Enforcement priorities for 2020

(Berlin, 18 November 2019)

1. Specific issues related to the application of IFRS 16 Leases*

2. Follow-up of specific issues related to the application of IFRS 9 Financial Instruments for credit institutions and IFRS 15 Revenue from Contracts with Customers for corporate issuers*

3. Specific issues related to application of IAS 12 Income Taxes (including application of IFRIC 23 Uncertainty over Income Tax Treatments)*

4. Impairment testing of goodwill and intangible assets with indefinite lives, particularly brands – IAS 36
   - Identifying the appropriate level for impairment testing (segment limits IAS 36.80 (b), cash generating unit (CGU) instead of individual asset IAS 36.22; IAS 36.66)
   - Estimating value in use using reasonable assumptions and taking into account the risks specific to the asset or CGU (IAS 36.30 et seq.; IAS 36.A17 (a))
   - Estimating fair value less costs of disposal from the perspective of independent market participants (IFRS 13.22) and taking into account the fair value hierarchy (IFRS 13.72 et seq.); if applicable, requirement to calibrate inputs upon initial recognition using the transaction price (IFRS 13.64)
   - Impact of IFRS 16 on the goodwill impairment test

5. Group management report
   - Presentation of impact of IFRS 16 on the net assets, financial position, and earnings (section 315 (1) sentence 1 HGB)
   - Presentation and calculation of key performance indicators taking into account the initial application of IFRS 16, particularly adjusting for certain items to arrive at alternative performance measures, preparation of a reconciliation to the consolidated income statement (section 315 (1) sentences 2 and 3 HGB)

* Please refer to https://www.esma.europa.eu/ for a detailed discussion of this enforcement priority.