in the statement of profit or loss and OCI, with equal prominence, for each class of ordinary shares that has a differing right to share in the profit or loss for the period. | Unlike IFRS Standards, German GAAP does not require the disclosure of EPS. Therefore, no guidance on calculating and presenting EPS is provided. | Unlike IFRS Standards, presentation of basic and diluted earnings per share (EPS) is not required for entities applying Dutch GAAP. The following EPS disclosures apply to entities that present EPS information on a voluntary basis.<br><br>Like IFRS Standards, basic and diluted EPS are presented on the face of the income statement with equal prominence. However, unlike IFRS Standards, there is no requirement to present EPS for continuing and discontinuing operations separately, or to disclose EPS for each class of ordinary share. |
| **Separate EPS information is disclosed for discontinued operations**, either in the statement of profit or loss and other comprehensive income or in the notes to the financial statements.<br><br>**Basic EPS** is calculated by dividing the profit or loss attributable to holders of ordinary equity of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.<br><br>To calculate **diluted EPS**, profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding, are adjusted for the effects of all dilutive potential ordinary shares. | | Unlike IFRS, there is no requirement to present EPS for discontinued operations.<br><br>Like IFRS, basic EPS is calculated by dividing the earnings attributable to holders of ordinary equity of the parent by the weighted average number of ordinary shares outstanding during the period.<br><br>Like IFRS, to calculate diluted EPS, profit or loss attributable to ordinary equity holders and the weighted number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.<br><br>Unlike IFRS, potential ordinary shares are considered dilutive only if they decrease EPS or increase loss per share from ordinary activities (including discontinued operations). |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| **Potential ordinary** shares are considered dilutive only if they decrease EPS or increase loss per share from continuing operations. In determining whether potential ordinary shares are dilutive or anti-dilutive, each issue or series of potential ordinary shares is considered separately, rather than in aggregate. | | Like IFRS, in determining whether potential ordinary shares are dilutive or anti-dilutive, each issue or series of potential ordinary shares is considered separately, rather than in aggregate. |
| **Contingently issuable ordinary** shares are included in basic EPS from the date on which all necessary conditions are satisfied and, when they are not yet satisfied, in diluted EPS based on the number of shares that would be issuable if the end of the reporting period were the end of the contingency period.<br><br>If a contract may be settled in either cash or shares at the entity's option, the presumption is that it will be settled in ordinary shares and the resulting potential ordinary shares are used to calculate diluted EPS.<br><br>If a contract may be settled in either cash or shares at the holder's option, then the more dilutive of cash and share settlement is used to calculate diluted EPS. | There is no guidance on any of these issues under German GAAP. | Like IFRS Standards, contingently issuable ordinary shares are included in basic EPS from the date when all necessary conditions are satisfied, and, when not yet satisfied, in diluted EPS to the extent that the conditions are met at the reporting date.<br><br>Like IFRS Standards, when a contract may be settled in either cash or shares at the entity's option, it is treated as a potential ordinary share.<br><br>Unlike IFRS Standards, if a contract may be settled in either shares or another form at the holder's option, then, regardless of the option, the maximum number of shares to be issued is regarded as potential ordinary shares to calculate diluted EPS. |
| For diluted EPS, diluted potential ordinary shares are determined independently for each period presented.<br><br>IFRS has provisions on how to treat potentially dilutive effects on rights issued by a group company, joint venture or associate that can be converted into shares of the parent. Furthermore, there are provisions regarding the way the calculation of diluted earnings per share shall treat employee options. | | Unlike IFRS Standards, no guidance is provided on the determination of the number of dilutive potential ordinary shares for each period presented.<br><br>Unlike IFRS Standards, there are no such provisions for a group company, joint venture or associate or for treatment of employee options. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| When the number of ordinary shares outstanding changes, without a corresponding change in resources, the weighted average number of ordinary shares outstanding during all periods presented is adjusted retrospectively for both basic and diluted EPS.<br><br>Adjusted basic and diluted EPS based on alternative earnings measures may be disclosed and explained in the notes to the financial statements. | | Like IFRS Standards, when the number of ordinary shares outstanding changes, without a corresponding change in resources, the weighted average number of ordinary shares outstanding during all periods presented is adjusted.<br><br>Like IFRS Standards, adjusted basic and diluted EPS based on alternative earnings measures may be disclosed and explained in the notes to the financial statements. |
| **References:**<br><br>IFRS 33 | **References:** | **References:**<br><br>CC, RJ 340 |

# 5.4 Non-current assets held for sale and discontinuing operations

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Non-current assets and some groups of assets and liabilities **('disposal groups')** are classified as held-for-sale when their carrying amounts will be recovered principally through sale and specific criteria are met. | Unlike IFRS Standards, German GAAP does not contain any specific recognition, measurement or disclosure requirements for non-current assets classified as held-for-sale or for disposal groups. General accounting principles are to be applied.<br><br>The sole intention to sell the asset in the near future does not represent a change in the asset's purpose to serve the business operation in the long term and hence such an asset is not reclassified to current assets.<br><br>However, if a change in intention is accompanied and evidenced by appropriate measures such as developing a so far owner-occupied property for making it ready for sale, then such an asset may be reclassified to current assets. | Unlike IFRS Standards, there is no accounting concept for non-current assets or disposal groups held for sale or held for distribution. |
| Non-current assets and some groups of assets and liabilities ('disposal groups') are classified as held-for-distribution when the entity is committed to distributing the asset or disposal group to its owners. | Unlike IFRS Standards, under German GAAP, there are no specific requirements for assets held for distribution. General accounting principles are to be applied. | Such assets, and related liabilities, are accounted for under the regular measurement requirements for those items, as Dutch GAAP has no specific rules for 'held for sale' criteria like IFRS. |
| Non-current assets and disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are presented separately in the statement of financial position. | | Unlike IFRS, assets held for sale or distribution continue to be amortised or depreciated. Only intangible fixed assets that are retired from active use and are held for disposal do not need to be amortised any further. Instead, these assets should be tested for impairment, at least, at each balance sheet date. |
| Assets held-for-sale or distribution are not amortised or depreciated. | Unlike IFRS Standards, non-current assets held for sale or distribution continue to be amortised or depreciated. | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The classification, presentation and measurement requirements that apply to items that are classified as held-for-sale are also applicable to a non-current asset or disposal group that is classified as held-for distribution. | Like IFRS standards, once an asset is reclassified to current assets, general accounting principles for current assets are to be applied and amortisation or depreciation are no longer permitted. | Unlike IFRS Standards, there is no accounting concept for non-current assets or disposal groups held for sale or held for distribution. Such assets, and related liabilities, are presented in accordance with the regular presentation requirements for assets and liabilities. |
| The comparative statement of financial position is not adjusted when a non-current asset or disposal group is classified as held-for-sale. | Like IFRS Standards, comparatives are not restated in case of a reclassification from non-current to current assets. | |
| The presentation of an operation as a discontinued operation is limited to a component of an entity that either has been disposed of, or is classified as held for sale, and:<br><br>a. represents a separate major line of business or geographic area of operations;<br><br>b. is part of a coordinated single plan to dispose of a separate major line of business or geographic area of operations; or<br><br>c. is a subsidiary acquired exclusively with a view to resale. | Unlike IFRS Standards, German GAAP does not contain any specific requirements on presentation of discontinued operations. | Unlike IFRS Standards, a discontinued operation is an operation not being continued in the long term and this is defined as a component of an entity that:<br><br>a. as a result of a set plan, the entity will:<br><br>• dispose of in full or virtually in full, for example as a result of a single sales transaction, a demerger or transfer of ownership, or<br><br>• dispose of in sections, for example, by the sale of individual assets or the settlement of individual liabilities of the component, or<br><br>• wind up or close;<br><br>b. represents a separate major line of business or that supplies goods or services in a separate major geographical area or to a separate major group of customers; and<br><br>c. can be clearly distinguished operationally and for financial reporting purposes. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| There is a 'discontinued operation' at the moment on which the business operation is divested or meets all 'held for sale' criteria. These criteria are:<br><br>• The business operation shall be available for immediate sale in its present condition, taking into account the 'normal' conditions for such sales.<br><br>• The sale shall have a high degree of probability. This means that there must be a sale plan that the management is committed to, that a buyer shall be actively sought, and that the sale price shall be reasonable in comparison to the current fair value of the business operation to be divested.<br><br>• Based on the actions to be carried out, it is unlikely that significant changes will be made to the sale plan.<br><br>• The sale shall be expected to be completed within one year. | Unlike IFRS Standards, German GAAP does not contain any specific requirements on presentation of discontinued operations. | Unlike IFRS Standards, an operation is discontinued when the earlier of the following events occurs: (i) the entity has entered into a binding sale agreement; or (ii) the entity's governing body has both approved a detailed, formal plan for discontinuation and has made an announcement of such a plan. |
| Discontinued operations are presented separately in the statement of profit or loss and OCI, and related cash flow information is disclosed. | Unlike IFRS Standards, any gain or loss arising from the sale or the discontinuation of any major operations or divisions must be presented in other operating income or as other operating expense and has to be explained in the notes to the financial statements, if material. | Like IFRS, the results of discontinued operations are presented separately on the face of the income statement, and related cash flow information is disclosed. However, unlike IFRS, an analysis of the results and cash flows is presented either on the face of the income statement and the cash flow statement or in the notes to the financial statements. |
| Group companies that were exclusively acquired with a view to subsequent disposal or held for sale in the near future, will be consolidated. They are classified as held for sale if they meet the relevant criteria. | Unlike IFRS Standards, German GAAP does not contain any specific regulations on accounting for subsidiaries acquiredwith a view to subsequent disposal in the near future. | Like IFRS Standards, a subsidiary acquired exclusively with a view to resale is only classified as held for sale if they meet the relevant criteria. Article 407.1 of DCC, offers a consolidation exemption when certain additional criteria are met. |
| The comparative statement of profit or loss and OCI and cash flow information is restated for discontinued operations. | Unlike IFRS Standards, German GAAP does not contain any specific requirements on accounting for discontinued operations. | Like IFRS Standards, comparative information is re-presented for discontinued operations. |
| **References:**<br><br>IFRS 5, IFRIC 17 | **References:**<br><br>Section 247 HGB | **References:**<br><br>RJ 121, RJ 210, RJ 212, RJ 345 |

# 5.5 Related party disclosures

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Related party relationships include those between entities involving direct or indirect control, for example, subsidiaries, parents and entities under common control. Investments involving joint control or significant influence also create related party relationships. | The definition of related parties under German GAAP is the same as under IFRS Standards. Related party disclosures are only to be made for those transactions that are not at arm's length. In addition, certain disclosures on the remuneration paid to members on the company's governing bodies are to be made. | Like IFRS Standards, related party relationships include those between entities involving direct or indirect control, for example, subsidiaries, parents and entities under common control. Investments involving joint control or significant influence also create related party relationships. |
| Key management personnel and their close family members are parties related to an entity. | Like IFRS Standards, key management, including directors and their close family members, also are related parties. | Like IFRS Standards, key management, including directors and their close family members, also are related parties. |
| Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the entity (directly or indirectly). The definition of key management personnel includes directors (both executive and non-executive). | Like IFRS Standards, Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the entity (directly or indirectly). The definition of key management personnel includes directors. | Unlike IFRS Standards, key management personnel are limited to 'bestuurders en commissarissen' (statutory management board members and supervisory board members). |
| There are no special recognition or measurement requirements for related party transactions. | Like IFRS Standards, there are no special recognition or measurement requirements for related party transactions. | Like IFRS Standards, there are no special recognition or measurement requirements for related party transactions. |
| **Disclosure of related party relationships** between parents and subsidiaries is required, even if there have not been any transactions between them. No disclosure is required in the consolidated financial statements of intra-group transactions eliminated in preparing those statements. | Like IFRS Standards, German GAAP requires the disclosure of related party relationships between a parent and its subsidiaries. Like IFRS Standards, no disclosure is required in the consolidated financial statements of intra-group transactions eliminated in preparing those statements. | Unlike IFRS Standards, disclosure of related party relationships between parents and subsidiaries is only required if there have been (material) transactions between them that have not been executed under normal market conditions. Like IFRS, no disclosure is required in the consolidated financial statements of intragroup transactions eliminated in preparing those statements. |
| Comprehensive disclosures of related party transactions are required for each category of related party relationship. | Unlike IFRS Standards, comprehensive disclosures of related party transactions are (only) required for significant (material) related party transactions that have not taken place under normal market conditions; for other related party transactions the disclosures are recommended. | Unlike IFRS Standards, comprehensive disclosures of related party transactions are (only) required for significant (material) related party transactions that have not taken place under normal market conditions; for other related party transactions the disclosures are recommended. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Key management personnel compensation is disclosed in total and is analysed by component. | The following disclosures are made for each of the following groups: management body, supervisory board, advisory board or similar board: total remuneration granted in the financial year, total remuneration of former members of these bodies and the amount of pensions provisions for the former members, and advances and loans granted.<br><br>Remuneration that is not paid out but converted into entitlements of another kind or used to increase other entitlements must also be included in the total remuneration. In addition to the remuneration for the financial year, other remuneration granted in the financial year but not previously disclosed in the annual financial statements must be disclosed. Any kind of share-based payments must be disclosed with their number and fair value at the time they were granted; subsequent changes in value due to a change in the exercise conditions must be taken into account.<br><br>Listed stock corporations need to prepare a separate remuneration report which is published separately, i.e. outside the financial statements and the management report, and which is audited by the auditor to the extent that it contains the necessary information. | Like IFRS Standards, key management personnel compensation is disclosed in total and analysed by component. However, unlike IFRS Standards, such disclosure is only required if the compensation is not set under normal market conditions.<br><br>Unlike IFRS Standards, in addition to the disclosure on key management personnel, a separate disclosure is required on the remuneration of members of the statutory board of directors and the statutory supervisory board. The detailed disclosure requirements differ for open public limited liability companies ('open NVs') and other companies:<br><br>(i) Open public limited liability companies must disclose total compensation for each individual board member (both directors and supervisors), split into four components (only for directors).<br><br>(ii) Other companies must disclose the total amount of compensation (not for each component and not for each individual board member), unless it can be traced back to one single natural person.<br><br>Unlike IFRS Standards, the compensation should be disclosed separately for directors and supervisory directors, whereby it is preferred to make a distinction between current and former (supervisory) directors. |
| In certain cases, government-related entities are allowed to provide less detailed disclosures of related party transactions. | Unlike IFRS Standards, German GAAP does not contain any specific regulations regarding government related parties. | Unlike IFRS Standards, there is no partial disclosure exemption for government-related entities. |
| **References:**<br><br>IAS 24 | **References:**<br><br>Sections 285, 314 HGB; Section 162 German Stock Corporation Act (AktG) | **References:**<br><br>CC, RJ 330, RJ 260, RJ 271 |

# 5.6 Non-monetary transactions

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| If a non-monetary exchange of assets with a non-customer has commercial substance, then the transaction gives rise to a gain or loss. The cost of the asset acquired is generally the fair value of the asset surrendered, adjusted for any cash transferred.<br><br>If an entity enters into a non-monetary exchange of goods or services with a customer as part of its ordinary activities, then it applies the guidance on non-cash consideration in the revenue standard (see 4.1). Sometimes a customer transfers property, plant and equipment to an entity that will use the contributed assets to connect the customer to a network or provide it with ongoing services. If the entity obtains control of the contributed assets, then the assets are recognised initially following the guidance on non-cash consideration in the revenue standard (see 4.1). | Exchange of non-monetary assets is governed by the so-called "barter principles" (Tauschgrundsätze). The asset received may generally either be valued at the carrying amount of the asset given in exchange or at its fair value (accounting policy option). Only in the latter case will the fair value increase be realised in profit for the period.<br><br>No specific further guidance is available under German GAAP. | Unlike IFRS Standards, there is no guidance on exchanges of assets other than (in)tangible fixed assets.<br><br>Like IFRS Standards, barter transactions generally will result in revenue recognition if the goods or services sold in the exchange are part of the entity's main revenue generating activities.<br><br>Unlike IFRS Standards, intangible fixed assets obtained in exchange for other intangible fixed assets are measured initially at the carrying amounts of the assets given up if the assets have a similar nature and use; otherwise, the intangible fixed assets obtained are measured initially at fair value.<br><br>Like IFRS Standards, property, plant and equipment contributed from customers that is used to provide access to a supply of goods or services is recognised as an asset if it meets the definition of an asset and the recognition criteria for property, plant and equipment. |
| **References:**<br><br>IFRS 15, IAS 16, IAS 38, IAS 40 | **References:**<br><br>Section 255 HGB | **References:**<br><br>RJ 135, RJ 190.4, RJ 210, RJ 212, RJ 270 |

# 5.7 Accompanying financial and other information

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Providing a financial and operational review is encouraged but not required under IFRS Standards.<br><br>An entity considers its particular legal or regulatory requirements in assessing what information is disclosed in addition to that required by IFRS.<br><br>IFRS Standards do not contain any requirements for a management discussion and analysis (MD&A), either as part of the financial statements or outside the financial statements.<br><br>IFRS practice statement Management Commentary provides a broad, non-binding framework for the presentation of management commentary. | Unlike IFRS Standards, under German GAAP, a management report is required in addition to the financial statements for medium-sized and large companies. The management report is a unique and important element of the annual financial statements and must contain as a minimum, amongst others, information about:<br><br>• information on the business model;<br>• the financial position at balance sheet date;<br>• the developments during the past year;<br>• the main risks and uncertainties the company has faced during the past year;<br>• measures management has taken in relation to the risks and uncertainties and the potential impact of these risks and uncertainties;<br>• financial and non-financial performance indicators;<br>• research and development activities;<br>• business outlook;<br>• the effect on the projections of unusual events, which need not be reflected in the annual accounts;<br>• the objectives and policy of the legal entity concerning risk management (e.g. hedging);<br>• price, credit, liquidity and cash flow risks incurred; | Unlike IFRS Standards, under Dutch GAAP, several legal rules require the disclosure of information in addition to the financial statements, such as a management report containing as a minimum, amongst others, information about:<br><br>• the objective of the company, whether or not set out in a 'mission statement';<br>• a description of the (core) activities of the company, with information concerning the main products, services, geographical areas and any categories of customers and suppliers;<br>• the legal structure, including the group structure and the applicability of the two-tier regime;<br>• the internal organisational structure and staffing;<br>• the significant elements of the policies carried out;<br>• the financial position at balance sheet date;<br>• the developments during the past year;<br>• the main risks and uncertainties the company has faced during past year;<br>• measures management has taken in relation to the risks and uncertainties and the potential impact of these risks and uncertainties;<br>• financial and non-financial performance indicators; |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | • balanced share of males and females on the board of directors and the supervisory board. If this ratio is unbalanced, a description of how they have tried and how they intend to achieve such balance;<br>• key features of the internal control and risk management system with regard to the accounting process;<br>• declaration on corporate governance, in particular: declaration of compliance with the Corporate Governance Code;<br>• information about the applicable code of conduct.<br><br>Entities may (voluntarily) provide an overview of key figures, ratios and multiple-year figures. If provided, these figures should be derived from the financial statements and should be consistent from year to year.<br><br>GAS 20 contains requirements for management reports and is applicable to all parent companies preparing a group management report in accordance with Section 315 HGB. It is recommended to also apply GAS 20 to the management report of the separate financial statements.<br><br>Public interest entities need to expand their management report by a chapter providing non-financial information | • research and development activities;<br>• business outlook;<br>• the effect on the projections of unusual events, which need not be reflected in the annual accounts;<br>• the objectives and policy of the legal person concerning risk management (e.g. hedging);<br>• price, credit, liquidity and cash flow risks incurred;<br>• diversity policy with regard to composition of management board and supervisory board information about the applicable code of conduct.<br><br>Furthermore, the law requires the inclusion of 'Overige gegevens' ('Other information') in the annual report. This paragraph should contain:<br>• the auditors' report, or a statement as to the reason for its absence;<br>• a list of names of the persons having special rights of control in relation to the legal person under the articles of association, particulars of the nature of such rights, unless such information is provided in the directors' report;<br>• a list of existing branch establishments and the countries where there are branch establishments and the names under which they trade if different from that of the legal person. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | | Entities may (voluntarily) provide an overview of key figures, ratios and multiple-year figures. If provided, these figures should be derived from the financial statements and should be consistent from year to year.<br><br>Companies shall include information on environmental issues in the management report that is meaningful and comparable for users. This concerns information on the consequences of environmental risks and obligations for the financial position of the company, about the company's attitude towards the environment and the company's environmental performance to the extent that they have conse-quences for the financial position of the company. |
| An entity considers its particular legal or securities exchange listing requirements in assessing what information is included in addition to that required under IFRS Standards. | Like IFRS Standards, on the basis of its legal form and perhaps other regulatory requirements, each entity assesses which additional disclosures are required. | The law contains special rules for listed entities, including requirements on the frequency of providing financial information and the content of such information. For example, in addition to the financial statements and directors' report, compliance statements should be disclosed. In addition, a supervisory report is required for entities within scope of the Dutch Corporate Governance Code. |
| The presentation of alternative earnings measures is not prohibited, either in the statement of profit or loss and OCI or in the notes to the financial statements. | Like IFRS Standards, non-GAAP measures are not prohibited but they must be clearly described and disclosed and, as far as possible, a numerical reconciliation must be provided, so that such measures are understandable. However, unlike IFRS Standards, it is explicitly stated that non-GAAP measures must not be presented with more prominence than GAAP measures. | Like IFRS Standards, non-GAAP measures are not prohibited but they must be clearly described and disclosed and, as far as possible, a numerical reconciliation must be provided, so that such measures are understandable. However, unlike IFRS Standards, it is explicitly stated that non-GAAP measures must not be presented with more prominence than GAAP measures. |
| **References:**<br><br>IAS 1, IFRS Practice Statement Management Commentary | **References:**<br><br>Sections 315-315d HGB; GAS 20 | **References:**<br><br>CC, RJ 400, RJ 405, RJ 410, RJ 420, RJ 430, RJ 2017-15 |

# 5.8 Interim financial reporting

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Generally, listed entities are advised to prepare interim reports.<br><br>If a company prepares an interim report in accordance with IAS 34, IFRS requires that disclosure of compliance with IAS 34 or IFRS must be included. | Like IFRS Standards, German GAAP itself does not require an entity to prepare interim reports.<br><br>However, if an entity is a domestic issuer of shares or debt securities then it is legally required to prepare an interim half-year report (Section 115 WpHG).<br><br>In this case and when the entity is required to prepare an interim report for other reasons, then the requirements of GAS 16 apply. | Among other things, the Wft requires that the half-year financial statements shall be prepared in compliance with the provisions of IAS 34, Interim Financial Reporting, if the listed company is required to prepare consolidated financial statements and, therefore, falls within the scope of the IAS regulation. Specific provisions for listed companies that are not required to prepare consolidated financial statements are set out in the Wft and the Decree Transparency of Issuing Institutions Wft ('transparency decree'). These provisions are of a fairly general nature. Therefore, when preparing the half year financial statements, RJ 394 can be used as a reference.<br><br>For non-listed companies, there is no legal obligation to prepare and publish interim financial information. However, if non-listed companies choose to prepare an interim report on a voluntary basis in accordance with the RJ, they shall apply RJ 394 Interim reports. |
| Interim financial statements contain either a complete or a condensed set of financial statements for a period shorter than a financial year. | If an entity prepares a consolidated interim report the requirements of GAS 16 apply.<br><br>An interim half-year report in accordance with GAS 16 consists of either a complete or a condensed set of financial statements for the first six months of the financial year, an interim management report and statements by the legal representatives stating their responsibility for these elements of financial reporting.<br><br>Some stock exchanges also require from their issuer's quarterly reports. | Like IFRS Standards, interim financial statements contain either a complete or a condensed set of financial statements for a period shorter than a financial year. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | In that case, issuers can choose to prepare and publish mainly descriptive quarterly information or a quarterly financial report under GAS 16. | |
| **Condensed interim financial statements contain**, as a minimum, a condensed statement of financial position, condensed statement of profit or loss and other comprehensive income (presented either as a condensed single statement, or a condensed statement of profit or loss and a separate condensed statement of other comprehensive income), condensed statement of changes in equity, condensed statement of cash flows and selected explanatory notes. | Like IFRS Standards, the condensed set of financial statements contains at least a condensed statement of financial position, a condensed statement of profit or loss, and selected explanatory notes as well as an interim management report.<br><br>However, it is recommended but not required to prepare a condensed statement of cash flows as well as a condensed statement of changes in equity. | Like IFRS Standards, condensed interim financial statements contain, as a minimum, condensed balance sheets, condensed income statements, condensed cash flow statements, condensed statements of changes in equity and selected explanatory notes. |
| Items, other than income tax, generally are recognised and measured as if the interim period were a discrete stand-alone period. | Like IFRS Standards, except for income tax, accounting and measurement are performed as if the half year were a discrete stand-alone period. | Like IFRS Standards, items, other than income tax, generally are recognised and measured as if the interim period were a discrete stand-alone period. |
| Income tax expense for an interim period is based on an estimated average annual effective income tax rate. | Like IFRS Standards, income tax for the interim period is determined by using the best estimate of the weighted average annual income tax rate. | Like IFRS Standards, the income tax expense for an interim period is based on an estimated average annual effective income tax rate. |
| Generally, the accounting policies applied in the interim financial statements are those that will be applied in the next annual financial statements. | Like IFRS Standards, the same accounting policies, measurement methods and consolidation principles are to be considered in the interim financial statements as used in the most recent annual consolidated financial statements unless accounting policies or changes have been made. | Like IFRS Standards, normally the accounting policies applied in the interim financial statements are those that will be applied in the next annual financial statements. |
| An entity discloses in its interim financial statements the following information about revenue from contracts with customers: | Unlike IFRS Standards, there is no such specific requirement. | Unlike IFRS Standards, there is no such specific requirement. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| • a disaggregation into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and<br>• sufficient information about the relationship between the disclosure of disaggregated revenue and revenue information that is disclosed for each reportable segment (if the entity applies the standard on operating segments). Other annual disclosures about revenue are typically not required for interim financial reporting. | | |
| An entity is prohibited from reversing an impairment loss recognised in a previous interim period in respect of goodwill. | Like IFRS, an entity is prohibited from reversing an impairment loss recognised in a previous interim period in respect of goodwill. | Unlike IFRS Standards, there is no specific guidance on the reversal of an impairment loss recognised in a previous interim period in respect of goodwill. |
| **References:**<br>IAS 34, IFRIC 10 | **References:**<br>Section 315 HGB; GAS 16, Section 115 WpHG (German Securities Trading Act), Section 253 HGB | **References:**<br>RJ 394 |

# 5.9 Insurance contracts

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| IFRS 17 Insurance contracts is the IFRS Accounting Standard which replaces IFRS 4 on accounting for insurance contracts and has an effective date of 1 January 2023. | Under German GAAP, specific accounting requirements for insurance and reinsurance companies follow from the German Commercial Code (sec. 341-341p HGB) as addition to the general accounting and disclosure principles according to sec. 238-289f HGB.<br><br>Furthermore, specific requirements on recognition, measurement and presentation are defined in the Regulation on the Accounting of Insurance Undertakings (Verordnung über die Rechnungslegung von Versicherungsunternehmen, RechVersV) which concretises the provisions of the German Commercial Code. | The DASB has carried out a review of IFRS 17 Insurance Contracts. It has been decided that the provisions of IFRS 17 do not give rise to amendments of Dutch GAAP Accounting Standard RJ 605 Insurers. In addition, the DASB decided not to allow the application of IFRS 17, as an accounting policy option, under Dutch GAAP. |
| The insurance contracts standard applies generally to all insurance contracts (including reinsurance contracts) that an entity issues and reinsurance contracts that it holds, regardless of the type of entity that issued the contract. | The specific accounting principles are prescribed for insurance and reinsurance undertakings, both for stand-alone and for consolidated financial statements.<br><br>Consequently, these entities are subject to specific recognition, measurement, presentation and disclosure requirements. | Unlike IFRS Accounting Standards, there is a special accounting regime for insurance and reinsurance entities, instead of a standard that applies to insurance contracts. Consequently, these entities are subject to specific recognition, measurement, presentation and disclosure requirements.<br><br>Contracts between an insurance entity and a reinsurance entity, which do not transfer insurance risk, should be accounted for as financial instruments (RJ 290). |
| The aggregation of contracts into groups is required on initial recognition for all contracts in the scope of the insurance contracts standard. Individual contracts are grouped in a way that limits the offsetting of profitable contracts against onerous ones, and also considering how an entity manages and evaluates the performance of its business. | According to the German Insurance Supervision Act (Versicherungsaufsichtsgesetz, VAG) the direct insurance business of Non-Life, Life and Health insurance has to be separated into different legal entities. This applies to all entities regardless of the accounting rules adopted. However, it does not apply to the reinsurance business. | Life and non-life insurance contracts should be separated in legal entities for life only or non-life only.<br><br>Unlike IFRS Accounting Standards, Dutch GAAP does not use the term ‘onerous contracts’ in the context of insurance contracts. Under Dutch GAAP an entity is required to perform premium deficiency testing at each reporting date. |

| IFRS | German GAAP | Dutch GAAP |
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| | For accounting and reporting purposes the insurance contracts of an entity are aggregated into lines of business being defined by the Regulation on the Accounting of Insurance Undertakings (Verordnung über die Rechnungsle-gung von Versicherungsunterneh-men, RechVersV) Under German GAAP contracts need to be measured individually in principle. In order to ensure a sufficient level of prudency of the technical provisions (which is required at a higher level under German GAAP than under IFRS) an entity is required to account for a premium deficiency reserve for any shortfall expected at the reporting date. | For any shortfall, a provision for unexpired risks is required. |
| An entity recognises a group of insurance contracts that it issues from the earliest of:<br>• the start of the coverage period of the group of contracts;<br>• the due date of the initial payment from a policyholder; and<br>• the date when a group of contracts becomes onerous. | Unlike IFRS Accounting Standards, German GAAP does not include specific requirements on the initial recognition of an insurance contract in the statement of financial position.<br><br>Generally, an insurance contract is recognised in the P&L when the risk coverage begins. In case of payment by instalments, only the portion that incepted on risk (e.g. each single quarterly instalment) is permitted to be considered in the gross written premiums and thus accrued in the Unearned Premium Reserve at reporting date. | Unlike IFRS Accounting Standards, Dutch GAAP does not include specific requirements on the initial recognition of the insurance contract in the statement of financial position. Generally, an insurance contract is recognised when it is written. |
| The insurance contracts standard introduces the general measure-ment model (GMM). This is the default measurement model for insurance contracts.<br><br>On initial recognition a profitable group of insurance contracts is measured as the sum of the fulfilment cash flows and the contractual service margin (CSM). | Under German GAAP there is no default measurement model for insurance contracts. The measurement approach depends on the type of business and is different for Life insurance, Health insurance and for Non-Life insurance. | Unlike IFRS Accounting Standards, under Dutch GAAP there is no default measurement model for insurance contracts. The specific measurement model that applies depends on the type of business.<br><br>The life insurance provision must be measured using sufficient prudency, an actuarial method and is preferably forward-looking. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| At each reporting date, the fulfilment cash flows are remeasured and reflected in either profit or loss or OCI – or in some cases they adjust the CSM. The CSM is also updated to reflect the unwinding of discounting for the time value of money.<br><br>Insurance revenue is allocated to profit or loss each period to reflect the provision of insurance contract services in the period. | Furthermore in the first instance the structuring of technical provisions which have to be built for insurance contracts is completely different compared to IFRS 17. It is defined in "Formblatt 1" an Annex to the Regulation on the Accounting of Insurance Undertakings (RechVersV).<br><br>For the life insurance business as well as for health and non-life insurance business with actuarial similar to life techniques, aggregate policy reserves are the dominant technical provision.<br><br>The basic principle for the aggregate policy reserve is twofold:<br><br>• One component covers the risk portion of the contract in a specific way that the policyholder pays a flat insurance premium over the entire contract duration although his mortality risk is increasing over the duration of the insurance coverage.<br><br>• Another component reflects the savings component embedded in endowment/whole life policies as well as in annuity insurance policies.<br><br>In contrast to other technical provisions the policy reserve has to be calculated prospectively; a retrospective calculation is allowed only in cases in which a prospective calculation is not possible.<br><br>For insurance reserving, regardless of the line of business, a prudent valuation is key to reflect the prudence principle which is an underlying principle under German GAAP (see also above the section regarding initial recognition). | A retrospective method may be used for the life insurance provision as well as a forward-looking actuarial method, if technical provisions based on that method are no lower than the provisions using a forward-looking method, or if the use of a forward-looking method is not possible because of the nature of the type of agreement concerned.<br><br>A prudent calculation means that measurement is not based on the most probable hypotheses but that a reasonable margin is taken into account for adverse movements concerning the different factors involved. |
| For contracts that meet certain criteria, an entity is permitted to use a simplified measurement approach – the premium allocation approach (PAA). | Unlike IFRS Accounting Standards, German GAAP does not include specific requirements on the initial recognition of the insurance contract in the statement of financial position. | Unlike IFRS Accounting Standards, Dutch GAAP does not include specific requirements on the initial recognition of the insurance contract in the statement of financial position. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| For issued contracts with direct participation features, an entity is required to use a modified measurement model – the variable fee approach (VFA). | Regarding measurement apart from the general measurement rules for provisions prescribed by the German Commercial Code which mostly also apply to insurers there are some specific requirements for the different types of provisions prescribed by the German Commercial Code and the Regulation on the Accounting of Insurance Undertakings (RechVersV). Especially insurers must not discount technical provisions. | Generally, an insurance contract is recognised when it is written. |
| Under the GMM, on initial recognition and subsequently a group of insurance contracts is measured as:<br>• the sum of the estimates of expected cash flows, adjusted to reflect the time value of money and financial risk, plus a risk adjustment for non-financial risks; and<br>the contractual service margin (CSM) for profitable groups of contracts, representing the unearned profit. | Unlike IFRS Accounting Standards, German GAAP does not include specific requirements on the initial recognition of the insurance contract in the statement of financial position. Regarding measurement apart from the general measurement rules for provisions prescribed by the German Commercial Code which mostly also apply to insurers there are some specific requirements for the different types of provisions prescribed by the German Commercial Code and the Regulation on the Accounting of Insurance Undertakings (RechVersV). Especially insurers must not discount technical provisions. | Unlike IFRS Accounting Standards, under Dutch GAAP there is no default measurement model for insurance contracts. The specific measurement model that applies depends on the type of business.<br>The life insurance provision must be measured using sufficient prudency, an actuarial method and is preferably forward-looking. A retrospective method may be used for the life insurance provision as well as a forward-looking actuarial method, if technical provisions based on that method are no lower than the provisions using a forward-looking method, or if the use of a forward-looking method is not possible because of the nature of the type of agreement concerned.<br>A prudent calculation means that measurement is not based on the most probable hypotheses but that a reasonable margin is taken into account for adverse movements concerning the different factors involved. |
| The requirements of the insurance contracts standard apply equally to reinsurance contracts issued. The GMM and PAA requirements are modified for reinsurance contracts held by an entity. | The measurement of ceded reinsurance contracts is in general similar to the underlying gross business taking into account the specific terms and conditions of the reinsurance contract. A different treatment has to be applied on proportional vs. non-proportional reinsurance. | The measurement of reinsurance contracts (disclosed as 'reinsurer's share') should mirror the measurement of the original insurance liabilities which are reinsured, taking into account contractual terms and conditions. |

| IFRS | German GAAP | Dutch GAAP |
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| An insurance contract is derecognised when it is extinguished or when the terms of the contract are modified in a way that would have significantly changed the accounting for the contract had the new terms always existed. | Unlike IFRS Accounting standards, German GAAP does not contain specific requirements on the derecognition of insurance contracts. The general rules of German Commercial Code apply. | Unlike IFRS Accounting standards, Dutch GAAP does not contain specific requirements on the derecognition of insurance contracts. |
| Insurance contracts acquired in a business combination or portfolio transfer are classified and measured as if they were newly written. Contracts acquired in a business combination are measured at the date of acquisition under the insurance contracts standard. | Unlike IFRS 17, under German GAAP insurance contracts acquired in a business combination or portfolio transfer are measured at cost which should generally reflect the fair value at the acquisition date. | Unlike IFRS Accounting Standards, under Dutch GAAP insurance contracts acquired in a business combination or portfolio transfer are measured at the fair value at acquisition date. |
| The insurance contracts standard requires separate presentation of amounts relating to insurance contracts issued and reinsurance contracts held in the primary statements. | Instead of a gross presentation like under IFRS, the German GAAP prescribes a modified net principle for the presentation of insurance technical line items. Thus, a netting of gross amounts and the respective ceded portions is applied both on the balance sheet and in statement of profit and loss. | Unlike IFRS Accounting Standards, the presentation for insurance and reinsurance entities should meet the legal requirements of model N (balance sheet) and O or P (income statement) according to the Annual Accounts Format Decree.<br><br>Unlike IFRS Accounting Standards, in the balance sheet 'the reinsurer's share' in the technical provisions is presented in such a way that it reduces the balance sheet total. The impact of reinsurance contracts should be presented as separate line items in the primary statements. |
| The insurance contracts standard contains extensive disclosure requirements to enable users of the financial statements to assess the impacts that insurance contracts have on an entity's financial position, financial performance and cash flows. | Like IFRS Accounting Standards, German GAAP contains extensive disclosure requirements to enable users of the financial statements to assess the impact that insurance contracts have on an entity's financial position and financial performance. However the character of the disclosures is less prospective and less risk driven compared to IFRS. | Like IFRS Accounting Standards, Dutch GAAP contains extensive disclosure requirements to enable users of the financial statements to assess the impacts that insurance contracts have on an entity's financial position, financial performance and cash flows. |
| **Exclusions**<br><br>The insurance contracts standard deals with all insurance contracts, except for:<br><br>• warranties issued directly by a manufacturer, dealer or retailer in connection with a sale of its good or services to a customer (chapters 3.10 and 4.1); | **Exclusion**<br><br>Under German GAAP, the sector-specific insurance accounting principles have to be applied by insurance and reinsurance companies only.<br><br>The offering of insurance products is subject to the regulatory approval of BaFin. | **Exclusion**<br><br>Unlike IFRS Accounting Standards, Dutch GAAP Accounting Standard RJ 605 Insurance entities is applicable to insurance contracts issued by insurance and reinsurance entities only. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| • employers' assets and liabilities under employee benefit plans (chapter 4.3);<br>• retirement benefit obligations reported by defined benefit retirement plans;<br>• contractual rights or contractual obligations that are contingent on the future use of, or right to use, a non-financial item;<br>• residual value guarantees provided by a manufacturer, dealer or retailer, and a lessee's residual value guarantee embedded in a lease (chapter 5.1);<br>• financial guarantee contracts, unless the issuer meets certain requirements and makes an irrevocable election to apply the insurance contracts standard to the financial guarantee contract (chapter 6.1);<br>• contingent consideration payable or receivable in a business combination (chapter 2.8);<br>• insurance contracts in which the entity is the policyholder, unless these contracts are reinsurance contracts held by the entity; and<br>credit card and similar contracts that provide insurance coverage but whose pricing does not reflect an assessment of insurance risk for the individual customer, unless the insurance component is a contractual term that is separated. | Otherwise offering insurance products and accounting under the insurance specific regulations is not permitted. | Like IFRS Accounting Standards, various Dutch GAAP Accounting standards provide specific guidance on the accounting for insurance-type contracts outside the scope of RJ 605. However, the resulting scope exclusions under IFRS Accounting Standards and Dutch GAAP respectively differ. |
| **References:**<br>IFRS 17 | **References:**<br>RechVersV, BerVersV, VAG | **References:**<br>RJ 605 |

# 5.10 Borrowing costs

| IFRS | German GAAP | Dutch GAAP |
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| Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset generally form part of the cost of that asset. Other borrowing costs are recognised as an expense. | Unlike IFRS Standards, interest that is directly attributable to the construction or production of an asset can optionally be capitalised if certain conditions are met. | Unlike IFRS Standards, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset could be capitalised, but it is not required (i.e., an accounting policy option). Borrowing costs that are not capitalised are expensed. |
| A 'qualifying asset' is one that necessarily takes a substantial period of time to be made ready for its intended use or sale. Financial assets, inventories that are manufactured or otherwise produced over a short period of time and contract assets that represent a conditional right to a financial asset, as well as investments (including in our view, investments in subsidiaries and equity-accounted investees), are not qualifying assets. Property, plant and equipment, internally developed intangible assets and investment property can be qualifying assets. | In practice, interest is capitalised for long-term contract manufacturing or property, plant and equipment assets that are internally developed over a longer period.<br><br>For asset acquisition, a capitalisation of interest is generally not feasible. | The concept of a 'qualifying asset' is similar to IFRS. |
| Borrowing costs may include interest calculated using the effective interest method, certain finance charges and certain foreign exchange differences. | Unlike IFRS Standards, borrowing costs capitalised as cost comprise only interest for financing during the production/construction phase. The financing must be linked to the specific construction/production. Unlike IFRS Standards, costs for raising capital in general or foreign exchange differences may not be capitalised. | Like IFRS Standards, borrowing costs may include interest calculated using the effective interest method, certain finance charges and certain foreign exchange differences. |
| **References:**<br><br>IAS 23 | **References:**<br><br>Sections 253, 255 HGB | **References:**<br><br>RJ 273 |

# 6

# Financial Instruments

# 6.0 IFRS 9 – Introduction

Requirements of IFRS 9 Financial Instruments and the related version of IFRS 7 Financial Instruments: Disclosures, which are effective should be applied by all entities. However, an option to apply IAS 39 rather than IFRS 9 is available to an insurer for annual periods beginning before 1 January 2023 as long as IFRS 17 Insurance Contracts has not been early adopted.

In addition, an entity on adopting IFRS 9 can choose to continue to apply the hedge accounting requirements in IAS 39 either:

- in their entirety instead of those in IFRS 9 until a new standard resulting from the IASB's ongoing project on accounting for dynamic risk management becomes effective; or
- for a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities.

Note: an entity that chooses to continue to apply the hedge accounting requirements in IAS 39 is subject to the hedge accounting disclosure requirements in IFRS 7, as updated by IFRS 9.

# 6.1 Financial Instruments – Scope and definitions

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A 'financial instrument' is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. | Unlike IFRS Standards, German GAAP does not explicitly define the term 'financial instrument', however the term might be interpreted in a similar way. | Like IFRS Standards, Dutch GAAP defines financial instrument as any contract that gives rise to both a financial asset of one entity and a financial liability of another entity. |
| Financial instruments include a broad range of financial assets and financial liabilities. They include both primary financial instruments (such as cash, receivables, debt, shares in another entity) and derivative financial instruments (e.g. options, forwards, futures, interest rate swaps, currency swaps). | Like IFRS Standards, financial instruments include a broad range of primary and derivative financial assets and financial liabilities.<br><br>Unlike IAS 1.54, German GAAP contains specific line items for financial instruments (balance sheet classification, see 2.2). | Like IFRS Standards, Dutch GAAP includes a similar range of financial assets and financial liabilities. |
| The standards of financial instruments apply to all financial instruments, except for those specifically excluded from their scope.<br><br>Financial instruments subject to scope exclusions include certain loan commitments and financial guarantee contracts, as well as financial instruments within the scope of other specific standards – e.g. investments in subsidiaries and associates, leases, insurance contracts and employee benefits. However, certain investments in subsidiaries, associates and joint ventures are within the scope of the financial instruments standards. | Unlike IFRS Standards, apart from a few requirements regarding disclosures in the notes, German GAAP does not contain specific guidance on how to account for financial instruments. So, the general accounting policies and measurement methods under German GAAP apply. | Dutch GAAP, while similar to IFRS Standards, also scopes out the following:<br><br>• financial guarantees, except for financial guarantee contracts that may result in payments based on changes of an underlying like commodity price interest index or currency;<br><br>• contracts with payments based on climatic, geological or other physical variables;<br><br>• contingent assets or liabilities related to a business combination;<br><br>• certain commodity contracts.<br><br>• Like IFRS Standards, Dutch GAAP requires a bad debt provision for:<br><br>• lease receivables; and |

| IFRS | German GAAP | Dutch GAAP |
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| Certain items are specifically included in (partial) scope:<br>• Loan commitments for derecognition and impairment<br>• Contract assets resulting from revenue contracts for impairment<br>• Certain financial guarantees for impairment<br>• Lease receivables for impairment | | • debit balances under construction projects or agreements for the sale of goods or delivery of services.<br>• Unlike IFRS Standards, Dutch GAAP specifically includes rights and obligations arising from insurance contracts, which primarily transfer financial risks instead of insurance risks and these contracts meet the definition of a financial asset, a financial liability or a derivative. |
| A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due. Certain financial guarantee contracts are in the scope of IFRS 9, the financial instruments standard. | Unlike IFRS Standards, apart from a few requirements regarding disclosures in the notes, German GAAP does not contain specific guidance on how to account for financial instruments. So, the general accounting policies and measurement methods under German GAAP apply. | Unlike IFRS Standards, financial guarantee contracts where the issuer is obliged to make specific payments to reimburse the holder for a loss it incurs because a specific debtor does not fulfil its payment obligation, are not in scope of the financial instruments standard. |
| A loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loan commitments are fully or partially in the scope of the financial instruments standard. | Unlike IFRS Standards, apart from a few requirements regarding disclosures in the notes, German GAAP does not contain specific guidance on how to account for financial instruments. So, the general accounting policies and measurement methods under German GAAP apply. | Unlike IFRS Standards, commitments to provide loans if and insofar as those commitments cannot be settled on a net basis or measured at fair value are not in scope. The disclosure requirements of RJ 290 do, however, apply to these commitments. |
| A contract to buy or sell a non-financial item may be required to be accounted for as a derivative, even though the contract itself is not a financial instrument. | Unlike IFRS Standards, apart from a few requirements regarding disclosures in the notes, German GAAP does not contain specific guidance on how to account for financial instruments. So, the general accounting policies and measurement methods under German GAAP apply. | Like IFRS Standards, a contract to buy or sell a non-financial item may be required to be accounted for as a derivative, even though the contract itself is not a financial instrument. |
| **References:**<br>IAS 32, IFRS 7, IFRS 9, IFRS 3 | **References:**<br>Section 266, 271 HGB; IDW RS HFA 22; IDW RH 1.005 | **References:**<br>DCC, RJ 290 |

# 6.2 Derivatives and embedded derivatives

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A **'derivative'** is a financial instrument or other contract within the scope of IFRS 9:<br>• the value of which changes in response to some underlying variable;<br>• that has an initial net investment smaller than would be required for other instruments that have a similar response to the variable; and<br>• that will be settled at a future date. | Unlike IFRS Standards, German GAAP does neither contain any specific guidance on how to account for derivative financial instruments nor does it define derivative financial instruments. So, the general accounting rules apply, in particular the historical cost basis (see 2.6) and the "prudence principle" (see 1.2). Under German GAAP, derivatives with a positive market value are generally not recognised as long as the respective gain is not (ultimately) realised. However, purchased option rights are accounted for at cost. In the case of derivatives with negative fair values, a provision for onerous contracts has to be recognised.<br><br>Specific regulations apply to hedge accounting (see 6.7). | The definition of a 'derivative' is similar to IFRS Standards. |
| An **'embedded derivative'** is a component of a hybrid contract that affects the cash flows of the hybrid contract in a manner similar to a stand-alone derivative instrument.<br><br>A hybrid instrument also includes a non-derivative host contract that may be a financial or a non-financial contract. The requirements on separation of embedded derivatives do not apply when the host contract is a financial asset within the scope of IFRS 9, the financial instruments standard. Instead, the hybrid financial instrument is assessed as a whole for classification under IFRS 9. | Unlike IFRS Standards, German GAAP neither defines embedded derivatives nor host contracts.<br><br>Apart from the accounting for bonds with conversion rights, German GAAP does not provide any specific accounting rules for structured financial instruments. Therefore, general accounting rules apply.<br><br>However, the IDW provides specific guidance for the accounting of "structured financial instruments". | The definition of an 'embedded derivative' is similar to IFRS Standards.<br><br>Like IFRS, an embedded derivative is accounted for separately from the host contract if it is not closely related to the host contract, if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and if the entire contract is not measured at FVTPL<br><br>Unlike IFRS, an embedded derivative is always accounted from the host contract as a separate derivative if the separation criteria are met. This also thus applies for host contracts that are financial assets |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An embedded derivative is accounted for separately from the host contract if it is not closely related to the host contract, if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and if the entire contract is not measured at FVTPL. In other cases, an embedded derivative is not accounted for separately as a derivative. | According to this guidance, separate accounting of the host instrument and the embedded derivative is (only) required if the structured financial instrument is – due to the embedded derivative feature – exposed to significantly increased or additional (different) risks and rewards in comparison to the host instrument.<br><br>Structured products without any measurable additional risk triggered by the embedded derivative feature do not warrant any separation of the embedded feature. | |
| **References:**<br><br>IAS 32, IFRS 9, IFRIC 9 | **References:**<br><br>Sections 252, 253, 254 HGB; IDW RS HFA 22 | **References:**<br><br>RJ 290 |

# 6.3 Equity and financial liabilities

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An instrument, or its components, is classified on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. | Generally, German GAAP distinguishes between assets, liabilities and equity and some other items as well.<br><br>HGB requires a separate presentation of certain equity components (share capital, capital reserve, revenue reserves, profit carried forward, net profit). There is specific guidance as to what is presented in these equity components.<br><br>However, equity is not restricted to these equity components explicitly mentioned in HGB.<br><br>In order to qualify as equity, the following characteristics in any funding made available to the entity need to be present, i.e. all of the following criteria are to be met:<br><br>• subordination,<br><br>• performance-related remunera-tion (profit participation) as well as participation in the loss, up to the full amount,<br><br>• long-term capital commitment.<br><br>Shareholder contributions to German partnerships are, generally, treated as equity, even though the instruments are puttable by the shareholders. | Like IFRS Standards, financial instruments are classified in the consolidated financial statements as equity or liabilities in accordance with their economic substance.<br><br>Unlike IFRS Standards, for the separate financial statements, an accounting policy choice exists to classify financial instruments based on its legal form or on its economic substance. If the legal form is followed, the total of the financial instruments that would be classified as debt on the basis of the economic substance shall be presented separately within equity and the relevant conditions shall be disclosed.<br><br>The text, hereafter, describes the accounting requirements in the consolidated financial statements. |
| A financial instrument is a financial liability if it contains a contractual obligation to transfer cash or another financial asset. | Unlike IFRS Standards, German GAAP does not provide a definition of financial liabilities. In general, liabilities are any legally or de facto binding obligations not yet fulfilled but already incurred (economically). | Like IFRS Standards, in the consolidated financial statements, an instrument is a liability if the issuer is obliged to settle it in cash or other financial instruments. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| A financial instrument is also classified as a financial liability if it is a derivative that will or may be settled in a variable number of the entity's own equity instruments or a non-derivative that comprises an obligation to deliver a variable number of the entity's own equity instruments.<br><br>Equity is the residual interest in the assets of the entity after deducting all of its liabilities.<br><br>An obligation for an entity to acquire its own equity instruments gives rise to a financial liability unless certain conditions are met. | Unlike IFRS Standards, under German GAAP, specific accounting regulations for transactions with the entity´s own equity shares do only exist regarding the presentation of the repurchase and resale of treasury shares in equity. Apart from that the general accounting policies and measurement methods have to be applied. There are no specific classification rules for obligations settled in a variable or a fixed number of the entity´s own equity instruments.<br><br>It might be argued that an obligation to acquire own shares does not give rise to a liability as the obligation to purchase own shares is an executory contract. | Like IFRS Standards, an instrument is a liability if it is or may be settled in a variable number of the entity's own equity instruments (e.g., equal to a specified value).<br><br>Like IFRS Standards, equity is the residual interest in the assets of the entity after deducting all its liabilities.<br><br>Like IFRS Standards, an obligation for an entity to acquire its own equity instruments gives rise to a financial liability, unless certain conditions are met. |
| As an exception to the general principle, certain puttable instruments and instruments, or components of instruments, which impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity, only on liquidation are classified as equity instruments if certain conditions are met. | According to German commercial law, the capital of commercial partnerships (e.g. OHG – Offene Handelsgesellschaft; KG – Kommanditgesellschaft) are in general classified as equity. | Like IFRS, as an exception to the general principle, certain puttable instruments and instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation are classified as equity instruments if certain conditions are met. |
| The contractual terms of preference shares and similar instruments are evaluated to determine whether they have the characteristics of a financial liability. | Generally, any instruments issued by an entity have to be evaluated if they qualify as equity. In order to qualify as equity, the above-mentioned criteria have to be met. These criteria differ from those under IFRS Standards.<br><br>Preference shares issued by German entities generally qualify as equity. | Like IFRS Standards, preference shares and similar instruments must be evaluated to determine whether they have the characteristics of a liability. Such characteristics may lead to classification of these instruments as a liability.<br><br>Unlike IFRS Standards, preference shares that bear dividends contingent solely on the basis of the entity's profit may as an accounting policy choice be recognised as equity or financial liability. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The components of compound financial instruments, which have both liability and equity characteristics, are accounted for separately. | German GAAP provides guidance on the separate presentation of the equity component of convertible bonds. The conversion feature and the host liability have to be accounted for separately. However, there is no further specific guidance in this respect under German GAAP. | Like IFRS Standards, compound instruments that have both liability and equity characteristics are required to be split into these components in the consolidated financial statements. |
| A **non-derivative contract** that will be settled by an entity delivering its own equity instruments is an equity instrument if, and only if, it is settleable by delivering a fixed number of its own equity instruments.<br><br>A **derivative contract** that will be settled by the entity delivering a fixed number of its own equity instruments for a fixed amount of cash is an equity instrument. If such a derivative contains settlement options, then it is an equity instrument only if all settlement alternatives lead to equity classification. | Unlike IFRS Standards, German GAAP does not provide specific classification rules for obligations settled in a variable or a fixed number of an entity's own equity instruments. The general accounting policies and measurement methods for executory contracts are applicable. | Like IFRS Standards, instruments may have to be classified as liabilities even if they are issued in the form of shares.<br><br>Like IFRS Standards, the stipulations on non-derivative contracts and derivative contracts are similar. |
| Incremental costs that are directly attributable to issuing or buying back own equity instruments are recognised directly in equity. | Unlike IFRS Standards, the costs of issuing equity instruments are always recognised as an expense and not deducted from equity. | Like IFRS Standards, incremental costs that are attributable directly to issuing own equity instruments are recognised directly in equity, net of the related tax.<br><br>Unlike IFRS Standards, no specific guidance is provided on incremental costs that are attributable directly to buying back own equity instruments. |
| **Treasury shares** are presented as a deduction from equity.<br><br>Gains and losses on transactions in an entity's own equity instruments are reported directly in equity. | Like IFRS Standards. own shares are to be deducted openly from share capital.<br><br>German GAAP provides specific presentation rules for certain transactions with the entity´s own shares. The premium on issuing shares has to be recognised in the capital reserve.<br><br>When treasury shares are repurchased, the nominal amount of the shares has to be deducted from the nominal capital and the difference between the nominal amount and the acquisition cost of the shares has to be offset against the reserves (available for distribution). | Like IFRS Standards, treasury shares must be reported as a deduction from equity.<br><br>Like IFRS Standards, gains and losses on transactions in own equity instruments are reported directly in equity, not in profit or loss. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | If the treasury shares are resold, the nominal capital is increased by the nominal amount of the shares and the amount previously offset against the reserves is reversed as far as sufficient proceeds are available. Any amount in excess of the former deduction from equity has to be recognised in the capital reserve. | |
| **Dividends and other distributions** to the holders of equity instruments, in their capacity as owners, are recognised directly in equity. | Like IFRS Standards dividend payments constitute an appropriation of earnings and are recognised directly in equity (and not in profit or loss). However, under HGB, separate presentation in the statement of profit or loss as an appropriation of earnings is warranted under certain circumstances. | Like IFRS Standards, dividends and other distributions to the holders of instruments classified as equity, in their capacity as owners, are recognised directly in equity. |
| **Non-redeemable NCI** are classified within equity, but separately from equity attributable to shareholders of the parent. | Like IFRS Standards, (NCI) have to be presented separately within equity. | Unlike IFRS, minority interests (NCI) are classified within group equity but separate from parent shareholders' equity. |
| IFRS Standards generally contain little guidance on the recognition and measurement of equity. IFRS 2 specifies recognition and measurement requirements for share-based payments. | However, unlike IFRS Standards, German GAAP does not provide specific measurement guidance for equity and does also not offer specific accounting rules for share-based payments (see 4.4). | Unlike IFRS Standards, more guidance is provided on the recognition and measurement of equity and the classification of the required captions within equity. Like IFRS Standards, Dutch GAAP provides special recognition and measurement requirements for share-based payments. |
| **References:**<br><br>IAS 1, IAS 32, IFRS 9, IFRIC 17 | **References:**<br><br>Sections 266, 268, 272 HGB; IDW HFA 1/1994 | **References:**<br><br>CC, RJ 240, RJ 290 |

# 6.4 Classification of financial assets and financial liabilities

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Financial assets are classified into one of three measurement categories: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). | Unlike IFRS Standards, German GAAP does not contain a classification regime similar to the one specified in IFRS Standards.<br><br>However, for presentation purposes, German GAAP provides certain balance sheet classifica-tions (line items) for assets and liabilities. | Unlike IFRS Standards, Dutch GAAP provides more options to measure financial assets and liabilities and more options to recognise fair value changes. However, Dutch GAAP does not permit accounting for loans granted and financial liabilities at fair value through profit and loss.<br><br>In accordance with RJ 290, financial assets and liabilities are classified into the following categories:<br><br>• Held-for-trading financial assets and financial liabilities are measured at fair value through profit or loss;<br><br>• Hedging derivatives financial assets and financial liabilities are measured at cost, or fair value;<br><br>• Non-hedging derivatives (financial assets and financial liabilities) on listed shares are measured at fair value through profit or loss;<br><br>• Other non-hedging derivatives (financial assets and financial liabilities) are measured at cost or lower fair value, or fair value through profit or loss;<br><br>• Acquired loans and bonds that are held to maturity (financial assets) are measured at amortised cost, applying the effective interest rate method;<br><br>• Other acquired loans and bonds (financial assets) are measured at amortised cost or fair value. If the latter option is applied, the entity may choose to recognise the fair value changes in profit or loss or in equity (revaluation reserve); |

<table>
<tr><th>IFRS</th><th>German GAAP</th><th>Dutch GAAP</th></tr>
<tr><td>A financial asset is classified as measured at amortised cost if it is held within a held-to-collect business model and its contractual cash flows are solely payments of principal and interest on the principal amount outstanding (SPPI).<br><br>A financial asset is classified as measured at FVOCI if it is held within a held-to-collect-and-sell business model and the contractual cash flows meet the SPPI criterion.<br><br>On initial recognition, an entity may choose to irrevocably designate a financial asset that would otherwise qualify for amortised cost or FVOCI as measured at FVTPL if this designation eliminates or significantly reduces a measurement or recognition inconsistency.<br><br>Investments in equity instruments fail the SPPI criterion and are therefore generally measured at FVTPL. On initial recognition, an entity may elect to present in OCI changes in the fair value of an investment in an equity instrument if it is not held for trading.</td><td>The general measurement guidance applies to financial assets and financial liabilities. The accounting for financial assets is generally based on (amortised) cost and subject to impairment.</td><td rowspan="2">• Loans and receivables (financial assets) are measured at amortised cost applying the effective interest rate method;<br><br>• Investments in listed equity instruments not held for trading (financial assets) are measured at fair value, with the option of recognising the fair value changes in profit or loss or in equity (revaluation reserve);<br><br>• Investments in non-listed equity instruments not held for trading (financial assets) are measured at cost or fair value. If the latter option is applied, the entity may choose to recognise the fair value changes in profit or loss or in equity (revaluation reserve);<br><br>• Other financial liabilities (not included in the aforementioned financial liability categories) are measured at amortised cost applying the effective interest method.</td></tr>
<tr><td>Financial liabilities are classified and, subsequently, measured at amortised cost except for financial liabilities held for trading that are measured at FVTPL and financial liabilities that are designated as at fair value on initial recognition. The amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of change in fair value is presented in profit and loss for designated financial liabilities. Amounts presented in OCI are never reclassified in profit and loss.</td><td>There is no similar classification under German GAAP.<br><br>The general measurement guidance applies to financial liabilities. Their accounting is generally based on the fulfilment amount.</td></tr>
</table>

| IFRS | German GAAP | Dutch GAAP |
| --- | --- | --- |
| Reclassification of financial assets is required if, and only if, the objective of the entity's business model for managing those financial assets changes. Such changes are expected to be very infrequent and are determined by the entity's senior management as a result of external or internal changes. These changes should be significant to the entity's operations and demonstrable to external parties.<br><br>A reclassification is recognised prospectively.<br><br>Reclassification from amortised cost to FVTPL: the fair value on reclassification date is the new carrying amount. The difference between amortised cost and fair value is recognised in profit and loss.<br><br>Reclassification from FVTPL to amortised cost: the fair value on reclassification date is the new carrying amount. Based on this carrying amount a new effective interest rate is calculated.<br><br>Reclassification from amortised cost to FVOCI: remeasure the financial asset at fair value with any difference recognised in OCI.<br><br>Reclassification from FVOCI to amortised cost: reclassify the financial asset at fair value to the amortised cost category and remove the fair value accumulated in OCI to adjust the reclassified fair value. The effective interest rate determined at initial recognition and the carrying amount are not adjusted as a result of reclassification | Unlike IFRS Standards, HGB does not contain specific reclassification rules for financial assets. | Unlike IFRS, on the basis of well-founded reasons, it is permitted to reclassify, for example in case of a financial crisis.<br><br>Unlike IFRS, upon reclassification of financial instruments from one (sub)category to another (sub) category any income and expenses at the time are:<br><br>a in case of a reclassification of a cost (sub)category to a fair value (sub)category, only recognised in the profit and loss account at the time that the financial instrument will be derecognised in the balance sheet;<br><br>b in case of a reclassification in a fair value (sub)-category to a cost (sub) category, recognised as part of the initial measurement in the new (sub)category (the fair value at the time of reclassification is equal to the deemed cost). For the value difference between the measurement on the basis of the 'original' historical cost and the measurement based on the 'deemed cost', a revaluation reserve shall be held based on Article 390 paragraph 1.<br><br>Unlike IFRS, reclassification of financial liabilities is not explicitly prohibited. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Reclassification from FVTPL to FVOCI: the fair value on reclassification date is the new carrying amount. Based on this carrying amount a new effective interest rate is calculated. Subsequent changes in fair value are recognised in OCI.<br><br>Reclassification from FVOCI to FVTPL: the fair value accumulated in OCI on reclassification date is reclassified to profit and loss. | | |
| Reclassification of financial liabilities is not permitted. | | |
| **References:**<br><br>IAS 32, IFRS 9 | **References:**<br><br>Sections 253, 255, 266 HGB | **References:**<br><br>CC, RJ 290 |

# 6.5 Recognition and derecognition

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Financial assets and financial liabilities, including derivative instruments, are recognised in the statement of financial position when the entity becomes a party to the instrument. However, 'regular way' purchases and sales of financial assets are recognised and derecognised using either at trade date or at settlement date accounting. | Like IFRS Standards, financial instruments are initially recognised at the date of acquisition. Usually this date is determined according to civil law. A receivable may only be recognised once the obligation resulting from an executory contract has substantially been fulfilled. Liabilities are, in principle, accounted for when they are legally incurred. For executory contracts, a liability has to be recognised once the good or service has been received.<br><br>Purchased derivative instruments (e.g. option rights) are recognised at cost at the date of acquisition (see also 6.2). | Like IFRS Standards, financial assets and financial liabilities, including derivative instruments, are recognised in the statement of financial position at trade date. |
| A **financial asset is derecognised** only when the contractual rights to the cash flows from the financial asset expire or when the financial asset is transferred, and the transfer meets certain conditions. | Like IFRS Standards, German GAAP does not contain any explicit guidance regarding the derecognition of financial assets. However, IDW publishes rules for the derecognition of financial instruments that are subject to certain transactions (e.g. asset backed security transactions, factoring). In general, derecognition depends on the transfer of the risks and rewards of the asset. However, in practice, HGB and IFRS Standards may differ, as HGB attaches more importance to the legal form than IFRS Standards. | Like IFRS Standards, a financial asset is derecognised upon the transfer of risks and rewards to a third party. Like IFRS Standards, a financial asset is transferred if the risks and rewards of ownership of the transferred financial asset are passed on to a third party. |
| A financial asset is transferred if an entity transfers the contractual rights to receive the cash flows from the financial asset or enters into a qualifying 'pass-through' arrangement. If a financial asset is transferred, then an entity evaluates whether it has retained the risks and rewards of ownership of the transferred financial asset. | An asset – including financial assets – is usually assigned to its legal owner, unless a risk and rewards approach leads to different results. Accordingly, receivables legally transferred to a third party are only derecognised if the third party has become the economic/ beneficial owner, e.g. the seller no longer bears any credit risks from accounts receivable transferred. | Unlike IFRS Standards, for derecognition of financial assets, there is no mixed approach of risk/ rewards and control under Dutch GAAP. The comprehensive derecognition rules of IFRS Standards are not implemented in Dutch GAAP. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| An entity derecognises a transferred financial asset if it has:<br>• transferred substantially all the risks and rewards of ownership; or<br>• neither retained nor transferred substantially all of the risks and rewards of ownership and has not retained control of the financial asset.<br>An entity continues to recognise a financial asset to the extent of its continuing involvement if it has neither retained nor transferred substantially all of the risks and rewards of ownership and it has retained control of the financial asset. | Derecognition is based on the notion of economic/beneficial ownership. The assessment in this respect is generally based on risks and rewards. There is no similar guidance to IFRS Standards beyond the risks and rewards analysis. | Like IFRS Standards, an entity derecognises a transferred financial asset if it has transferred substantially all the risks and rewards of ownership; or if it has neither retained substantially all the risks and rewards of ownership nor the control of the financial asset. |
| IFRS requires that a financial asset is derecognised when the contractual rights to its cash flows expire. However, there is no comprehensive guidance on how this criterion should be applied to contractual modifications of financial assets. IFRS states that in some circumstances the renegotiation or modification of the contractual cash flows of a financial asset can lead to its derecognition. Substantial modifications result in the derecognition of the financial asset and the recognition of a new financial asset, while the difference is recorded in profit and loss. | Under HGB, the general recognition rules apply. The recognition and derecognition for financial assets is dependent on beneficial ownership. | Like IFRS Standards, quantitative determination of substantial and non-substantial modification and accounting in such scenario is similar. However, no separate qualitative assessment in case of non-substantial modification is warranted separately. |
| A financial liability is derecognised when it is extinguished or when its terms are substantially modified and the obligation specified in the contract is discharged, cancelled or has expired. | Like IFRS Standards, a liability has to be derecognised if it has expired by fulfilment, offset, waiver, debt conversion or debt assumption. | Like IFRS Standards, a financial liability is derecognised when it is extinguished or when its terms are substantially modified and the obligation specified in the contract is discharged, cancelled or has expired. |
| **References:**<br>IAS 32, IFRS 9, IFRIC 19 | **References:**<br>Sections 246, 247 HGB; IDW RS HFA 8 | **References:**<br>RJ 115, RJ 290 |

# 6.6 Financial income and expense

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Interest income and expense is calculated using the effective interest method. | Similar to IFRS Standards, financial assets and financial liabilities are generally measured at amortised cost. However, there are differences with regard to detail. For example, a discount on issuing debt instruments is not considered in determining an effective interest rate; but it optionally might be capitalised and amortised subsequently over the term of the debtas the liability will initially be measured with its repayment amount. | Like IFRS Standards, interest income and expense should be calculated using the effective interest method. |
| Incremental transaction costs directly related to raising finance or acquiring a financial asset are included in the initial measurement of the instrument unless the instrument is categorised as a financial asset or liability at FVTPL. Interest generally is expensed as incurred.<br><br>Transactions costs on financial instruments subsequently measured at fair value through profit or loss are charged immediately to profit or loss. | Transaction costs are generally capitalised as part of the cost of financial assets. Unlike IFRS Standards, for financial liabilities, transaction costs are generally expensed as incurred. | Like IFRS Standards, incremental transaction costs directly related to raising finance or acquiring a financial asset are included in the initial measurement of the instrument.<br><br>Like IFRS Standards, transactions costs related to financial instruments that are measured at fair value through profit or loss should be recognised directly in profit or loss. |
| Interest related to qualifying assets shall be capitalised if certain conditions are met. | Unlike IFRS Standards, in principle, interest is expensed as incurred. But for assets that are constructed/produced by the entity, interest linked to financing the construction of the assets may optionally be capitalised during the construction/production period. | Unlike IFRS Standards, interest related to qualifying assets may be capitalised if certain conditions are met, but such capitalisation is not required. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Interest on both general borrowings and specific borrowings is eligible for capitalisation. The amount capitalised is net of investment income on the temporary investment of specific borrowings. | Borrowing costs capitalised as cost comprise only interest for financing the production. Costs for raising capital or foreign exchange differences may not be capitalised. | Like IFRS Standards, interest on both general borrowings and on specific borrowings is eligible for capitalisation. The amount capitalised is net of investment income on the temporary investment of specific borrowings. |
| **References:**<br><br>IAS 23, IAS 32, IFRS 9 | **References:**<br><br>Section 255 HGB | **References:**<br><br>RJ 270, RJ 273, RJ 290 |

# 6.7 Measurement and gains and losses

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| | | **General note: Legal entities under Dutch GAAP can opt to apply IFRS 9 (Financial Instruments) for the impairment losses based on the expected credit loss (ECL) model. Differences related to impairments may arise in case the option to adopt the ECL model is not applied for Dutch GAAP purposes. These differences are described later in this paragraph.** |
| On initial recognition, financial assets and financial liabilities are initially measured at fair value plus directly attributable transaction costs, except for:<br><br>• financial instruments classified as at FVTPL, which are initially measured at fair value; and<br><br>• trade receivables that are initially measured at the transaction price as defined in the revenue standard (provided that no significant financing component exists). | Financial assets are recognised at cost. Low-interest or non-interest-bearing receivables are recognised at their present value. Receivables from which a discount has been deducted are initially measured at their nominal amount. Deferred income is recognised in the amount of the discount deducted.<br><br>Liabilities are recognised at their settlement amount. The settlement amount is also recognised if it exceeds the issue price. In such a case, the difference (discount) may be capitalised as a deferred expense. An exception to the principle of accounting for liabilities at their settlement amount is the accounting treatment for zero bonds that are initially recognised at their issue price plus accrued interest. | Upon initial recognition, like IFRS Standards, financial instruments are measured at fair value, in the case of a financial instrument other than at fair value through profit or loss and transaction costs. On initial recognition, fair value is usually the transaction price, unless part of the consideration is for something other than a financial instrument or the instrument that bears an off-market interest rate.<br><br>**Financial assets:**<br><br>• Held-for-trading financial assets are measured at fair value through profit or loss.<br><br>• Hedging derivatives are measured at cost or fair value.<br><br>• Non-hedging derivatives on listed shares are measured at fair value through profit or loss.<br><br>• Other non-hedging derivatives are measured at cost or lower fair value, or fair value through profit or loss.<br><br>• Acquired loans and bonds that are held to maturity are measured at amortised cost, applying the effective interest rate method. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| After initial recognition, a financial asset is measured at amortised cost, FVOCI or FVTPL. The subsequent measurement method applicable depends on whether the SPPI criterion is met and if so, the outcome of the business modell assessment.<br><br>**Amortised cost category:** Recognition in profit or loss of interest revenue using the effective interest method, expected credit losses and reversals and foreign exchange gains and losses. When the financial asset is derecognised the gain or loss is recognised in profit or loss. | Unlike IFRS Standards, after initial recognition a financial asset is measured at amortised cost. Measurement principles differ depending on the classification of the financial asset as "non-current" or as "current". | • Other acquired loans and bonds are measured at amortised cost or fair value. If the latter option is applied, the entity may choose to recognise the fair value changes in profit or loss or in equity (revaluation reserve).<br><br>• Loans and receivables are measured at amortised cost applying the effective interest rate method.<br><br>• Investments in listed equity instruments not held for trading are measured at fair value, with a choice of recognising the fair value changes in profit or loss or in equity (revaluation reserve).<br><br>• Investments in non-listed equity instruments not held for trading are measured at cost or fair value. If the latter option is applied, the entity may choose to recognise the fair value changes in profit or loss or in equity (revaluation reserve). |
| **FVOCI category (debt instruments):** Recognition of gains and losses in OCI except for interest revenue using the effective interest method, expected credit losses and reversals and foreign exchange gains and losses which are recognised in profit or loss.<br><br>When the financial asset is derecognised the cumulative gain or loss is reclassified from OCI to profit or loss.<br><br>Equity instruments (presentation of gains or losses in OCI): recognition of gains and losses in OCI. Dividends are recognised in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognised in OCI are never reclassified to profit or loss. | Unlike IFRS Standards, regarding the remeasurement of non-current financial assets, the "moderate" lower of cost or market principle has to be applied (see below). For current financial assets and trade receivables, the "strict" lower of cost or market principle has to be applied (see below). Low-interest or non-interest-bearing receivables have to be subsequently measured based on the effective interest method. | **Financial liabilities:**<br><br>• Held for trading financial liabilities are measured at fair value through profit or loss.<br><br>• Hedging derivatives are measured at cost or fair value through profit or loss.<br><br>• Non-hedging derivatives on listed shares are measured at fair value through profit or loss.<br><br>• Other non-hedging derivatives are measured at cost or lower fair value, or fair value.<br><br>• Other financial liabilities (not taken into account in the aforementioned financial liability categories) are measured at amortised cost applying the effective interest rate method. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| **FVTPL category:** Gains and losses, realised and unrealised, both on subsequent measurement and derecognition are recognised in profit or loss. | The effects of measuring non-current financial assets, current financial assets as well as trade receivables are, in principle, recognised in profit or loss. Regarding current financial assets and trade receivables denominated in foreign currencies, generally all effects of a translation at the spot exchange rate at the reporting date are recognised in profit or loss. | Under Dutch GAAP, decreases below amortised cost should be recognised in profit or loss (not allowed to recognise a negative revaluation reserve).<br>As is clear from the list above, unlike IFRS Standards, Dutch GAAP provides more financial instruments to be subsequently measured at cost (amortised cost, or lower fair value). |
| Financial liabilities, other than those measured at FVTPL, are generally measured at amortised cost subsequent to initial recognition. If a financial liability is mandatorily measured at FVTPL, then all changes in fair value are recognised in profit or loss. | Unlike IFRS Standards, financial liabilities are, in principle, measured subsequently at their settlement amount. If a difference (discount) has been capitalised as a deferred expense, it is amortised over the term of the liability, whereby both the straight-line method and the effective interest method are deemed permissible. Liabilities related to zero bonds are accrued over their term up to the settlement amount recognising interest expense attributable to the respective period. | For example, unlike IFRS Standards, derivatives (including separated embedded derivatives) may be valued at cost or lower fair value.<br>Like IFRS Standards, changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are recognised in profit or loss. |
| Gains and losses of financial liabilities measured at FVTPL should be split. Fair value changes that are attributable to changes in credit risk of the liability should be presented in OCI. The amount presented in OCI is never reclassified to profit or loss. | There is no similar guidance under HGB. | |
| All derivatives (including separated embedded derivatives) are measured at fair value, with changes in fair value generally recognised in profit or loss. | Derivatives usually are not recognised and accounted for at fair value under German GAAP. Only for derivatives with negative fair values, which do not form a "valuation unit" (hedge accounting), a provision for onerous contracts is generally recognised in the amount of the negative fair value. (see 6.2). In case of a purchased derivative that has been recognised at cost (e.g. an option), the derivative is subsequently measured following the strict lower of cost or market principle (see below). | |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| **Interest income and interest expense** are calculated under the effective interest method, based on estimated cash flows that consider all contractual terms of the financial instrument at the date on which the instrument is initially recognised or at the date of any modification. | Unlike IFRS Standards, interest income and interest expense are generally calculated on the basis of the nominal interest rate. If the difference (discount) has been capitalised as a deferred expense or recognised as deferred income, it is recognised in profit or loss on a scheduled basis (by using the straight-line method or the effective interest method). | Like IFRS Standards, interest income and interest expense are calculated under the effective interest method, based on estimated cash flows that consider all contractual terms of the financial instrument at the date on which the instrument is initially recognised or at the date of any modification. Unlike IFRS Standards, amortisation on a straight-line basis is permitted if this does not lead to material differences compared to the EIR-method. |
| **The impairment model in the financial instruments standard (expected credit loss – ECL model)** covers financial assets measured at amortised cost, investments in debt instruments measured at fair value through OCI, certain loan commitments and financial guarantee contracts issued, lease receivables and contract assets.<br><br>Investments in equity instruments are outside the scope of the ECL requirements.<br><br>Impairment is recognised using an expected loss model, which means that it is not necessary for a loss event to occur before an impairment loss is recognised.<br><br>The general approach of the ECL model uses two measurement bases: 12-month ECLs and lifetime ECLs, depending on whether the credit risk on a financial asset has increased significantly since initial recognition.<br><br>ECLs on trade receivables and contract assets that do not have a significant financing component are always measured at lifetime ECLs. There is an accounting policy election to measure ECLs on trade receivables that have a significant financing component and on lease receivables either using the general approach or at lifetime ECLs. | For non-current financial assets, the "moderate lower" of cost or market principle is applied, such that if the value (e.g. market value or fair value) is permanently lower than the carrying amount, a write-down to the lower value is mandatory. Generally, for long-term financial assets for which an impairment loss is not deemed permanent a write down may nevertheless optionally be recognised.<br><br>For current financial assets and trade receivables, the strict lower of cost or market principle is applied, such that in the case of a lower value (e.g. market value or fair value), a write-down (Einzelwertberichtigung) to this value is mandatory.<br><br>Should the reasons for the decrease in value no longer exist in a subsequent financial year, the former write-down has to be reversed in the amount of the increase in value but not exceeding the amount of original amortised acquisition cost.<br><br>For trade receivables for which an write-down (Einzelwertberichtigung) was not recognised, a general value adjustment (Pauschalwertberichtigung) regarding (potential) loss events is recognised. | Unlike IFRS Standards, an entity assesses whether there is objective evidence of impairment of financial assets not measured at fair value through profit or loss. When there is objective evidence of impairment, any impairment loss is recognised in profit or loss. However, as stated, unlike IFRS Standards, under Dutch GAAP, some financial assets can be measured at cost or lower fair value. If this option is chosen, the aforementioned impairment rules do not apply. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| For financial assets that are credit-impaired on initial recognition, ECLs are measured as the change in lifetime ECLs since initial recognition. Accordingly, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset.<br><br>ECLs are measured in a way that reflects:<br>• a probability-weighted amount determined by evaluating a range of possible outcomes;<br>• the time value of money; and<br>• reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. | | |
| Specific line items in profit or loss are required with respect to interest revenue calculated using the effective interest rate; gains and losses arising from the derecognition of financial assets measured at amortised cost; impairment losses; gains and losses arising on reclassification of financial assets out of the amortised cost category into the FVTPL category and cumulative gains and losses reclassified from OCI to profit or loss of financial assets reclassified out of the FVOCI category into FVTPL category. | Like IFRS Standards, specific line items in profit or loss are required with respect to interest revenue, write-downs of non-current financial assets and of current securities, and interest expense. | When applying combination 3, the accounting policies applied in the IFRS Standards for consolidated financial statements are applied in the parent company financial statements as well. Thus, expected credit losses would have to be calculated on intercompany loans granted by the parent company. As these loans are eliminated on consolidation, no such ECL exist in the consolidated financial statements, potentially giving rise to a difference between consolidated and parent company equity and profit or loss. This has been solved by the DASB by issuing RJ 100.107a. RJ 100.107a requires the elimination of the ECL in the parent company accounts against the net asset value of the relevant subsidiary/associate/joint venture; or against the carrying amount of the intercompany loans. |
| **References:**<br><br>IAS 21, IAS 32, IFRS 9, IFRS 13 | **References:**<br><br>Sections 252, 253, 255, 275 HGB | **References:**<br><br>CC, RJ 290, RJ 273 |

# 6.8 Hedge accounting (IFRS 9)

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| Hedge accounting is voluntary and if selected, permits an entity to selectively measure assets, liabilities and firm commitments on a basis different from that otherwise stipulated in IFRS Standards, or to defer the recognition in profit or loss of gains or losses on derivatives.<br><br>Hedge accounting is required to be closely aligned with its actual risk management objectives. Hedge accounting is permitted only when specific requirements related to documentation and effectiveness are met. An entity can designate an item in its entirety or a component of an item as the hedged item. However, only certain components may be designated as the hedged item. | The accounting for a so called "valuation unit" (hedge) permits the aggregation of the exposures of assets, liabilities, executory transactions or highly probable transactions with derivative and non-derivative financial instruments as compensation in order to hedge changes in value or cash flows arising from similar risks. Instruments allocated to such a "valuation unit" are in principle not (just) measured individually but on an aggregated basis.<br><br>Under German GAAP, application of hedge accounting (valuation units) is optional. Like IFRS, hedge accounting is only permitted if the risk to be hedged can be documented and the hedge relationship meets certain hedge effectiveness requirements. | Like IFRS, hedge accounting permits an entity to selectively measure assets, liabilities and firm commitments on a basis different from that otherwise stipulated in Dutch GAAP, or to defer the recognition in profit or loss of gains or losses on derivatives.<br><br>Hedge accounting is voluntary. However, it is permitted only when strict documentation and effectiveness requirements are met. |
| There are **three hedge accounting models**: fair value hedges of fair value exposures; cash flow hedges of cash flow exposures; and net investment hedges of currency exposures on net investments in foreign operations.<br><br>Qualifying hedged items can be recognised assets or liabilities, unrecognised firm commitments, highly probable forecast transactions or net investments in foreign operations, net exposures or an aggregated exposure (a combination of non-derivative exposure and a derivative exposure). | Unlike IFRS , under German GAAP, two accounting methods are, in principle, permissible. Under the net method, changes in value of items with respect to offsetting the hedged risk are not accounted for (so-called "Einfrierungsmethode"). Under the gross method, the offsetting changes in value are recognised for both the underlying transaction (hedged item) and the hedging instrument (so-called "Durchbuchungsmethode"). The gross method " however cannot be applied to hedges of highly probable transactions.<br><br>Underlying transactions attributed to a hedge (valuation unit) may be assets, liabilities, executory transactions or highly probable transactions. Under German GAAP, net investments in a foreign operation cannot be subject to hedge accounting. | Like IFRS Standards, the three IFRS hedge accounting models are implemented under Dutch GAAP.<br><br>However, unlike IFRS Standards, Dutch GAAP permits a fourth model: cost price hedge accounting. Cost price hedge accounting is accounted for (to the extent the hedge relationship is effective) as follows:<br><br>• If the hedged item is recognised at cost, the derivative is also recognised at cost.<br><br>• As long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured in the balance sheet either. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| The following contracts with a party external to the reporting entity qualify as hedging instruments: derivative instruments (with some exceptions), non-derivative financial instruments measured at FVTPL (with some exceptions) and for hedges of foreign exchange risk only, the foreign currency risk component of a non-derivative financial instrument. | Unlike IFRS, there are fewer restrictions regarding hedging instruments and hedged items. At least one financial instrument generally has to be part of a hedge (valuation unit). | Unlike IFRS Standards, the following contracts with a party external to the reporting entity qualify as hedging instruments: derivative instruments (except net written options), non-derivative financial asset or liabilities used as a hedge of foreign currency risk. |
| Effectiveness testing is performed on a prospective basis only. | There is no such guidance under German GAAP. | Unlike IFRS Standards, effective-ness testing is conducted on both prospective and retrospective bases. |
| An entity may exclude the time value of a purchased option, forward element of a forward contract and foreign currency basis spread from the designation of a hedging instrument. | There is no such guidance under German GAAP. | |
| For a hedge to meet the hedge effectiveness requirement, there has to be an economic relationship between the hedged item and hedging instrument. Also, the value changes should not be dominated by the effect of credit risk and a specific requirements relation to the hedge ratio should be met.<br><br>Having an economic relationship means that the hedging instrument and the hedged item have values that generally move in the opposite direction because of the same (hedged) risk. The assessment relates to expectations about hedge effectiveness; therefore, the test is only forward-looking or prospective. | During the term of the hedge relationship, the effectiveness has to be monitored at least at each reporting date. This applies retrospectively for a quantitative determination of the changes in value of the hedge (valuation unit) to be accounted for, as well as prospectively in order to establish that the conditions for setting up a hedge (valuation unit) are still met. Like IFRS 9, German GAAP does not contain any permissible range of effectiveness. In practice, it is, however, assumed that the major portion of a hedged risk has to be offset. | The effectiveness test described under IFRS Standards is one of the permitted methods under Dutch GAAP. Dutch GAAP states that the level of (in)effectiveness may be determined by comparing the critical terms of the hedging instrument and hedged item. If these critical terms are not equal, then the level of (in)effectiveness should be determined by comparing the fair value changes of the hedging instrument and those of the hedged item (see above).<br><br>If the cost price hedge accounting model is used, RJ 290 states that only a cumulative loss (loss as from the date of initial recognition of the financial instrument) is recognised in profit or loss. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| For assessing whether a hedging relationship meets the hedge effectiveness requirements prospectively, a qualitative methodology (e.g. critical terms test) or a quantitative test (e.g. regression analysis) is permitted. | | |
| Rebalancing of the hedge ratio in a hedging relationship is a mandatory requirement if certain conditions are met. | There is no such guidance under German GAAP. | |
| For a cash flow hedge and a net investment hedge, the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss, even if the hedge has been highly effective. | In German GAAP the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss for all types of hedges, even if the hedge has been highly effective. | |
| A hedging relationship **is discontinued** in its entirety when as a whole it ceases to meet the qualifying criteria after considering any rebalancing of the hedging relationship (if applicable). Voluntary discontinuation when the qualifying criteria are met is prohibited. | The reasons regarding the termination of a hedge (valuation unit) are similar to IFRS. | Like IFRS Standards, hedge accounting is discontinued prospectively if the hedged transaction is no longer highly probable; the hedging instrument expires, is sold, terminated or exercised; the hedged item is sold, settled or otherwise disposed of; or the hedge is no longer highly effective. |
| Hedge documentation should be prepared for each individual hedging relationship. | Like IFRS, documentation requirements are applicable for each individual hedging relationship. | Two options for hedge documentation can be used:<br>• individual hedge documentation;<br>• generic hedge documentation for groups of hedging instruments. |
| If certain conditions are met, **net positions of hedged** items are permitted. | Like IFR, net positions of hedged items are permitted under certain conditions. | Net positions are not permitted under Dutch GAAP. Similar outcome can be achieved by allocating the net position to the largest gross position as a hedged item. |
| If an entity uses a credit derivative that is measured at FVTPL to manage the credit risk of all, or a part of credit exposure, and other criteria are met, then it can designate the exposure as at FVTPL as an alternative to hedge accounting. | There is no such guidance under German GAAP. | |

| IFRS | German GAAP | Dutch GAAP |
| --- | --- | --- |
| IFRS 9 allows an entity to choose as its accounting policy to defer application of the new general hedge accounting model and continue to apply the hedge accounting requirements of IAS 39 in their entirety until the standard resulting from the IASB's project on macro hedge accounting is effective<br><br>Some key differences between IFRS 9 and IAS 39 are:<br><br>Under IAS 39:<br><br>• Retrospective ineffectiveness testing<br><br>• Effectiveness requirement between 80-125 percent<br><br>• Under IFRS 9<br><br>• Netting of positions allowed<br><br>• Rebalancing allowed<br><br>Cost of hedging concept | | |
| **Costs of hedging concept**<br><br>From the hedging relationships an entity may exclude the time value of purchased options, the forward element of forward contracts and foreign currency basis spreads. These excluded elements will be recognised in OCI and, subsequently, be deferred in case of transaction-related hedged items and amortised in case of time period-related hedged items.<br><br>Aggregated exposures (a combination of a non-derivative exposure and a derivative) are allowed to be used as hedged item. | Unlike IFRS, there is no concept of cost of hedging under German GAAP.<br><br>Similar approaches might be acceptable. | The costs of hedging concept does not exist under Dutch GAAP. Excluded elements (which may be time value of purchased options or the forward elements of a forward contract) of derivatives in a hedge relation will be measured at the basic measurement policies.<br><br>Dutch GAAP does not explicitly forbid aggregated exposures. |
| IFRS 9 forbids credit risk to be designated as a hedged risk. Certain credit exposures that are managed for credit risk with credit derivatives may be designated at fair value through profit or loss (FVTPL). | There is no such guidance under German GAAP. | Unlike IFRS Standards, credit risk can be designated as a hedged risk, provided that all hedge accounting requirements can be met. |
| **References:**<br><br>IAS 1, IAS 32, IFRS 7, IFRS 9 and IFRS 13 | **References:**<br><br>Section 254 HGB; IDW RS HFA 35 | **References:**<br><br>CC, RJ 290 |

# 6.9 Presentation and disclosure

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| IFRS mandate separate presentation of certain amounts in the statement of financial position and in the statement of profit or loss and OCI.<br><br>**A financial asset and a financial liability are offset only when** there is both a legally enforceable right to offset, and an intention to settle net or to settle both amounts simultaneously. | Like IFRS Standards, the offsetting of receivables and liabilities is only possible if the legal conditions for a right to offset are met. | General note — there are less disclosure requirements under Dutch GAAP as it is currently not in line with IFRS 7 and IFRS 13.<br><br>Like IFRS Standards, a financial asset and a financial liability are offset only when there is both a legally enforceable right to offset and an intention to settle net or both amounts simultaneously. |
| Disclosure is required in respect of the significance of financial instruments for the entity's financial position and performance, the nature and extent of risk arising from financial instruments and how the entity manages those risks.<br><br>Risk disclosures require both qualitative and quantitative information. | Unlike IFRS Standards, in notes to the financial statements, a comparable extent of disclosures is not required. However, material financial instruments as well as risks an entity is exposed to need to be explained in the management report.<br><br>Moreover, disclosure in the notes is required for transactions that are not presented in the balance sheet as long as risks and rewards of these transactions are significant and necessary to enable users of financial statements to evaluate the entity's financial position.<br><br>Furthermore, disclosures in the notes are required for non-current financial instruments recognised at an amount exceeding fair value because the fair value is not expected to be permanently lower than the carrying amount (application of the moderate lower of cost or market principle, see 6.5).<br><br>Further disclosures in the notes are required for derivative financial instruments not measured at fair value as well as for financial instruments measured at fair value. | Like IFRS Standards, disclosure is required in respect of the significance of financial instruments for the entity's financial position and performance, the nature and extent of risk arising from financial instruments and how the entity manages those risks. However, Dutch GAAP provides less detailed disclosure rules than required under IFRS Standards. |

| IFRS | German GAAP | Dutch GAAP |
|---|---|---|
| For disclosure of the significance of the financial instruments, the overriding principle is to disclose sufficient information to enable users of financial statements to evaluate the significance of the financial instruments for an entity's financial position and performance. | Also, German GAAP prescribes specific disclosures in the notes for hedges (valuation units) relating to hedged items. | Like IFRS Standards, for disclosure of the significance of the financial instruments, the overriding principle is to disclose sufficient information to enable users of financial statements to evaluate the significance of the financial instruments for an entity's financial position and performance. However, Dutch GAAP provides less detailed disclosure rules as required under IFRS. |
| **Qualitative disclosures** describe management's objectives, policies and processes for managing risks arising from financial instruments. | Disclosures required in the management report have to describe management's objectives, policies and processes for managing risks arising from financial instruments including hedging methods.<br><br>Furthermore, price risk, credit risk, liquidity risk and cash flow risk arising from financial instruments the entity is exposed to have to be disclosed. | Like IFRS Standards, qualitative disclosures are required in respect of financial risks and management's approach to managing these risks.<br><br>Unlike IFRS Standards, only significant contractual terms and conditions of, and accounting policies applied to, all financial instruments must be disclosed. |
| **Quantitative data** about the exposure to risks arising from financial instruments is based on information provided internally to key management. However, certain disclosures about the entity's exposures to credit risk, liquidity risk and market risk arising from financial instruments are required, irrespective of whether this information is provided to management. | Like IFRS Standards, certain disclosures about the entity's exposure to price risk, credit risk, liquidity risk and cash flow risk arising from financial instruments are required, irrespective of whether this information is provided to management. The nature and extent of these risks may be described, for example, by sensitivity analysis or by key indicators like value at risk. | Like IFRS Standards, the fair value of instruments not carried at fair value in the financial statements must be disclosed. In addition, disclosure is required for methods used and significant assumptions made for determining fair value. |
| **References:**<br><br>IAS 1, IAS 32, IFRS 7, IFRS 9 and IFRS 13 | **References:**<br><br>Sections 285, 289, 314, 315 HGB; GAS 20 | **References:**<br><br>CC, RJ 290, RJ 400 |

# 7 Appendices

# 7.1 List of abbreviations used

Abridged name for specific terms, persons, organisations or items.

| | |
|---|---|
| **AFM** | Autoriteit Financiële Markten – Financial Markets Authority |
| **BAW** | Current Value Decree |
| **BMJ** | Annual Accounts Formats Decree |
| **BV** | Besloten vennootschap – Private limited liability company (similar to Ltd) |
| **BW (CC)** | The Dutch Civil Code |
| **CV** | Commanditaire vennootschap – (Dutch version of a) Limited Partnership |
| **DNB** | De Nederlandsche Bank – The Central Bank of the Netherlands |
| **DCC** | Dutch Civil Code |
| **EC** | European Commission |
| **ESMA** | European Securities and Markets Authority |
| **EU** | European Union |
| **FAS** | Financial Accounting Standards |
| **FASB** | Financial Accounting Standards Board |
| **HGB** | Handelsgesetzbuch (German Commercial Code) |
| **IAS** | International Accounting Standards |
| **IASB** | International Accounting Standards Board |
| **IASC** | International Accounting Standards Committee |
| **IOSCO** | International Organization of Securities Commissions |
| **IFRIC** | International Financial Reporting Interpretations Committee |
| **IFRS** | International Financial Reporting Standards |
| **NV** | Naamloze vennootschap – Public limited liability company (similar to plc) |
| **OBB (PIE)** | Organisatie van Openbaar Belang – Public interest entity |
| **RJ (DASB)** | Raad voor de Jaarverslaggeving – Dutch Accounting Standards Board |
| **RJ** | Richtlijnen voor de Jaarverslaggeving – Dutch accounting standards for large and medium-sized legal entities |
| **RJk** | Richtlijnen voor de Jaarverslaggeving – Dutch accounting standards for micro and small legal entities |
| **RvC (SB)** | Raad van Commissarissen – Supervisory Board |
| **SIC** | Standing Interpretations Committee |
| **US GAAP** | United States Generally Accepted Accounting Principles |
| **VOF** | Vennootschap onder firma – (Dutch version of a) General Partnership |
| **WED** | Economic Offences Act |
| **Wft** | Financial Supervision Act |

# 7.2 List of IFRS in issue at 1 January 2023

| Reference | Standard/Interpretation |
|---|---|
| **IFRS 1** | First-time Adoption of International Financial Standards |
| **IFRS 2** | Share-based Payment |
| **IFRS 3** | Business Combinations |
| **IFRS 4** | Insurance Contracts |
| **IFRS 5** | Non-current Assets Held for Sale and Discontinued Operations |
| **IFRS 6** | Exploration for and Evaluation of Mineral Assets |
| **IFRS 7** | Financial Instruments: Disclosures |
| **IFRS 8** | Operating Segments |
| **IFRS 9** | Financial Instruments |
| **IFRS 10** | Consolidated Financial Statements |
| **IFRS 11** | Joint Arrangements |
| **IFRS 12** | Disclosure of Interests in Other Entities |
| **IFRS 13** | Fair Value Measurement |
| **IFRS 14** | Regulatory Deferral Accounts |
| **IFRS 15** | Revenue from Contracts with Customers |
| **IFRS 16** | Leases |
| **IFRS 17** | Insurance contracts (as of 1 January 2023) |
| **IAS 1** | Presentation of Financial Statements |
| **IAS 2** | Inventories |
| **IAS 7** | Statement of Cash Flows |
| **IAS 8** | Accounting Policies, Changes in Accounting Estimates and Errors |
| **IAS 10** | Events After the Reporting Period |
| **IAS 12** | Income Taxes |
| **IAS 16** | Property, Plant and Equipment |
| **IAS 19** | Employee Benefits |
| **IAS 20** | Accounting for Government Grants and Disclosure of Government Assistance |
| **IAS 21** | The Effects of Changes in Foreign Exchange Rates |
| **IAS 23** | Borrowing Costs |
| **IAS 24** | Related Party Disclosures |
| **IAS 26** | Accounting and Reporting by Retirement Benefit Plans |
| **IAS 27** | Separate Financial Statements |
| **IAS 28** | Investments in Associates and Joint Ventures |

| Reference | Standard/Interpretation |
|---|---|
| **IAS 29** | Financial Reporting in Hyperinflationary Economies |
| **IAS 32** | Financial Instruments: Presentation |
| **IAS 33** | Earnings Per Share |
| **IAS 34** | Interim Financial Reporting |
| **IAS 36** | Impairment of Assets |
| **IAS 37** | Provisions, Contingent Liabilities and Contingent Assets |
| **IAS 38** | Intangible Assets |
| **IAS 39** | Financial Instruments: Recognition and Measurement |
| **IAS 40** | Investment Property |
| **IAS 41** | Agriculture |
| **IFRIC 1** | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| **IFRIC 2** | Members' Shares in Co-operative Entities and Similar Instruments |
| **IFRIC 5** | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| **IFRIC 6** | Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment |
| **IFRIC 7** | Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies |
| **IFRIC 10** | Interim Financial Reporting and Impairment |
| **IFRIC 12** | Service Concession Arrangements |
| **IFRIC 14** | IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| **IFRIC 16** | Hedges of a Net Investment in a Foreign Operation |
| **IFRIC 17** | Distributions of Non-cash Assets to Owners |
| **IFRIC 19** | Extinguishing Financial Liabilities with Equity Instruments |
| **IFRIC 20** | Stripping Costs in the Production Phase of a Surface Mine |
| **IFRIC 21** | Levies |
| **IFRIC 22** | Foreign Currency Translations and Advance Consideration |
| **IFRIC 23** | Uncertainty over Income Tax Treatments |
| **SIC-7** | Introduction of the Euro |
| **SIC-10** | Government Assistance – No Specific Relation to Operating Activities |
| **SIC-25** | Income Taxes – Changes in the Tax Status of an Entity or its Shareholders |
| **SIC-29** | Service Concession Arrangements: Disclosures |
| **SIC-32** | Intangible Assets – Web Site Costs |

# 7.3 List of RJ in issue at 1 January 2023

| Reference | Standard/Interpretation |
|---|---|
| **RJ 100** | Introduction |
| **RJ 110** | Objectives and basic assumptions |
| **RJ 115** | Criteria for recognition and disclosure of information |
| **RJ 120** | Valuation principles |
| **RJ 121** | Impairments of fixed assets |
| **RJ 122** | Valuation principles for foreign currencies |
| **RJ 135** | General principles for the determination of the result |
| **RJ 140** | Changes in accounting policies |
| **RJ 145** | Changes in accounting estimates |
| **RJ 150** | Correction of errors |
| **RJ 160** | Events after the balance sheet date |
| **RJ 170** | Discontinuity and significant doubts on going concern |
| **RJ 190** | Other general matters |
| **RJ 210** | Intangible fixed assets |
| **RJ 212** | Tangible fixed assets |
| **RJ 213** | Investment property |
| **RJ 214** | Financial fixed assets |
| **RJ 215** | Joint ventures |
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|---|---|
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