Press release: Activity Report 2011

In 2011, the FREP completed 110 examinations (prior year: 118), including 90 sampling examinations and 20 examinations that were indication-based or performed at the request of the BaFin.

At 26% (prior year: 25%), the rate of financial statements found to be erroneous was in line with the average of the past five years. The main causes of the high error rate were insufficient disclosures in the management report and the notes, as well as the range and challenging application of certain IFRS.

A normalized error rate was determined in order to facilitate a more refined presentation. This rate reflects adjustments for duplicate errors as well as for examinations confirming known errors. The normalized error rate amounts to 19% for 2011 (prior year: 25%).

Based on experience gathered in over 700 examinations and in order to strengthen its preventative function, the FREP addressed selected IFRS issues in the IASB’s Agenda Consultation 2011 and made recommendations for improvement. The objective was to assist in improving not only the application of IFRS by preparers but also the enforceability for enforcers.

The FREP began holding discussions with audit firms during the fourth quarter. These discussions are intended to help prevent future errors by providing a means of analyzing to what extent errors found by the FREP in the past can be avoided in future.

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