Berlin, 29 January 2013

Press release: Activity report 2012

In 2012, the FREP completed 113 examinations (prior year: 110), including 110 sampling examinations and 3 examinations that were indication-based or performed at the request of the BaFin.

At 16%, the rate of financial statements found to be erroneous was significantly lower than last year’s rate of 25%. The lower error rate is primarily due to fewer indication- or request-based examinations, which normally have a very high error rate.

Unlike in the prior year, it was not necessary to normalize the error rate by adjusting for duplicate errors and examinations confirming known errors in 2012. This year’s rate of 16% was three percentage points less than last year’s normalized rate of 19%.

As in the prior year, insufficient disclosures in the management report and the notes, as well as the range and challenging application of certain International Financial Reporting Standards (IFRS) were significant sources of errors.

Since the FREP was founded in 2005, it has completed approximately 850 examinations covering the vast majority of companies subject to enforcement in Germany.

Last year, the FREP held discussions aimed at preventing errors with the chairs of the management boards or managing directors of the five largest German audit firms. In 2012, the FREP set up a similar discussion platform for all medium sized audit firms auditing publicly listed companies in cooperation with the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany), and the first discussions have been held successfully. Given the positive feedback from participants, these discussions will be continued on a regular basis.

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