Enforcement Priorities 2016

(Berlin, 19 November 2015)

1. Impact of the financial markets conditions on the financial statements*

2. Statement of cash flows and related disclosures*

3. Fair value measurement and related disclosures*

4. Revenue (IAS 18, IAS 11, IAS 8, IFRS 8, section 315 of the HGB (German Commercial Code))
   - Revenue recognition, specifically
     - Transfer of significant risks and rewards (IAS 18.14 (a))
     - Appropriateness of recognition of revenue by reference to the stage of completion (IAS 18.20, IAS 11.22)
   - Entity-specific note disclosures on the accounting policies adopted for the recognition of revenue (IAS 18.35 (a)) and for accounting for construction contracts (IAS 11.39 (b) and (c))
   - Note disclosures on the possible impact that application of IFRS 15 will have on the entity’s financial statements in the period of initial application (IAS 8.30)
   - Information about the extent of the company’s reliance on its major customers in the notes in accordance with IFRS 8.34 and in the group management report in accordance with section 315 (1) HGB, especially regarding the impact on current and future results of operations (GAS 20.65 et seq., GAS 20.146 et seq.)
   - Revenue forecast in the group management report (section 315 (1) HGB), especially
     - Disclosure of significant underlying assumptions (GAS 20.120)
     - Reporting on potential future trends or events that may result in positive or negative variances from the revenue forecast (opportunities and risks in accordance with GAS 20.11)

5. Business combinations (IFRS 3)
   - Contingent consideration
     - Initial measurement (IFRS 3.39 et seq.) and subsequent measurement (IAS 39.47)
     - Determination of whether arrangements for contingent payments to employees and selling shareholders represent consideration in the business combination or are separate transactions (IFRS 3.52 (b), IFRS 3 Appendix B54 et seq.)
   - Bargain purchase (IFRS 3.34 et seq.)
     - Recognition and measurement of previously unrecognized intangible assets identified in the purchase price allocation (IFRS 3.10 et seq., IFRS 3 Appendix B31 et seq.)
     - Disclosure of the amount of the gain and a description of the reasons why the transaction resulted in a gain (IFRS 3.59, IFRS 3 Appendix B64 (n))