

AUDIT

# **The New Law on Accounting and Financial Reporting**

**Illustrative financial statements of an Industry Ltd,  
a Holding Ltd and a Non-Profit Foundation  
(including disclosure checklist)**

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# Preliminary remarks and assumptions

On 23 December 2011 the Swiss Parliament enacted the new law on accounting and financial reporting (Accounting Law), which became effective on 1 January 2013. It will be applicable to financial statements as of and for the financial year 2015, and for consolidated accounts as of 2016, respectively.

This KPMG publication aims to support companies in their first application of the new legislation as far as the presentation of the annual financial statements (of a single entity) is concerned. By using three examples, it is shown how the provisions of art. 959 – 961b CO could be implemented in practice. These illustrative financial statements present the possible financial reporting for the year 2016, i.e. the first business year after the first application of the new Accounting Law. For illustrations of the first application of the new law for business year 2015, please refer to our separate brochure entitled «The New Law on Accounting and Financial Reporting – Transitional Provisions art. 2 para. 4: Effects on the Presentation of the Annual Financial Statements at the Time of the First Application», which is available in German and French.

The following illustrative financial statements are purely fictional and meant for illustrative purposes only (no claim for completeness). Any similarities with existing companies are purely coincidental. Therefore, the information contained in these illustrative financial statements cannot necessarily be applied to the circumstances of a specific company. In individual cases, the complete text of the new Accounting Law should be consulted.

The following assumptions apply to the illustrative financial statements:

Industry Ltd	Holding Ltd	Non-Profit Foundation
<ul style="list-style-type: none"> <li>The fictitious, non-listed company Industry Ltd controls other companies and prepares its consolidated financial statements in accordance with principles of orderly financial reporting (the so called «Swiss CO consolidation» according to art. 963b para. 3 CO, which is not included in this brochure).</li> <li>By law, the company is subject to an ordinary audit and must make additional disclosures in the notes to the financial statements and provide a cash flow statement as stipulated in the regulation for larger entities (art. 961a – 961b CO).</li> </ul> <p>The management report also required for larger entities (art. 961c CO) is not part of the financial statements and therefore not presented in these illustrative financial statements.</p>	<ul style="list-style-type: none"> <li>The fictitious, non-listed company Holding Ltd controls other companies and prepares its consolidated financial statements in accordance with Swiss GAAP FER (not presented in this brochure).</li> <li>By law, the company is subject to an ordinary audit. As Holding Ltd has prepared its consolidated financial statements in accordance with a recognized accounting standard, it has decided to forego presenting additional information in the notes and a cash flow statement as per art. 961d para. 1 CO.</li> </ul>	<ul style="list-style-type: none"> <li>The fictitious Non-Profit Foundation is subject to a limited statutory examination only; accordingly, the provisions applicable to larger entities are not applicable in this case.</li> </ul>

The illustrative notes to the financial statements contain a selection of statutory minimum disclosures. However, depending on the entity-specific facts and circumstances, it may be appropriate or required to provide additional explanations. Moreover, for the illustrative income statements and cash flow statement, subtotals and appropriate descriptions have been used.

Art. 959c Para. 2  
Lit. 1 CO

# Illustrative financial statements of Industry Ltd, Zurich

Art. 959a Para. 1 CO

## Balance sheet

<b>Assets</b>	<b>Notes</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
<b>CHF 1'000</b>			
Cash and cash equivalents		8'444	7'111
Securities listed on a stock exchange		2'325	2'342
Trade accounts receivable	2.1	20'956	19'980
Other short-term receivables		4'511	5'089
Inventories and non-invoiced services	2.2	31'178	28'178
Prepaid expenses and accrued income		1'756	1'800
<b>Total current assets</b>		<b>69'170</b>	<b>64'500</b>
Financial assets		1'889	1'733
Investments	2.3	3'000	3'000
Property, plant and equipment	2.4	76'542	62'000
Intangible assets	2.5	1'703	1'178
<b>Total non-current assets</b>		<b>83'134</b>	<b>67'911</b>
<b>TOTAL ASSETS</b>		<b>152'304</b>	<b>132'411</b>

Art. 959a Para. 2 CO

## Liabilities and Shareholders' equity

<b>CHF 1'000</b>	<b>Notes</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
Trade accounts payable	2.6	24'289	20'689
Short-term interest-bearing liabilities		15'324	6'018
Other short-term liabilities	2.7	5'000	10'289
Short-term provisions		1'431	1'580
Accrued expenses and deferred income		9'089	8'667
<b>Total short-term liabilities</b>		<b>55'133</b>	<b>47'243</b>
Long-term interest-bearing liabilities	2.8	41'289	41'156
Provisions		3'147	3'398
<b>Total long-term liabilities</b>		<b>44'436</b>	<b>44'554</b>
<b>Total liabilities</b>		<b>99'569</b>	<b>91'797</b>
Share capital	2.9	17'000	14'500
Legal capital reserves			
• Reserves from capital contributions	2.9	6'500	0
• Other capital reserves		6'589	6'589
Legal retained earnings			
• General legal retained earnings		10'000	10'000
• Reserves for treasury shares	2.10	460	460
Voluntary retained earnings			
• Available earnings			
– Results carried forward		7'653	7'129
– Profit for the year		4'600	1'980
Treasury shares	2.10	-67	-44
<b>Total shareholders' equity</b>		<b>52'735</b>	<b>40'614</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>152'304</b>	<b>132'411</b>

## Income statement

CHF 1'000	Notes	2016	2015	Art. 959b Para. 2 CO
Revenue from sale of goods and services	2.11	166'644	137'511	
Other operating income		2'389	3'411	
Change in inventory of finished goods and work in progress as well as non-invoiced services		1'156	-1'067	
<b>Total operating income</b>		<b>170'189</b>	<b>139'855</b>	
Raw materials and supplies		-80'978	-60'844	
Personnel expenses		-41'844	-38'644	
Other operating expenses		-28'467	-27'133	
Depreciation and impairment losses on property, plant and equipment		-11'232	-10'543	
Amortization on intangible assets		-168	-102	
<b>Operating result</b>		<b>7'500</b>	<b>2'589</b>	
Financial income		441	734	
Financial expenses		-1'102	-1'226	
Non-operating income	2.12	601	598	
Non-operating expenses	2.12	-312	-493	
Extraordinary, non-recurring or prior period expenses	2.13	-350	0	
<b>Profit for the year before taxes</b>		<b>6'778</b>	<b>2'202</b>	
Direct taxes		-2'178	-222	
<b>Profit for the year</b>		<b>4'600</b>	<b>1'980</b>	

Art. 961b CO  
disclosure  
requirement for  
larger entities

## Cash flow statement

CHF 1'000	Notes	2016	2015
Profit for the year		4'600	1'980
Depreciation/amortization and impairment losses on non-current assets		11'400	10'645
Other non-cash (income)/expenses		-10	111
(Gains)/losses arising from disposals of non-current assets		-37	18
Changes in securities listed on a stock exchange		17	-1'953
Changes in trade accounts receivable		-976	1'090
Changes in inventories and non-invoiced services		-3'000	1'622
Changes in other short-term receivables, prepaid expenses and accrued income		622	-600
Changes in trade accounts payable		3'600	1'556
Changes in other short-term liabilities, accrued expenses and deferred income		-4'867	643
Changes in provisions		-400	-1'333
<b>Cash flows from operating activities</b>		<b>10'949</b>	<b>13'779</b>
Acquisition of property, plant and equipment		-26'137	-9'267
Proceeds from sale of property, plant and equipment		400	0
Acquisition of financial assets		-525	-1'525
Proceeds from sale of financial assets		369	0
Acquisition of intangible assets		-693	-156
<b>Cash flows from investing activities</b>		<b>-26'586</b>	<b>-10'948</b>
Proceeds from issue of share capital (including share premium)	2.9	9'000	0
Distribution of profits to shareholders (dividends)		-1'456	-1'200
Acquisition of treasury shares	2.10	-23	0
Proceeds from sale of treasury shares	2.10	0	633
Cash inflows/(cash outflows) from short-term interest-bearing liabilities		9'306	278
Cash inflows from long-term interest-bearing liabilities		133	200
Cash outflows from long-term interest-bearing liabilities		0	-500
<b>Cash flows from financing activities</b>		<b>16'960</b>	<b>-589</b>
<b>Change in cash and cash equivalents</b>		<b>1'323</b>	<b>2'242</b>
Reconciliation:			
Cash and cash equivalents as at 1 January		7'111	4'721
Exchange rate differences on cash and cash equivalents		10	148
Balance in cash and cash equivalents as at 31 December		8'444	7'111
<b>Change in cash and cash equivalents</b>		<b>1'323</b>	<b>2'242</b>

## Notes

### 1. Principles

Art. 959c Para. 1  
Lit. 1 CO

#### **Note:**

*The accounting principles highlighted in blue are alternative wordings for cases where accounting policies with respect to recognition, presentation or valuation deviate from the ones chosen by Industry Ltd. These alternative accounting principles have not been further considered in the present illustrative financial statements. However, they could require additional disclosures.*

#### 1.1 General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

#### 1.2 Inventories and non-invoiced services

Inventories and non-invoiced services are recorded at acquisition or manufacturing costs: If the net realizable value at the balance sheet date is lower than acquisition or manufacturing costs, net realizable values are used. The company has furthermore made use of a general value adjustment admissible under tax law. Acquisition costs are calculated using the weighted average cost method, manufacturing costs using standard costs.

#### **Possible alternative accounting principle:**

*Inventories are valued at acquisition or manufacturing costs – or if this is lower, at net realizable value (lowest value principle). The acquisition or manufacturing costs are calculated with the FIFO method (first in – first out).*

*Non-invoiced services are valued at manufacturing costs (standard full cost of own work) or at acquisition costs (work provided by third parties). If the net realizable value at the balance sheet date is lower than acquisition or manufacturing costs, net realizable values are used.*

*Longer-term construction contracts are accounted for according to the POC (percentage of completion) method, provided the relevant conditions are met. With the POC method, not only the acquisition and manufacturing costs are recorded but also a share of profits in accordance with the percentage of completion, provided the realization is sufficiently secure. The percentage of completion is calculated with the costs incurred so far in comparison to the expected overall costs (cost-to-cost). Should the conditions for the POC method not be met, the project is accounted for using the completed contract method, whereas it is only recognized in the income statement once the delivery and performance risks have been passed on to the client. Expected losses are fully provisioned immediately in both the POC as well as the CC method.*

#### 1.3 Securities and financial assets

Art. 960b Para. 1  
and 2 CO

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. A valuation adjustment reserve has not been accounted for.

Financial assets include securities with a long-term holding period that have no quoted market price or no other observable market price, as well as loans to employees. Financial assets are valued at their acquisition cost adjusted for impairment losses.

#### **Possible alternative accounting principle:**

*Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. In order to account for fluctuations in value, the entity records a valuation adjustment reserve which amounts to the difference between the market price as at balance sheet date and lower historical acquisition cost.*

#### 1.4 Property, plant and equipment

Property, plant and equipment (PPE) is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, PPE is depreciated using the straight-line method. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

#### 1.5 Intangible assets

Intangible assets generated internally are capitalized if they meet the following conditions cumulatively at the date of recognition:

- the intangible assets generated internally are identifiable and controlled by the entity;
- the intangible assets generated internally will generate a measurable benefit for the entity for more than one year;
- the expenses incurred in the creation of the intangible assets generated internally can be separately recognized and measured;
- it is likely that the resources required to complete and market or use the intangible assets for the entity's own purposes are available or will be made available.

Intangible assets are amortized using the straight-line method. As soon there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

#### 1.6 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

##### **Possible alternative accounting principles:**

- *Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss incurred is allocated or charged to the voluntary retained earnings.*
- *Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss incurred is allocated or charged to the legal capital reserves.*

#### 1.7 Revenue from sale of goods and services

Sales are recognized when risks and rewards are transferred to the client or a service has been provided. Normally, this is the case upon delivery of the goods. In cases where Industry Ltd is also responsible for the delivery and installation of delivered goods, revenue recognition only takes place once the installation has been completed.

##### **Possible alternative accounting principle:**

*Revenue from services is recorded as at invoicing. Once the service has been rendered it is invoiced, at the latest at the end of each quarter.*

#### 1.8 Share-based payments

Should treasury shares be used for share-based payment programs, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses. Shares awarded to employees by capital increase are accounted for as follows: the amount paid by the employees for the nominal value of the shares awarded is recorded in share capital, while the paid amount exceeding the nominal value is considered to be a share premium and is recorded in legal capital reserves.

**Possible alternative accounting principle:**

Should Board members and employees receive treasury shares as part of a share-based compensation program, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses. These expenses are allocated across the entire vesting period if the actual shares are only handed over at a later date and if it depends on the employee's remaining with the company for a set period. Should the share-based compensation be related only to the employee's performance during the year of the allocation, the entire expense is recorded in that year, regardless of the actual transfer date of the shares.

## 1.9 Leases

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as expenses in the period they are incurred; however, the leased or rented objects themselves are not recognized in the balance sheet.

**Possible alternative accounting principle:**

Leasing transactions are recognized in the balance sheet according on a substance over form basis. For this, leasing agreements and rental leases are classified as finance leases if essentially all of the risks and benefits related to the ownership of the leased object have been transferred to Industry Ltd as the lessee. All other leasing transactions are considered operating leases.

For finance leases the value of the leased or rented object is capitalized in property, plant and equipment (PPE) at the beginning of the contract; the same amount is recorded as leasing liability. The depreciation of PPE and the amortization of the leasing liabilities then take place over the leasing period.

For operating leases, the rents and leasing rates are directly recorded in the income statement.

Art. 959c Para. 1  
Lit. 2 CO

## 2. Information on balance sheet and income statement items

### 2.1 Trade accounts receivable

CHF 1'000	31.12.2016	31.12.2015
Receivables from third parties	8'884	7'585
Valuation adjustment	-1'237	-1'397
Receivables from shareholders	325	342
Receivables from companies in which the entity holds an investment	9'309	9'240
Receivables from other group companies	3'675	4'210
<b>Total</b>	<b>20'956</b>	<b>19'980</b>

### 2.2 Inventories and non-invoiced services

CHF 1'000	31.12.2016	31.12.2015
Raw materials and supplies	5'670	4'893
Work in progress	22'718	21'329
Finished goods	14'605	14'636
Non-invoiced services	1'318	1'520
Valuation adjustment	-13'133	-14'200
<b>Total</b>	<b>31'178</b>	<b>28'178</b>

Art. 959c Para. 2  
Lit. 3 CO

### 2.3 Investments

Company	Domicile	Capital in 1,000		Share in capital and voting rights in %	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
Industrie Finanz AG	Zurich	CHF 100	CHF 100	100	100
Betatechnik AG	St. Gall	CHF 1'000	CHF 1'000	75	75
Industrie-Productions SA	Lausanne	CHF 1'000	CHF 1'000	100	100
Omega AG	Vienna	EUR 2'000	EUR 2'000	20	20
Delta AG	Salzburg	EUR 2'000	EUR 2'000	20 (indirectly held)	20 (indirectly held)

### 2.4 Property, plant and equipment

CHF 1'000	31.12.2016	31.12.2015
Operating properties	14'805	15'120
Non-operating properties	4'900	5'300
Land reserve	5'600	0
Installations and equipment	42'324	33'702
Vehicles	8'913	7'878
<b>Total</b>	<b>76'542</b>	<b>62'000</b>

Art. 959c Para. 2  
Lit. 12 CO

In the course of the relocation of a part of the production from Zurich to Winterthur in 2015 and 2016, impairment losses on operating properties and installations and equipment in the amount of CHF 2,910k and CHF 2,224k respectively, had to be recognized.

In 2016, the company acquired a plot of land in Winterthur next to the production facilities, which is currently held as a land reserve.

## 2.5 Intangible assets

Intangible assets mainly consist of software (developed by third parties or acquired) and capitalized costs of internally generated and patented production methods.

## 2.6 Trade accounts payable

CHF 1'000	31.12.2016	31.12.2015	
Accounts payable due to third parties	16'934	14'302	
Accounts payable due to companies in which the entity holds an investment	4'919	3'286	Art. 959a Para. 4 CO
Accounts payable to other group companies	2'436	3'101	
<b>Total</b>	<b>24'289</b>	<b>20'689</b>	

## 2.7 Other short-term liabilities

CHF 1'000	31.12.2016	31.12.2015	
Liabilities due to third parties	4'835	10'147	
Liabilities due to pension fund	120	112	Art. 959c Para. 2 Lit.7 CO
Liabilities due to governing bodies (board of directors and auditors)	45	30	Art. 959a Para. 4 CO
<b>Total</b>	<b>5'000</b>	<b>10'289</b>	

## 2.8 Long-term interest-bearing liabilities

CHF 1'000	31.12.2016	31.12.2015	
Loans from companies in which the entity holds an investment	17'500	17'000	
Bank loans	20'860	17'500	
Other interest-bearing liabilities due to third parties	2'929	6'656	
<b>Total</b>	<b>41'289</b>	<b>41'156</b>	

Overview by maturity:

CHF 1'000	31.12.2016	31.12.2015	
Up to five years	5'089	5'156	
More than five years	36'200	36'000	
<b>Total</b>	<b>41'289</b>	<b>41'156</b>	Art. 961a Lit. 1 CO disclosure requirements for larger entities

## 2.9 Share capital and reserves from capital contributions

On 30 April 2016, the company increased its share capital by CHF 9,000k (par value CHF 2,500k, reserves from capital contributions CHF 6,500k).

As at 31 December 2016, the share capital consists of 170,000 registered shares at a par value of CHF 100 each.

## 2.10 Treasury shares

Art. 959c Para. 2  
Lit.4 and 5 CO

Number of registered shares	2016	2015
<b>Inventory as at 1.1.</b>	<b>157</b>	<b>3'209</b>
Acquisitions	77	0
Sales	0	-2'260
Allocation to board members and employees	0	-792
<b>Inventory as at 31.12.</b>	<b>234</b>	<b>157</b>

In 2016, 77 registered shares were purchased at the price of CHF 300 each. In 2015, 2,260 registered shares were sold and 792 registered shares were allocated to board members and employees. The average selling price was CHF 280 each.

In 2014, a subsidiary acquired 1,643 registered shares of Industry Ltd at a price of CHF 280 each. A respective reserve for treasury shares was recorded.

## 2.11 Revenue from sale of goods and services

CHF 1'000	2016	2015
Revenue from sale of goods	153'827	127'058
Revenue from delivery of services	12'817	10'453
<b>Total</b>	<b>166'644</b>	<b>137'511</b>

## 2.12 Non-operating income and expenses

Non-operating income and expenses include rental income and relevant costs related to non-operating properties.

Art. 959c Para. 2  
Lit.12 CO

## 2.13 Extraordinary expenses

Extraordinary expenses of CHF 350k relate to the costs of the clean-up after the storm in August 2016, which destroyed part of the production facility.

### 3. Other information

#### 3.1 Net release of hidden reserves

CHF 1'000	2016	2015
Total net release of hidden reserves	0	1'789

Art. 959c Para. 1  
Lit. 3 CO

#### 3.2 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, exceeded 250.

Art. 959c Para. 2  
Lit. 2 CO

#### 3.3 Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follows:

CHF 1'000	31.12.2016	31.12.2015
Up to 1 year	2'543	3'125
1–5 years	1'783	1'955
More than 5 years	341	657
<b>Total</b>	<b>4'667</b>	<b>5'737</b>

Art. 959c Para. 2  
Lit. 6 CO

These amounts include payments related to rental or leasing contracts up to the end of their (a) contract period or (b) notice period, as applicable.

#### 3.4 Collateral provided for liabilities of third parties

Collateral provided for liabilities of third parties amount to CHF 12,500k (previous year: CHF 13,000k). These are guarantees issued on behalf of subsidiaries.

Art. 959c Para. 2  
Lit. 8 CO

#### 3.5 Assets pledged to secure own liabilities, as well as assets with retention of title

Assets pledged to secure own liabilities amount to CHF 50,000k (previous year: CHF 40,000k). They are pledged to secure interest-bearing liabilities. None of the company's assets bear a retention of title.

Art. 959c Para. 2  
Lit. 9 CO

#### 3.6 Contingent liabilities

In summer 2015, a court case was initiated against the company in regard to a product liability incident. The plaintiff claims compensation amounting to CHF 3,000k. An initial decision by court is expected for summer 2017. The company expects the case to be dismissed. Provisions have been recorded to cover the expected expenses.

Art. 959c Para. 2  
Lit. 10 CO

Art. 959c Para. 2  
Lit. 11 CO

### 3.7 Shares or options on shares for members of the board and employees

In 2016, no shares or options on shares were allocated to members of the board or to employees. The following information relates to the allocation in 2015 (valued at the tax value of CHF 250 for each share):

2015	Shares		Options		Total Value CHF 1'000
	Quantity	Value CHF 1'000	Quantity	Value CHF 1'000	
Allocated to members of the board	360	90	0	0	90
Allocated to employees	432	108	0	0	108
<b>Total</b>	<b>792</b>	<b>198</b>	<b>0</b>	<b>0</b>	<b>198</b>

Art. 961a Lit. 2 CO  
disclosure  
requirement for  
larger entities

### 3.8 Audit fees

CHF 1'000	2016	2015
Audit services (individual financial statements and consolidated financial statements)	120	110
Other services	15	15
<b>Total</b>	<b>135</b>	<b>125</b>

Art. 959c Para. 2  
Lit. 13 CO

### 3.9 Significant events after the balance sheet date

The investment in Betatechnik AG was sold to a third party as at 20 January 2017. The transaction resulted in a gain on sale of approximately CHF 500k.

# Illustrative financial statements of Holding Ltd, Zurich

Art. 959c Para. 2  
Lit. 1 CO

## Balance sheet

### Assets

CHF 1'000	Notes	31.12.2016	31.12.2015	Art. 959a Para. 1 CO
Cash and cash equivalents		8'838	9'834	
Securities listed on a stock exchange		233	274	
Other short-term receivables				
• from third parties		105	51	
• from companies in which the entity holds an investment		10'132	15'089	Art. 959a Para. 4 CO
Prepaid expenses and accrued income	2.1	989	961	
<b>Total current assets</b>		<b>20'297</b>	<b>26'209</b>	
Financial assets	2.2	104'226	101'824	
Investments	2.3	201'530	201'530	
Property, plant and equipment		52	65	
Prepaid expenses and accrued income	2.1	1'519	2'439	
<b>Total non-current assets</b>		<b>307'327</b>	<b>305'858</b>	
<b>TOTAL ASSETS</b>		<b>327'624</b>	<b>332'067</b>	

### Liabilities and Shareholders' equity

CHF 1'000	Notes	31.12.2016	31.12.2015	Art. 959a Para. 2 CO
Trade accounts payable		151	256	
Other short-term liabilities due to companies in which the entity holds an investment		1'241	806	
Short-term provisions	2.4	0	405	
Accrued expenses and deferred income		273	53	
<b>Total short-term liabilities</b>		<b>1'665</b>	<b>1'520</b>	
Long-term interest-bearing liabilities	2.5			
• from third parties		167'646	181'785	
• due to shareholders		8'000	8'000	Art. 959a Para. 4 CO
<b>Total long-term liabilities</b>		<b>175'646</b>	<b>189'785</b>	
<b>Total liabilities</b>		<b>177'311</b>	<b>191'305</b>	
Share capital	2.6	35'000	35'000	
Legal capital reserves				
• Reserves from capital contributions	2.7	16'853	26'845	
• Other capital reserves		18'264	18'264	
Legal retained earnings				
• Reserves for treasury shares	2.8	785	785	
Voluntary retained earnings				
• Available earnings				
– Profit brought forward		60'341	41'460	
– Profit for the year		19'468	18'881	
Treasury shares	2.9	-398	-473	
<b>Total shareholders' equity</b>		<b>150'313</b>	<b>140'762</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>327'624</b>	<b>332'067</b>	

## Income statement

Option 1: Presentation focused on the company's business purpose

CHF 1'000	Notes	2016	2015
Dividend income	2.10	21'743	21'032
Other financial income	2.11	5'197	5'091
Other operating income		23	17
<b>Total income</b>		<b>26'963</b>	<b>26'140</b>
Financial expenses	2.12	-4'189	-4'074
Personnel expenses		-635	-678
Other operating expenses	2.13	-2'569	-2'281
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
Direct taxes		-89	-79
<b>Total expenses</b>		<b>-7'495</b>	<b>-7'259</b>
<b>Profit for the year</b>		<b>19'468</b>	<b>18'881</b>

Option 2: Presentation focused on the legal minimum requirements for structure

CHF 1'000	Notes	2016	2015
Other operating income		23	17
Dividend income	2.10	21'743	21'032
Other financial income	2.11	5'197	5'091
<b>Total income</b>		<b>26'963</b>	<b>26'140</b>
Personnel expenses		-635	-678
Other operating expenses	2.13	-2'569	-2'281
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
Financial expenses	2.12	-4'189	-4'074
Direct taxes		-89	-79
<b>Total expenses</b>		<b>-7'495</b>	<b>-7'259</b>
<b>Profit for the year</b>		<b>19'468</b>	<b>18'881</b>

Note: Apart from the illustrated options 1 and 2, the income statement may also be presented in other appropriate ways.

Art. 958d as well as  
art. 959b Para. 2 CO

Art. 958d as well as  
art. 959b Para. 2 CO

## Possible alternative: income statement in vertical format

Option 1: Presentation focused on the company's business purpose

CHF 1'000	Notes	2016	2015
Dividend income	2.10	21'743	21'032
Other financial income	2.11	5'197	5'091
Other operating income		23	17
<b>Total operating income</b>		<b>26'963</b>	<b>26'140</b>
Financial expenses	2.12	-4'189	-4'074
Personnel expenses		-635	-678
Other operating expenses	2.13	-2'569	-2'281
<b>Operating result before taxes, depreciation and impairment losses</b>		<b>19'570</b>	<b>19'107</b>
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
<b>Profit for the year before taxes</b>		<b>19'557</b>	<b>18'960</b>
Direct taxes		-89	-79
<b>Profit for the year</b>		<b>19'468</b>	<b>18'881</b>

Art. 958d as well as  
art. 959b Para. 2 CO

Option 2: Presentation focused on the legal minimum requirements for structure

CHF 1'000	Notes	2016	2015
Other operating income		23	17
<b>Total operating income</b>		<b>23</b>	<b>17</b>
Personnel expenses		-635	-678
Other operating expenses	2.13	-2'569	-2'281
<b>Operating result before financial results, taxes, depreciation and impairment losses</b>		<b>-3,181</b>	<b>-2'942</b>
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
<b>Operating results before financial result and taxes</b>		<b>-3,194</b>	<b>-3,089</b>
Dividend income	2.10	21'743	21'032
Other financial income	2.11	5'197	5'091
Financial expenses	2.12	-4'189	-4'074
<b>Profit for the year before taxes</b>		<b>19'557</b>	<b>18'960</b>
Direct taxes		-89	-79
<b>Profit for the year</b>		<b>19'468</b>	<b>18'881</b>

Art. 958d as well as  
art. 959b Para. 2 CO

Note: Apart from the illustrated options 1 and 2, the income statement may also be presented in other appropriate ways.

## Notes

Art. 959c Para. 1  
Lit. 1 CO

### 1. Principles

#### 1.1 General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Art. 960b Para. 1  
and 2 CO

#### 1.2 Securities listed on a stock exchange

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. A valuation adjustment reserve has not been accounted for.

#### 1.3 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

#### 1.4 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

#### 1.5 Share-based payments

Should treasury shares be used for share-based payment programs for Board members, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses.

#### 1.6 Long-term interest-bearing liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Discounts and issue costs for bonds are recognized as prepaid expenses and amortized on a straight-line basis over the bond's maturity period. Premiums are recognized as accrued expenses and amortized on a straight-line basis over the loan's maturity period.

Art. 961d Para. 1 CO

#### 1.7 Forgoing a cash flow statement and additional disclosures in the notes

As Holding Ltd has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

## 2. Information on balance sheet and income statement items

Art. 959c Para. 1  
Lit. 2 CO

### 2.1 Prepaid expenses and accrued income

Long-term prepaid expenses and accrued income contain the not-yet-amortized amount of the discount and the issue costs which arose when the bond was issued. The part to be amortized in the following year is recognized in the short-term prepaid expenses and accrued income.

### 2.2 Financial assets

CHF 1'000	31.12.2016	31.12.2015
Loans granted to companies in which the entity holds an investment	104'226	101'824
<b>Total</b>	<b>104'226</b>	<b>101'824</b>

Art. 959a Para. 4 CO

### 2.3 Investments

Company	Domicile	Capital in 1'000		Share in capital and voting rights in %	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
Alpha AG	Zurich	CHF 100	CHF 100	100	100
Beta B.V.	Amsterdam	EUR 1'000	EUR 1'000	75	75
Gamma GmbH	Hamburg	EUR 1'000	EUR 1'000	100	100
Delta SpA	Rome	EUR 2'000	EUR 2'000	100	100
Epsilon SA	Paris	EUR 2'500	EUR 2'500	30 (indirectly held)	30 (indirectly held)

Art. 959c Para. 2  
Lit. 3 CO

### 2.4 Short-term provisions

The previous year's short-term provisions related to a conditional purchase price for the acquisition of an investment.

### 2.5 Long-term interest-bearing liabilities

CHF 1'000	31.12.2016	31.12.2015
Bonds	145'000	145'000
Bank loan	22'646	36'785
Loans from shareholders	8'000	8'000
<b>Total</b>	<b>175'646</b>	<b>189'785</b>

Art. 959a Para. 4 CO

Loan conditions:

	CHF 20'000 2013–2018	CHF 60'000 2014–2019	CHF 65'000 2015–2020
<b>Nominal value as at 31.12.2016 (CHF 1,000)</b>	20'000	60'000	65'000
<b>Nominal value as at 31.12.2015 (CHF 1,000)</b>	20'000	60'000	65'000
Interest rate in %	1.25	1.00	2.00
Duration in years	5	5	5
Maturity	30.06.2018	31.10.2019	31.03.2020

Art. 959c Para. 4 CO

## 2.6 Share capital and authorized capital

Share capital in the amount of CHF 35,000k consists of 4,375,000 registered shares at a par value of CHF 8.00 each.

At the Annual General Meeting of 1 May 2015, the Board of Directors was authorized to increase the share capital by a maximum of CHF 8,000k, split into 1,000,000 registered shares at a par value of CHF 8.00 each, by 30 April 2017 at the latest.

## 2.7 Reserves from capital contributions

The reserves from capital contributions include the premium from capital increases in the years 2008 and 2009, minus the dividends distributed to date.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (SFTA) has confirmed that it will recognize disclosed reserves from capital contributions as a capital contribution as per art. 5 para. 1bis Withholding Tax Act.

Art. 959c Para. 2  
Lit. 4 and 5 CO

## 2.8 Reserves for treasury shares

In 2011, a subsidiary acquired 4,361 registered shares of Holding Ltd at a price of CHF 180 each. A respective reserve for treasury shares was recorded.

Art. 959c Para. 2  
Lit. 4 and 5 CO

## 2.9 Treasury shares

Number of registered shares	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
<b>Inventory as at 1.1.15</b>					<b>3'210</b>
Acquisitions	5	240	246	243	1'540
Sales	4	249	251	250	-1'580
Allocation to board members	1			244	-1'255
<b>Inventory as at 31.12.15</b>					<b>1'915</b>
Acquisitions	3	239	246	243	1'365
Sales	2	250	253	252	-355
Allocation to board members	1			242	-1'305
<b>Inventory as at 31.12.16</b>					<b>1'620</b>

As at balance sheet date, acquisition cost for directly held treasury shares amounted to CHF 398k (previous year: CHF 473k).

## 2.10 Dividend income

In the reporting year, dividend income amounted to CHF 21,743k (previous year: CHF 21,032k). This amount included dividends distributed by Alpha AG in the amount of CHF 8,000k for the 2016 business year. The dividends were recorded as a receivable. This approach is permitted since Alpha AG closes its accounts on the same balance sheet date, and its Annual General Meeting has already approved the dividend.

## 2.11 Other financial income

Other financial income amounts to CHF 5,197k (previous year: CHF 5,091k) and consists mostly of interest income from loans to companies in which the entity holds an investment.

## 2.12 Financial expenses

CHF 1'000	31.12.2016	31.12.2015
Bank interest and fees	685	1'103
Interest to shareholders	310	310
Interest on bonds	2'150	1'825
Amortization of discounts and issue costs	920	820
Exchange losses	124	16
<b>Total</b>	<b>4'189</b>	<b>4'074</b>

## 2.13 Other operating expenses

CHF 1'000	31.12.2016	31.12.2015
Administrative expenses	1'101	987
Consulting expenses	896	1'110
Other operating expenses	572	184
<b>Total</b>	<b>2'569</b>	<b>2'281</b>

### 3. Other information

Art. 959c Para. 2  
Lit. 2 CO

#### 3.1 Full-time equivalents

Holding Ltd does not have any employees.

Art. 959c Para. 2  
lit. 8 CO

#### 3.2 Collateral provided for liabilities of third parties

Collateral provided for liabilities of third parties amounts to CHF 12,500k (previous year: CHF 13,000k). These are sureties, letters of comfort and guarantees issued in favor of subsidiaries.

Art. 663c CO  
disclosure  
requirement for  
listed entities

#### 3.3 Significant shareholders

The following shareholders owned more than 5 percent of voting rights as at 31 December:

Shareholder	Voting rights as at 31.12.2016	Voting rights as at 31.12.2015
Hans Muster	10.34%	10.33%
Thomas Muster	7.25%	7.73%
Beate Muster	6.69%	6.69%
Finanzgesellschaft ABC AG	5.35%	5.10%

There is a shareholders' agreement for the shareholder group of the Muster family (11 members). As at 31 December 2016, the shareholder group possessed a total of 42.27 percent (previous year: 44.59 percent) of share capital and voting rights of Holding Ltd.

#### 3.4 Equity owned by Group Management and the Board of Directors, including any related parties

Art. 663c CO  
disclosure  
requirement for  
listed entities

Board of Directors	Number of shares as at 31.12.2016	Number of shares as at 31.12.2015
Hans Muster, Chairman of the Board of Directors	452'170	451'900
Heinrich Huber, Deputy Chairman of the Board of Directors	98'827	98'562
Anita Lehmann, Board member	12'385	12'125
Elisabeth Graf, Board member	33'822	33'562
Walter Hofmann, Board member	46'837	46'587

  

Group Management	Number of shares as at 31.12.2016	Number of shares as at 31.12.2015
Peter Müller, CEO	52'124	46'257
Beate Muster, CFO	292'815	292'815

None of the members of the Board or Management hold conversion or option rights.

### 3.5 Shares or options on shares for members of the board

According to the compensation plan, Board members' fees are paid in shares at a minimum of 30 percent and up to a maximum of 50 percent. Treasury shares are used for share-based compensation. The number of shares is calculated based on the average share price over the last ten days prior to the allocation.

The allocation was as follows:

	2016		2015		Art. 959c Para. 2 Lit. 11 CO
	Quantity	Value CHF 1'000	Quantity	Value CHF 1'000	
Allocated to members of the board	1'305	316	1'255	306	

### 3.6 Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Art. 959c Para. 2  
Lit. 13 CO

Art. 959c Para. 2  
Lit. 1 CO

# Illustrative financial statements of Non-Profit Foundation, Zurich

## Balance sheet

Art. 959a Para. 1 CO

### Assets

CHF 1'000	Notes	31.12.2016	31.12.2015
Cash and cash equivalents	2.1	5'221	3'892
Other short-term receivables		369	257
Prepaid expenses and accrued income		224	89
<b>Total current assets</b>		<b>5'814</b>	<b>4'238</b>
Financial assets	2.2	9'957	8'951
Valuation adjustment reserve	2.2	-1'590	-987
Property, plant and equipment	2.3	3'456	3'836
<b>Total non-current assets</b>		<b>11'823</b>	<b>11'800</b>
<b>TOTAL ASSETS</b>		<b>17'637</b>	<b>16'038</b>

Art. 960b Para. 2 CO

### Liabilities and equity

CHF 1'000	Notes	31.12.2016	31.12.2015
Trade accounts payable		156	154
Other short-term liabilities		358	479
Accrued expenses and deferred income		2'044	1'459
<b>Total short-term liabilities</b>		<b>2'558</b>	<b>2'092</b>
Long-term interest-bearing liabilities	2.4	1'500	1'500
<b>Total long-term liabilities</b>		<b>1'500</b>	<b>1'500</b>
<b>Total liabilities</b>		<b>4'058</b>	<b>3'592</b>
Foundation capital		10'000	10'000
Voluntary retained earnings			
• Available earnings			
– Profit brought forward		2'446	501
– Profit for the year		1'133	1'945
<b>Total equity</b>		<b>13'579</b>	<b>12'446</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>17'637</b>	<b>16'038</b>

## Income statement

CHF 1'000	Notes	2016	2015	Art. 959b Para. 2 CO
Donations received	2.5	27'258	28'241	
Other operating income		468	587	
<b>Total operating income</b>		<b>27'726</b>	<b>28'828</b>	
Contributions and donations paid	2.6	-22'103	-21'993	
Personnel expenses		-881	-793	
Other operating expenses	2.7	-3'608	-3'698	
Depreciation and impairment losses on property, plant and equipment		-380	-401	
<b>Operating result</b>		<b>754</b>	<b>1'943</b>	
Financial income	2.8	1'093	799	
Financial expenses	2.9	-714	-797	
<b>Profit for the year</b>		<b>1'133</b>	<b>1'945</b>	

## Notes

Art. 959c Para. 1  
Lit. 1 CO

### 1. Grundsätze

#### 1.1 General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Art. 960b Para. 1  
and 2 CO

#### 1.2 Financial assets

The securities in investments are valued at quoted market price or another observable market price as at the balance sheet date. In order to account for fluctuations in value, the entity records a valuation adjustment reserve, which amounts to the difference between the market price as at balance sheet date and lower historical acquisition cost.

#### 1.3 Property, plant and equipment

Property, plant and equipment (PPE) is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, PPE is depreciated using the straight-line method. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

The estimated useful lives of PPE are as follows:

Land	unlimited
Buildings	50 years
Equipment, furniture	5 years

## 2. Information on balance sheet and income statement items

Art. 959c Para. 1  
Lit. 2 CO

### 2.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, postal and bank accounts.

### 2.2 Financial assets

CHF 1'000	31.12.2016	31.12.2015
Bonds CHF	4'156	4'589
Bonds in foreign currencies	967	1'514
Domestic shares	2'958	1'925
Foreign shares	1'876	923
<b>Total financial assets at quoted market price or other observable market price</b>	<b>9'957</b>	<b>8'951</b>
Valuation adjustment reserve	-1'590	-987
<b>Total acquisition cost financial assets</b>	<b>8'367</b>	<b>7'964</b>

### 2.3 Property, plant and equipment

CHF 1'000	31.12.2016	31.12.2015
Land and buildings	2'919	3'157
Equipment, furniture	546	679
<b>Total</b>	<b>3'465</b>	<b>3'836</b>

### 2.4 Long-term interest-bearing liabilities

The long-term interest-bearing liability is a mortgage granted by Bank X.

### 2.5 Donations received

CHF 1'000	2016	2015
Contributions by sponsors	9'689	8'547
Donations and endowments	17'569	19'694
<b>Total</b>	<b>27'258</b>	<b>28'241</b>

### 2.6 Contributions and donations paid

CHF 1'000	2016	2015
Support for hardship cases	9'890	8'547
Counselling and support in emergencies	6'524	7'105
Project contributions	5'689	6'341
<b>Total</b>	<b>22'103</b>	<b>21'993</b>

## 2.7 Other operating expenses

CHF 1'000	2016	2015
Public relations, advertising	1'447	1'801
IT expenses	401	568
Property maintenance (maintenance, repairs, third-party services)	541	302
General administrative expenses	1'219	1'027
<b>Total</b>	<b>3'608</b>	<b>3'698</b>

## 2.8 Financial income

CHF 1'000	2016	2015
Interest and dividend income	258	235
Price gains on financial assets	835	62
Decrease in valuation adjustment reserve	0	502
<b>Total</b>	<b>1'093</b>	<b>799</b>

## 2.9 Financial expenses

CHF 1'000	2016	2015
Interest rate expenses	75	75
Fees and charges	6	5
Price losses on financial assets	30	717
Increase in valuation adjustment reserve	603	0
<b>Total</b>	<b>714</b>	<b>797</b>

## 3. Other information

Art. 959c Para. 2  
Lit. 2 CO

### 3.1 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 10.

Art. 959c Para. 2  
Lit. 9 CO

### 3.2 Assets pledged to secure own liabilities

With a book value of CHF 2,919k (previous year: CHF 3,157k), land and buildings are encumbered with mortgages amounting to CHF 1,500k (previous year: CHF 1,500k).

Art. 959c Para. 2  
Lit. 13 CO

### 3.3 Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

# Appendix I:

## Disclosure checklist for financial statements according to the new Accounting Law

### 1. Requirements regarding financial statements (individual financial statements)

#### 1.1 General aspects

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 958 Para. 2	The financial reporting forms part of the annual report which contains the financial statements. Do the financial statements consist of the balance sheet, the income statement and the notes?	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 958a Para. 2	If it is intended to discontinue all or part of the entity's activities – or if such a discontinuation cannot be averted – within twelve months from the balance sheet date: Is the accounting for the activities concerned made on the basis of liquidation values?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958a Para. 2	If it is intended to discontinue all or part of the entity's activities – or if such a discontinuation cannot be averted – within twelve months from the balance sheet date: Have provisions been recorded for expenditures associated with the discontinuation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958b Para. 1	Has the cut-off (accrual accounting) of expenses and income been properly performed? <i>Note: Provided that the annual net revenue from the sale of goods or services or the financial income does not exceed CHF 100,000, the accounts may be prepared based on receipts and disbursements instead of applying accrual accounting (Art. 958b para. 2 CO).</i>	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 958d Para. 1	Are the balance sheet and the income statement presented either in the account form or in the report form?	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 958d Para. 2	Are the current period and the corresponding prior period figures presented in the financial statements? <i>Note: Answer «n/a» only possible for newly founded entities.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958d Para. 3	Are the financial statements presented in either Swiss francs or the currency relevant to the entity's business activities (functional currency)?	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 958d Para. 3	If presented in a currency other than Swiss francs: Are all the amounts of the balance sheet, the income statement, the notes and the cash flow statement (if applicable) additionally disclosed in Swiss francs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958d Para. 4	Is the financial reporting presented in either an official language of Switzerland or in English?	<input type="checkbox"/>		<input type="checkbox"/>	

## 1.2 Balance sheet

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959a Para. 1	<p>Are the following line items, as a minimum, presented separately on the asset side of the BS?</p> <p><b>Current assets</b></p> <ul style="list-style-type: none"> <li>• Cash (and cash equivalents) and assets with a quoted market price held for a short-term</li> <li>• Trade accounts receivable</li> <li>• Other short-term receivables</li> <li>• Inventories and non-invoiced services</li> <li>• Prepaid expenses and accrued income</li> </ul> <p><b>Non-current assets</b></p> <ul style="list-style-type: none"> <li>• Financial assets</li> <li>• Investments</li> <li>• Property, plant and equipment</li> <li>• Intangible assets</li> <li>• Unpaid share capital, partners' capital or foundation capital</li> </ul> <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959a Para. 2	<p>Are the following line items, as a minimum, presented separately on the liability/shareholders' equity side of the BS?</p> <p><b>Current liabilities</b></p> <ul style="list-style-type: none"> <li>• Trade accounts payable</li> <li>• Short-term interest-bearing liabilities</li> <li>• Other short-term liabilities</li> <li>• Accrued expenses and deferred income</li> </ul> <p><b>Non-current liabilities</b></p> <ul style="list-style-type: none"> <li>• Long-term interest-bearing liabilities</li> <li>• Other long-term liabilities</li> <li>• Provisions and similar positions according to law</li> </ul> <p><b>Shareholders' equity</b></p> <ul style="list-style-type: none"> <li>• Share capital, partners' capital or foundation capital, if applicable separately per category</li> <li>• Legal capital reserves <ul style="list-style-type: none"> <li><i>Note: Possible sub-items:</i></li> <li>– <i>(Fiscal) reserves from capital contributions</i></li> <li>– <i>Other capital reserves</i></li> </ul> </li> <li>• Legal retained earnings reserves <ul style="list-style-type: none"> <li><i>Note: Possible sub-items:</i></li> <li>– <i>General legal retained earnings reserves</i></li> <li>– <i>Revaluation reserves</i></li> <li>– <i>Reserve for treasury shares (for shares held by subsidiaries)</i></li> </ul> </li> <li>• Voluntary retained earnings or accumulated deficit <ul style="list-style-type: none"> <li><i>Note: Possible sub-items:</i></li> <li>– <i>Free reserves and statutory reserves</i></li> <li>– <i>Available earnings</i></li> <li>– <i>Accumulated profits/losses brought forward</i></li> <li>– <i>Net loss/profit for the year</i></li> </ul> </li> <li>• Treasury shares (as a negative amount)</li> </ul> <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959a Para. 3	To the extent that it is material for the assessment of the financial position of the entity by third parties or common practice in the entity's business area: Are other items presented separately either in the balance sheet or in the notes to the financial statements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959a Para. 4	<p>Are the following receivables and liabilities disclosed separately either in the balance sheet or in the notes to the financial statements?</p> <ul style="list-style-type: none"> <li>• Receivables/ liabilities due from/due to direct or indirect holders of participations</li> <li>• Receivables/ liabilities due from/due to governing bodies <i>Note: The law does not precisely state whether receivables and liabilities due from/due to governing bodies should be disclosed separately or if they can be presented together (within the same line item) with the receivables/ liabilities due from/due to direct or indirect holders of participations.</i></li> <li>• Receivables/ liabilities due from/due to entities in which the entity holds a participation, either directly or indirectly</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959 Para. 3	Do current assets comprise only cash and other assets that are probably turned into cash or otherwise realized within one year from the balance sheet date or during the normal business cycle?	<input type="checkbox"/>	<input type="checkbox"/>		
Art. 959 Para. 6	Do current liabilities comprise all the liabilities that will be payable within one year from the balance sheet date or within the normal business cycle?	<input type="checkbox"/>	<input type="checkbox"/>		
Art. 959 Para. 7	Is shareholders' equity presented and structured according to the entity's legal form?	<input type="checkbox"/>	<input type="checkbox"/>		

### 1.3 Income statement

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959b Para. 2	<p>If the income statement is presented by nature of expense: Are the following line items presented separately (as a minimum)?</p> <ul style="list-style-type: none"> <li>• Revenue from sale of goods and services</li> <li>• Change in inventory of finished goods and work in progress as well as in non-invoiced services</li> <li>• Raw materials and supplies</li> <li>• Personnel expenses</li> <li>• Other operating expenses</li> <li>• Amortization/depreciation and impairment losses on non-current assets</li> <li>• Financial expenses</li> <li>• Financial income</li> <li>• Non-operating expenses</li> <li>• Non-operating income</li> <li>• Extraordinary, non-recurring or prior period expenses</li> <li>• Extraordinary, non-recurring or prior period income</li> <li>• Direct taxes</li> <li>• Profits/Loss for the year</li> </ul> <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959b Para. 3	<p>If the income statement is presented by function of expense: Are the following line items presented separately (as a minimum)?</p> <ul style="list-style-type: none"> <li>• Revenue from sale of goods and services</li> <li>• Cost of sales</li> <li>• Administrative expenses and distribution costs</li> <li>• Financial expenses</li> <li>• Financial income</li> <li>• Non-operating expenses</li> <li>• Non-operating income</li> <li>• Extraordinary, non-recurring or prior period expenses</li> <li>• Extraordinary, non-recurring or prior period income</li> <li>• Direct taxes</li> <li>• Profits/Loss for the year</li> </ul> <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959b Para. 5	To the extent that it is material for the assessment of the results of operations of the business by third parties or common practice in the entity's business area: Are other items presented separately either in the income statement or in the notes to the financial statements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## 1.4 Notes

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959c Para. 3	<b>Only sole proprietorships and partnerships</b>				
Art. 959c Para. 3	For sole proprietorships or partnerships that are not required to comply with the requirements for larger entities: If the requirement to prepare notes has been waived: Do the balance sheet or the income statement contain the information that is required by the stipulations for the minimum structure of the balance sheet and the income statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 1–3	<b>Do the notes contain the following information?</b>				
Art. 959c Para. 1 Lit. 1	1. Description of the accounting policies applied in the preparation of the financial statements, to the extent these are not prescribed by law	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 2	2. Disclosure and breakdown of as well as explanations on balance sheet and income statement line items	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 3	3. Total amount derived from the dissolution of replacement reserves and excess hidden reserves, to the extent that this exceeds the total amount of such newly created reserves, if the financial result is thereby presented in a significantly more favourable light	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 4	<b>In addition, do the notes disclose the following required information?</b>				
Art. 958a Para. 3	1. If it is intended to discontinue all or part of the entity's activities – or if such a discontinuation cannot be averted – within twelve months from the balance sheet date: Is the deviation from the going concern assumption disclosed and its influence on the financial position of the business explained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958d Para. 3	2. If the financial statements are presented in a currency other than Swiss francs: Are the conversion rates disclosed and if necessary explained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959b Para. 4	3. If the income statement is presented by function of expense: Are personnel expenses and, as a single item, amortization/depreciation and impairment losses on non-current assets disclosed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 4	4. If the company has bonds outstanding: is the following disclosed: <ul style="list-style-type: none"><li>• Amount</li><li>• Interest rate</li><li>• Maturity dates</li><li>• Other terms and conditions such as subordination, conversion, options, collateral, private placements, early repayment clauses, restrictions, etc.</li></ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	5. If assets are valued at quoted market prices or other observable market prices: <ul style="list-style-type: none"><li>• Is the use of this choice disclosed in the notes?</li><li>• Is the total value of the respective assets disclosed, separately for securities and other assets with an observable market price?</li><li>• Is the amount of the valuation adjustment reserve separately disclosed in either the balance sheet or the notes to the financial statements?</li></ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 960b Para. 1 Art. 960b Para. 1		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 960b Para. 2		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 663c Para. 1 Art. 663c Para. 3	6. If the shares of the company are listed at a stock exchange:  • Are major shareholders and their participations disclosed? • Are the participations in the company as well as any conversion and option rights held by each member of the board of directors, the management board, and the advisory board, (including participations of persons related to these members) disclosed, giving their name and position?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 670 Art. 671b	7. If revaluations exceeding the historical costs were made: Is information on the subject matter and the amount of any revaluations disclosed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 1–14	8. If applicable: Is information required by other (special) laws disclosed (e.g. Merger Act)?  <b>Is the following information disclosed in the notes unless it is already included in the balance sheet or in the income statement?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 1	<b>1. General information:</b> Do the notes contain the following information:  • Company name? • Legal form? • Domicile?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 2	<b>2. Full-time equivalents</b> Do the notes contain a declaration whether full-time equivalents, on an annual average, exceed 10, 50 or 250, respectively?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 3	<b>3. Investments</b> Do the notes contain a list of all entities in which the company holds direct or significant indirect equity interest, comprising the following information:  • Company name • Legal form? • Domicile • Voting and capital rights held (in %)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 4	<b>4. Treasury shares</b> Do the notes contain:  • The number of treasury shares held by the entity? • The number of treasury shares held by entities in which the entity holds equity interests?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 5	<b>5. Treasury shares</b> Do the notes contain information on purchases and sales of treasury shares, including terms and conditions, respectively:  • Opening balance • Purchases • Sales • Closing balance • Terms and conditions of purchases • Terms and conditions of sales?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959c Para. 2 Lit. 6	<b>6. Lease obligations</b> Do the notes disclose the residual liabilities arising from leasing transactions which are similar to sales contracts and other leasing agreements, provided these do not expire or cannot be canceled within 12 months after the balance sheet date?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 7	<b>7. Pension scheme liabilities</b> Are liabilities due to pension schemes disclosed in the notes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 8	<b>8. Collateral for third-party liabilities</b> Is the total amount of the collateral provided for third-party liabilities disclosed in the notes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 9	<b>9. Assets pledged as security for own commitments</b> Are the following amounts disclosed in the notes? <ul style="list-style-type: none"><li>• Total amount of assets pledged to secure own commitments</li><li>• Total amount of assets with retention of title</li></ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 10	<b>10. Contingent liabilities</b> Are the following disclosed in the notes: Legal or actual (constructive) obligations where the likelihood of an outflow of resources is remote or cannot be estimated reliably?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 11	<b>11. Shares or options awarded to employees</b> Do the notes contain information about the number and value of shares or options on shares awarded during the period to members of senior management and those charged with governance, as well as to employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 12	<b>12. Extraordinary and prior-period items</b> Do the notes contain explanations of extraordinary, non-recurring or prior-period items included in the income statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 13	<b>13. Events after the balance sheet date</b> Do the notes disclose significant events that occurred after the balance sheet date?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 14	<b>14. Early resignation of the auditors</b> Do the notes disclose the reasons for the early resignation of the auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## 2. Requirements for larger entities

### 2.1 Additional components of the annual report

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961	<p>Does the annual report contain the following:</p> <ul style="list-style-type: none"> <li>• Cash flow statement (as part of the individual entity financial statements)?</li> <li>• Management report?</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

### 2.2 Notes

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961a	<p>Do the notes contain additional information on long-term interest-bearing liabilities, broken down according to the following maturities:</p> <ul style="list-style-type: none"> <li>• within one to five years</li> <li>• more than five years</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 961a	<p>Are the auditor's fees disclosed, broken down by:</p> <ul style="list-style-type: none"> <li>• Audit-related services</li> <li>• Other services</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

### 2.3 Cash flow statement

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961b	<p>Does the cash flow statement present the changes in cash and cash equivalents from:</p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Investing activities</li> <li>• Financing activities</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

### 2.4 Management report

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961c Para. 1 Art. 961c Para. 3	<p>Does the management report provide information on the business performance and the entity's financial position, and if applicable, that of the group (consolidated), as at the end of the year consistent with the financial statements respectively the consolidated financial statements?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 961c Para. 2	<p>Does the management report in particular provide information on:</p> <ul style="list-style-type: none"> <li>• Number of full-time equivalents on annual average</li> <li>• Conduct of a risk assessment</li> <li>• Order intake and order situation</li> <li>• Research and development activities</li> <li>• Exceptional events</li> <li>• Outlook</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## Appendix II:

### Changes compared to the 1st edition of this brochure

The following table shows the most important changes this brochure has undergone since its first edition that appeared in May 2014.

Section	Changes compared to the 1st edition
Illustrative financial statements of Industry Ltd, Zurich	<ul style="list-style-type: none"> <li>• Balance sheet: Presentation of voluntary retained earnings in shareholders' equity more granular (separate disclosure of the item available earnings)</li> <li>• Notes, part on principles: new mention of alternative wording (namely for items where a choice is possible)</li> </ul>
Illustrative financial statements of Holding Ltd, Zurich	<ul style="list-style-type: none"> <li>• New illustrative example of financial statements for a holding company (including various presentations for the income statement)</li> </ul>
Illustrative financial statements of Non-Profit Foundation, Zurich	<ul style="list-style-type: none"> <li>• New illustrative example of financial statements for a charitable foundation</li> </ul>
Appendix I: Disclosure checklist for financial statements according to the new Accounting Law	<ul style="list-style-type: none"> <li>• New appendix with a disclosure checklist on the financial statements (individual financial statements) as per the new accounting law, including reporting requirements for larger entities</li> </ul>

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