

Dr. Herbert Meyer
President of the Enforcement Panel

Berlin, 4 February 2010

Press Release: Activity Report 2009

- The number of instances involving accounting errors reduced with an error ratio of some 20% (previous year: some 27%)
- The scope and highly complex nature of IFRSs together with the financial and economic crisis are seen the main drivers that cause errors
- For the first time there were also larger companies with a high error ratio
- Case-related pre-clearance enquiries are now possible

In 2009, the FREP completed a total of 118 examinations (previous year: 138), of which 103 were sampling examinations and 14 were indication-based examinations; 5 of these in turn being examinations of half-yearly financial reports as well as one examination which was requested by the *BaFin* [German Federal Financial Supervisory Authority]. The examinations made in the past year were significantly more complex, particularly as a result of the financial and economic crisis; nevertheless, in 2009 we also remained within our target corridor for examinations to be performed.

The ratio of cases involving accounting errors reduced to approximately 20% (previous year: some 27%). However, for the first time larger firms were also to be found in the higher error ratio level as compared to the overall average for all firms. This effect is mainly due to the financial and economic crisis, which particularly resulted in errors in reports on risks and forecasts - also in the case of larger companies.

Following many discussions with concerned parties, it is now possible for the first time to make case-related pre-clearance enquiries with the FREP, which can be used by companies to clarify cases involving complex accounting issues with the FREP before financial statements are prepared. In this manner, a further important instrument has been authorised to support the FREP's preventive function.

Further information about the FREP is available under www.frep.info.