

# novus

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Amendment to IFRS 16: IASB extends support for lessees accounting for covid-19-related rent concessions



## Editorial



Dear Readers,

the coronavirus pandemic is unfortunately still dominating all our lives and posing not only economic but also accounting challenges for companies.

In this edition of 'novus IFRS', we have compiled for you important publications on IFRS accounting published by standard-setters and institutions.

We will inform you about the extension of the application period of the practical expedient for leasing concessions in the context of the coronavirus pandemic (IFRS 16) adopted by the IASB. In addition, we highlight the key points of the Discussion Paper: Business Combinations under Common Control published by IASB.

In addition, the IASB published the Exposure Draft 2021/1 on Regulatory Assets and Regulatory Liabilities, the Exposure Draft ED/2021/3 Disclosure Requirements in IFRS Standards – A Pilot Approach (Proposed Amendments to IFRS 13 and IAS 19) and the proposed amendments to IFRS 16, 'Leases', to improve sale and leaseback transactions, and the EU endorsed the IASB pronouncements on the deferral of IFRS 9 for insurers and incorporated the 'Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' into European law. Furthermore, we report on key agenda decisions of the IFRS IC, which were published as part of the 'IFRIC Updates'.

Furthermore, the IDW has, among other activities, supplemented Part 3 of the Technical Note on the effects of the Covid-19 pandemic on accounting and auditing (3rd/4th/5th update) and published a Technical Notes on the effects of the coronavirus pandemic on impairments of financial instruments in annual and consolidated financial statements of credit institutions as of 31 December 2020. Finally, we will inform you about the Activity Report 2020 of the German Financial Reporting Enforcement Panel (FREP, DPR) published on 28 January 2021 and the FREP's error findings.

We hope you enjoy reading this 'novus IFRS'. We will be happy to help you if you have questions on any of the topics.

**Sonja Kolb**

*German Public Accountant, Partner  
at Ebner Stolz in Stuttgart*

**Uwe Harr**

*German Public Accountant, Tax Adviser, Partner  
at Ebner Stolz in Bonn*



## SPOTLIGHT

Amendment to IFRS 16: IASB extends support for lessees accounting for covid-19-related rent concessions	4
IASB publishes Discussion Paper: Business Combinations under Common Control	5

## IASB and IFRS IC PRONOUNCEMENTS

### IASB – EU-Endorsement

The EU adopts amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 into European law	6
EU adopts further deferral of IFRS 9 for insurers into European law	6

### New and amended standards and interpretations issued but not yet effective (IAS 8.30)

IASB issued amendments to IAS 1 and IAS 8	7
---	---

### Published exposure drafts

IASB publishes Exposure Draft ED/2021/3 Disclosure Requirements in IFRS Standards – A Pilot Approach (proposed amendments to IFRS 13 and IAS 19)	8
IASB publishes Exposure Draft 2021/1 – Regulatory Assets and Regulatory Liabilities	8
IASB Proposes Amendments to IFRS 16	9

### IFRS Interpretations Committee

IFRS Interpretations Committee agenda decisions	10
---	----

## OTHER STANDARD-SETTERS

### IDW

Supplement to ‚Teil 3 des Fachlichen Hinweises zu den Auswirkungen der Corona-Pandemie auf Rechnungslegung und Prüfung‘	11
IDW-Steuerfachausschuss: Update of the ‚Fachlichen Hinweises zu den steuerlichen Maßnahmen zur Berücksichtigung des Coronavirus‘	12
Bankenfachausschuss des IDW (BFA): Publication of the ‚Fachlichen Hinweises zu den Auswirkungen der Coronavirus-Pandemie auf Wertminderungen von Finanzinstrumenten im Jahres- und Konzernabschluss von Kreditinstituten zum 31.12.2020‘	12

## EU-ENDORSEMENT

EU Endorsement Status Report	13
------------------------------	----

## ENFORCEMENT AGENCIES

Activity Report 2020 of the Deutsche Prüfstelle für Rechnungslegung (DPR, Financial Reporting Enforcement Panel (FREP))	14
FREP error findings	14

## INTERNAL

15



## Amendment to IFRS 16: IASB extends support for lessees accounting for covid-19-related rent concessions

The IASB has extended by one year the application period of the practical expedient in IFRS 16 Leases, which was introduced last year in response to the coronavirus pandemic.

According to the standard amendment adopted on 31 March 2021, lessees can simplify the accounting for lease concessions by dispensing with the formal assessment of whether a modification of the lease exists and recognising payment concessions granted as variable lease payments in profit or loss. They can apply this option

- ▶ if a change in the lease is a direct consequence of the coronavirus pandemic,
- ▶ the change does not increase the total lease payments,
- ▶ the change only affects payments originally due before 30 June 2021 and
- ▶ there is no substantive change to other terms and conditions of the lease.

The use of the option must be disclosed in the notes to the financial statements.

The amended standard is effective for fiscal years beginning on or after 1 April 2021. Early application is possible – even for financial statements as of the reporting date of 31 December 2020 that have not yet been published. The simplification does not apply to lessors.

The EU endorsement, which permits application for IFRS preparers in the EU, is currently still outstanding.

# IASB publishes Discussion Paper: Business Combinations under Common Control

Business combinations are often substantial transactions for the companies involved. For this reason, the IASB has therefore focused its attention on the related financial reporting in recent years. On 30 November 2020, Discussion Paper DP/2020/2, 'Business Combinations under Common Control' was issued. The Discussion Paper presents the IASB's initial interim findings and preliminary views on the research project, which had been initiated in 2012 for comment.

Currently, business combinations under common control are exempt from the application of the applicable rules for business combinations. Thus, there is a regulatory gap, which is being addressed by the research project. The gap results from the fact that IFRS 3 only regulates the accounting of business combinations of different groups of companies, whereas relevant regulations on business combinations under common control are missing. As a result, the accounting for such business combinations differs (on the basis of fair values – the so-called acquisition method

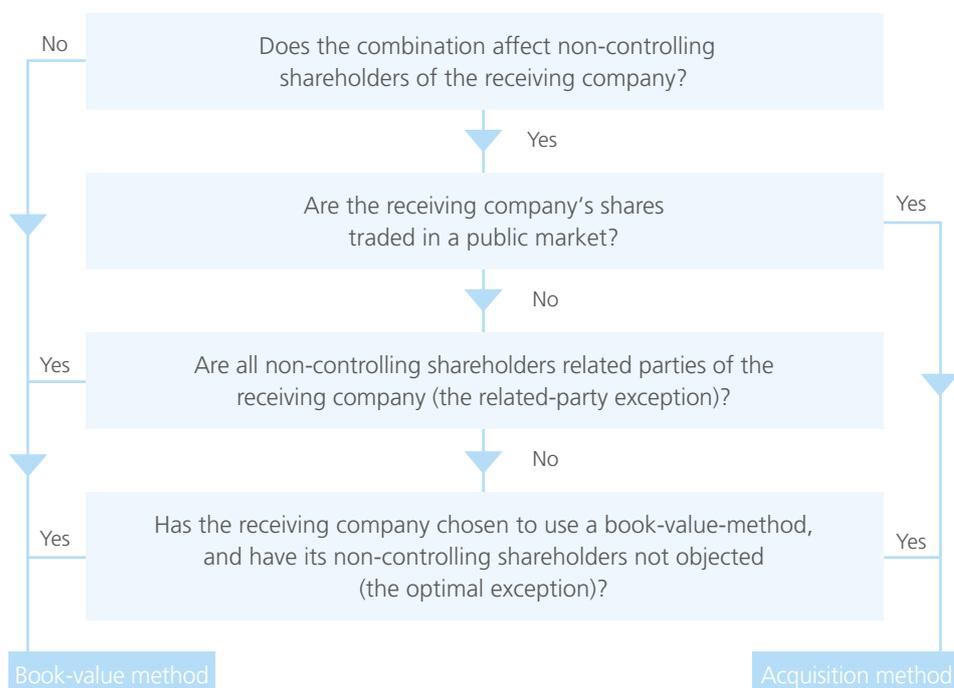
– or by continuing book values – the so-called book-value method) and leads to more difficult comparability, which is relevant to investors, among others.

The aim of the current Discussion Paper is therefore to eliminate differences in accounting practice and to ensure transparency and comparability. The proposed rules would apply to all transactions under common control.

In the Discussion Paper, the IASB presents, among other things, the following for discussion:

► **Accounting method dependent on the existence of non-controlling interests**

The IASB's analysis reaches the preliminary conclusion that neither method is appropriate for all transactions of the relevant stakeholder group. The Board's preliminary views on when each method should be used are summarised in the following chart:



► **Applying the acquisition method**

If the acquisition method is to be applied, this is generally based on IFRS 3. However, if the consideration paid is less than the fair value of the assets and liabilities received, this amount shall be recognised in equity rather than in profit or loss in accordance with IFRS 3.

► **Applying of the book-value method**

The IASB would like to establish a single book value method in IFRS and proposes to use the IFRS book values of the transferred entity prospectively – that is, from the acquisition date. In this context, consideration in the form of assets must be determined at the carrying amount of the acquiring entity and liabilities incurred must be determined using the relevant standards for initial measurement. Any difference between the book values of the assets and liabilities received and the consideration paid shall be recognised in equity. Transaction costs should be recognised in profit or loss in the period in which they are incurred. This does not apply to costs of issuing additional equity or debt instruments. These must be accounted for in accordance with the requirements of IAS 32.

► **Disclosure requirements**

When applying the acquisition method, all disclosure requirements resulting from IFRS 3 shall apply, including any improvements resulting from the Discussion Paper DP/2020/1 'Business Combinations – Disclosures, Goodwill and Impairment'. For acquisitions to be accounted for under the book-value method, adjusted reporting requirements are proposed based on IFRS 3 disclosures.

The comment period ends on 1 September 2021.

**Note:** The Discussion Paper can be accessed [here](#).

## IASB – EU-ENDORSEMENT

# The EU adopts amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 into European law

The IASB issued ‘Interest Rate Benchmark Reform – Phase 2’ on August 27, 2020, amending IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Phase 2 addresses practical financial reporting expedients after the reform of a benchmark interest rate, i.e. once an existing benchmark interest rate has actually been replaced. The European Union has incorporated the amendments into European law in the [Official Journal of 14 January 2021](#).

The amendments relate to the following areas:

- ▶ Modification to financial assets, financial liabilities and lease liabilities
- ▶ Hedge accounting
- ▶ IFRS 7 disclosure requirements

To enable users of the financial statements to understand the nature and extent of the risks to which the entity is exposed as a result of the IBOR reform, how those risks are being managed, and/or the transition to alternative reference rates, full disclosures about them should be made in the notes.

The amendments are mandatory for fiscal years beginning on or after January 1, 2021; earlier application is permitted.

# EU adopts further deferral of IFRS 9 for insurers into European law

On 25 June 2020, the IASB issued an amendment to IFRS 4, ‘Insurance Contracts’, which is related to the amendments to IFRS 17 ‘Insurance Contracts’, published at the same time. The European Union has published in the [Official Journal of 16 December 2021](#) the postponement of the first-time applica-

tion of IFRS 9 by another year to the first-time application date of IFRS 17 Insurance Contracts (2023).

This allows insurers, which meet certain requirements to continue to apply IFRS 17 together with IFRS 9 for the first time from

1 January 2023. Until then, insurers are exempt from applying IFRS 9. The exemption was granted to prevent accounting mismatches between assets and liabilities on insurers’ balance sheets.

## NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (IAS 8.30)

### IASB issued amendments to IAS 1 and IAS 8

On 12 February 2021, the IASB has issued amendments to IAS 1 'Presentation of Financial Statements', including amendments to the accompanying IFRS Practice Statement 2 'Making Materiality Judgements' and to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

#### IAS 1 – Change from significant to material:

The amendments to IAS 1 specify the extent to which accounting policies must be disclosed in the IFRS notes. The disclosure requirement under IAS 1.117 has been especially affected. In future, only 'material' methods are to be considered rather than 'significant' methods. To be material, the accounting method must be related to significant transactions or other events. Further, there must be a reason for the presentation, such as that there was a change in a method resulting from the exercise of an option, or that the method is complex or involves significant judgement, or that it was developed in accordance with IAS 8.10-11. This is intended to redirect the focus to company-

specific practices instead of standardised practices. The guidance in Practice Statement 2 has been adjusted accordingly.

#### IAS 8 – First positive definition of an accounting estimate:

The amendments to IAS 8 introduce for the first time a definition of the term 'accounting estimate' to better distinguish changes in accounting methods from changes in estimates. IAS 8 clarifies that an accounting estimate always relates to a measurement uncertainty of a financial figure in financial statements. In addition to input parameters, a company also uses valuation techniques to determine an estimate. Valuation techniques may be estimation techniques or valuation techniques.

A distinction from accounting policies is critical because IAS 8 provides for different consequences for changes in accounting estimates and policies. Changes in accounting policies must be accounted for retrospectively, while changes in accounting estimates must be accounted for prospectively.

The amendments to IAS 1 and IAS 8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. EU endorsement, which permits application for IFRS preparers in the EU, is currently still outstanding.



## PUBLISHED EXPOSURE DRAFTS

# IASB publishes Exposure Draft ED/2021/3 Disclosure Requirements in IFRS Standards – A Pilot Approach (proposed amendments to IFRS 13 and IAS 19)

The Exposure Draft ED/2021/3 Disclosure Requirements in IFRS Standards – A Pilot Approach (Proposed Amendments to IFRS 13 and IAS 19), published on 25 March 2021, contains guidance which the IASB itself will use in developing and formulating disclosure requirements in IFRS. In addition, the draft contains proposed amendments with regard to guidelines and its first-time application to the disclosure requirements in IFRS 13 ‘Fair Value Measurement’ and IAS 19 ‘Employee Benefits’.

The aim of the draft new guidelines is to address the criticisms of ‘too little relevant information’, ‘too much irrelevant information’ and ‘ineffective communication’. In particular, the IASB envisages that in future each standard will define overarching disclo-

sure objectives, which address the general information needs of investors, as well as specific disclosure objectives, which take into account the detailed information needs of investors. The specific disclosure objectives are supplemented by concrete information that a company can, or if necessary, must provide to achieve these objectives.

In the Discussion Paper, the IASB presents the following for discussion:

- ▶ Guidelines that it should itself use in future in the development and formulation of disclosure requirements; and
- ▶ Amendments to the disclosure requirements in IFRS 13 and IAS 19 developed by the IASB using this guidance.

The comment period ends on 21 October 2021.

**Note:** The Exposure Draft can be viewed [here](#).

# IASB publishes Exposure Draft 2021/1 – Regulatory Assets and Regulatory Liabilities

The IASB has issued a draft, ‘Regulatory Assets and Regulatory Liabilities’, which is intended to provide investors in rate-regulated entities with better information on financial performance and to replace IFRS 14, ‘Regulatory Deferral Accounts’, which has not been adopted into EU law.

Price regulation determines the amount that an entity can charge its customers for goods or services supplied and the period over which the entity can charge that amount. This may result in differences between the period in which the services are rendered and the period in which the entity recognises the related revenue.

Currently, IFRS standards do not require entities to provide investors with information about these timing differences.

The IASB’s Exposure Draft proposes the recognition of so-called regulatory items (assets and liabilities as well as income and expenses), which enable investors to better understand the company’s earnings position and to forecast future cash flows.

Regulatory assets and regulatory liabilities have so far generally been regarded in Germany as not eligible for recognition in the balance sheet, so that the implementation of the recommendations of the draft

would, in this respect, represent an innovation in IFRS accounting. The earnings situation would thus be presented in a fashion more similar to accrual basis; however, the revenue to be reported would remain unchanged.

The comment period ends on 30 July 2021.

**Note:** The Exposure Draft can be found [here](#).



## IASB Proposes Amendments to IFRS 16

On 27 November 2020, the IASB proposed amendments to IFRS 16, 'Leases' to improve the accounting for sale and leaseback transactions.

The amendments supplement IFRS 16 with regulations on the subsequent measurement of lease liabilities arising in the context of sale and leaseback transactions. The draft is the consequence of an IFRS IC agenda decision in June 2020 on sale and leaseback

transactions with variable lease payments. In the context of this decision, the IFRS IC concluded that the share of a sold asset retained via the leaseback is not zero even in the case of exclusively variable lease payments and that, in such cases, the expected lease payments (for example) should be used. The published draft therefore proposes rules for accounting issues arising from the Agenda decision in the case of a sale and leaseback.

The comment period for the draft expired on 29 March 2021.

**Note:** The Exposure Draft can be found [here](#).

## IFRS INTERPRETATIONS COMMITTEE

# IFRS Interpretations Committee agenda decisions

If the IFRS Interpretations Committee (IC) takes the position that an issue addressed to the Committee is not suitable as a basis for an interpretation, the decision not to add it to its agenda is published in the IFRIC Update. In addition to a description of the fact pattern, this 'tentative agenda decision' also gives the reasons for the negative decision. After the end of a comment period of at least 30 days, the IFRS IC decides on the final wording of the decision, including the reasons.

Some of the negative agenda decisions of the IFRS IC also contain material statements on IFRS accounting (non-interpretations, non-IFRICs). The agenda decisions are explicitly published by the IASB for information purposes only. Nevertheless, the IASB believes that preparers may not ignore the IFRS IC's agenda decisions and may only depart from them if there are compelling reasons for doing so.

**Note:** The following table provides a brief overview of the issues addressed by the IFRS Interpretations Committee's agenda decisions in the period 17 November 2020 to 16 April 2021. A detailed description of the fact patterns and the decision are published as IFRS IC agenda decisions in the IFRIC Update.

### IFRIC Update February 2021

Standard/Issue	Excerpts from the key agenda decisions
IAS 2: Net realisable value – selling costs required for inventories	Limiting the estimated selling costs to incremental costs is not covered by the requirements of IAS 2 because it might exclude costs which the company incurs to sell its inventories, but which are not caused by a single sales transaction but are attributable, for example, to multiple sales transactions.

### IFRIC Update December 2020

Standard/Issue	Excerpts from the key agenda decisions
Supply chain financing agreement – Reverse Factoring	Liabilities that are part of the reverse factoring agreement must continue to be presented in the balance sheet either as trade payables, as other financial liabilities, or as liabilities of a distinct nature, depending on the circumstances (type, function, and size of the liability). The assessment of a possible derecognition of the original liability and recognition of a new liability must be made on the basis of the criteria of IFRS 9. Extensive disclosures may also be required in the notes.
IAS 1: Classification of liabilities with covenants as current or non-current	The decisive factor for the classification of liabilities on the reporting date is not the expectation that a financial covenant test will be passed in the future, but whether a hypothetical test based on the circumstances on the reporting date would lead to the test being passed and – following up from this – whether the company has the right not to have to settle the debt within the next twelve months after the reporting date.
IAS 38: Configuration or customisation costs in a cloud computing agreement	The following three steps should be considered when deciding to capitalise configuration or customising costs: <ol style="list-style-type: none"> <li>1. Examination of whether an independent intangible asset should be capitalised in accordance with IAS 38</li> <li>2. Insofar as step 1 is answered no, and the cost is to be recorded in expenses: Checking whether an advance payment on the agreed services should be capitalised</li> <li>3. Deciding whether configuration or customising services and the provision of access to the software in the cloud are to be regarded as a single or separate service (cf. IAS 8.10-11 in conjunction with IFRS 15 'distinct')</li> </ol>

IDW

## Supplement to ‚Teil 3 des Fachlichen Hinweises zu den Auswirkungen der Corona-Pandemie auf Rechnungslegung und Prüfung‘

The IDW has supplemented or updated the Technical Note ‚Zweifelsfragen zu den Auswirkungen der Ausbreitung des Coronavirus auf die Rechnungslegung und deren Prüfung (Teil 3)‘ of 8 April 2020 with further questions and answers. These are presented below in chronological order:

- ▶ **5<sup>th</sup> Update of 6 April 2021:** The newly included issues relating to accounting under commercial law concern the immediate depreciation of so-called digital assets and the qualification of silent contributions of the Economic Stabilisation Fund as debt or equity in the commercial balance sheet of the holder of the commercial transaction. The update concerns the issue of the deadlines applicable during the coronavirus pandemic for the submission of accounting documents to the operator of the Federal Gazette for the purpose of fulfilling the disclosure requirements under § 325 of the HGB (German Commercial Code).
- ▶ **4<sup>th</sup> Update of 26 February 2021:** The newly included issues relating to accounting under commercial law and international accounting concern the capitalisation of certain corona assistance measures in HGB and IFRS financial statements as of 31 December 2020, the commercial balance sheet presentation of so-called rental concessions on the part of the tenant and the compatibility of applying for corona bridging assistance (as a so-called auditing third party) with acting as auditor for the company concerned.
- ▶ **3<sup>rd</sup> Update of 28 January 2021:** The newly included issues related to accounting under commercial law include subsequent measurement of investment securities, declining balance depreciation in the commercial balance sheet, accounting for continuing obligations where consideration continues to be received, and requirements for reporting in financial statements and management reports

for the fiscal year 2020 on the impact of the coronavirus pandemic on the subject company. For IFRS financial statements, explanations were added on FREP audit priorities, on the presentation of the effects of the Corona pandemic and on doubts regarding the solvency of real estate lessees. Furthermore, explanations were included on the disclosure requirements under HGB and IFRS in the event of material uncertainties in the assessment of the going-concern assumption.

**Note:** The [Technical Note](#) can be downloaded from the IDW website.



## IDW-Steuerfachausschuss: Update of the ‚Fachlichen Hinweises zu den steuerlichen Maßnahmen zur Berücksichtigung des Coronavirus‘

The Technical Note ‚Überblick über steuerliche Maßnahmen zur Berücksichtigung der Auswirkungen des Coronavirus‘ issued by the IDW on 1 July 2020 was updated with dates of 7 April 2021 and 13 January 2021.

► **Update of 7 April 2021:** In the first quarter of 2021, the Federal Government and the Federal Ministry of Finance (Bundesministerium der Finanzen (BMF)) approved and adopted further tax relief measures to mitigate the economic consequences of the coronavirus-pandemic. These have now been included and explained in the IDW's Technical Note. Included are the Third Corona Tax Relief Act and legislation extending the stay of bankruptcy filing requirements and protections against challenges to pan-

demic-related deferrals, as well as extending the tax filing deadline in advised cases and the interest-free grace period for the 2019 assessment period. In addition, the BMF letters listed and linked in the note have been updated to reflect the status as of 7 April 2021.

► **Update of 13 January 2021:** In the second half of 2020, the Federal Government and the Federal Ministry of Finance approved and adopted further fiscal relief measures to mitigate the economic consequences of the Corona pandemic. These have now been included and explained in the IDW's technical note. Of particular practical relevance for most taxpayers with income from profits, who are particularly affected, are the exten-

sions granted to the deadline for filing 2019 tax returns in advised cases, the extension of the grace period under the 2019 interest and the extension in time of the scope of the simplified procedures introduced in 2020 (including for deferral of tax payments and adjustment of advance payments).

**Note:** The [Technical Note](#) can be downloaded from the IDW website.

## Bankenfachausschuss des IDW (BFA): Publication of the ‚Fachlichen Hinweises zu den Auswirkungen der Coronavirus-Pandemie auf Wertminderungen von Finanzinstrumenten im Jahres- und Konzernabschluss von Kreditinstituten zum 31.12.2020‘

The ‚Bankenfachausschuss‘ of the IDW has published the Technical Note ‚Auswirkungen der Coronavirus-Pandemie auf Wertminderungen von Finanzinstrumenten im Jahres- und Konzernabschluss von Kreditinstituten zum 31.12.2020‘ dated 18 December 2020.

The note includes significant estimates and comments on loan loss provisions for banks in accordance with the German Commercial Code (HGB) and IFRS as at the reporting date of 31 December 2020.

With unchanged technical requirements, the note highlights the expectation of an intensive examination by the Management Board, Supervisory Board and auditors of the future economic development of the economy as a whole and of individual borrowers in order to form appropriate risk provisions and a transparent presentation in the notes and management report.

Overall, the BFA expects an increase in risk provisions at the end of the year compared to the previous year, although this will depend on the individual loan portfolio of each institution.

**Note:** The [Technical Note](#) can be downloaded from the IDW website.

## EU Endorsement Status Report

The following table contains standards and interpretations not yet endorsed or endorsed by the EU after January 1, 2021. The table is based on the most recent EU Endorsement Status Report published by EFRAG on 12 February 2021 (as of 16 April 2021).

Standards	IASB effective date	EU-Endorsement
IFRS 17: Insurance Contracts (18 May 2017) incl. amendments to IFRS 17 (25 Jun. 2020)	1 January 2023	Outstanding
<b>Amendments</b>		
IAS 1: Classification of Liabilities as Current or Non-current (23 Jan. 2020) and IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date (15 July 2020)	1 January 2023	Outstanding
IFRS 3: Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37: Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements Process 2018–2020 cycle (all 14 May 2020)	1 January 2022	Outstanding
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies	1 January 2023	Outstanding
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates	1 January 2023	Outstanding
IFRS 4 Insurance Contracts – Deferral of IFRS 9 (25 June 2020)	1 January 2021	15 December 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: Interest Rate Benchmark Reform – Phase 2 (27 Aug. 2020)	1 January 2021	13 January 2021

# Activity Report 2020 of the Deutsche Prüfstelle für Rechnungslegung (DPR, Financial Reporting Enforcement Panel (FREP))

FREP published its activity report for 2020 on 28 January 2021. In the year under review, the Enforcement Panel completed a total of 74 (previous year: 86) examinations. Of these, 66 were random examinations, three were indication-based examinations and five examinations performed at the request of the Federal Financial Supervisory Authority (BaFin). The 2020 error rate of 15 % was lower than the previous year (20 %) and on par with 2017 and 2018. In addition, the FREP states in its report about a challenging 2020, which was marked by the termination of the recognition agreement by the German Federal Ministry of Justice and Consumer Protection (Bundesministerium der Justiz und für Verbraucherschutz (BMJV)) in connection with the Wirecard scandal.

In 2020, the focus was on accounting standards IFRS 9, IFRS 15 (both priorities) and IFRS 16 (examination area of particular significance). Guidance on future accounting has been provided for all three accounting standards at issue here.

The errors identified in 2020 were due in particular to the scope and application difficulties of IFRS with regard to the presentation of complex business transactions and to inadequate reporting in the notes and management report. Errors related to IPO costs were identified in both 2019 and 2020. In this case, costs which were not incremental for the procurement of additional equity were incorrectly recorded in equity instead of in expenses.

**Note:** The FREP's activity report is available online at the following [link](#).

## FREP error findings

The following is a list of the FREP's error findings published from 17 November

2020 to 16 April 2021. The objective is to avoid errors in these areas.

**Note:** The FREP's publications on error findings are available online at [www.bundesanzeiger.de](http://www.bundesanzeiger.de) (section 'Accounting/Financial Reports' – 'Error Announcements').

Publication	Subject
Publication from 9 March 2021	<ul style="list-style-type: none"> <li>▶ Reporting in the Group Management Report</li> <li>▶ Presentation of EBITDA in the consolidated financial statements</li> </ul>
Publication from 9 February 2021	<ul style="list-style-type: none"> <li>▶ IPO costs</li> <li>▶ Tax reconciliation</li> <li>▶ Disclosures on changes in estimates in the notes to the consolidated financial statements and the group management report</li> </ul>
Publication from 22 December 2020	<ul style="list-style-type: none"> <li>▶ Valuation of lease receivables</li> </ul>
Publication from 4 December 2020	<ul style="list-style-type: none"> <li>▶ Impairment of inventories</li> </ul>

---

**CONTACT**

---

**BONN**

**Uwe Harr**

German Public Accountant, Tax Adviser  
Tel. +49 228 85029-120  
E-Mail: uwe.harr@ebnerstolz.de

**HAMBURG**

**Florian Riedl**

German Public Accountant, Tax Adviser  
Tel. +49 40 37097-186  
E-Mail: florian.riedl@ebnerstolz.de

**HANNOVER**

**Hans-Peter Möller**

German Public Accountant, Tax Adviser  
Tel. +49 511 936227-39  
E-Mail: hans-peter.moeller@ebnerstolz.de

**COLOGNE**

**Werner Metzen**

German Public Accountant, Tax Adviser  
Tel. +49 221 20643-27  
E-Mail: werner.metzen@ebnerstolz.de

**STUTTGART**

**Dr. Volker Hecht**

German Public Accountant, Tax Adviser  
Tel. +49 711 2049-1340  
E-Mail: volker.hecht@ebnerstolz.de

**FRANKFURT**

**Markus Groß**

German Public Accountant  
Tel. +49 69 450907-104  
E-Mail: markus.gross@ebnerstolz.de

**Sonja Kolb**

German Public Accountant  
Tel. +49 711 2049-1070  
E-Mail: sonja.kolb@ebnerstolz.de

---

**DISCLAIMER**

---

**Publisher:**

Ebner Stolz Mönning Bachem  
Wirtschaftsprüfer Steuerberater Rechtsanwälte  
Partnerschaft mbB  
www.ebnerstolz.de

Ludwig-Erhard-Straße 1, 20459 Hamburg  
Tel. +49 40 37097-0

Holzmarkt 1, 50676 Köln  
Tel. +49 221 20643-0

Kronenstraße 30, 70174 Stuttgart  
Tel. +49 711 2049-0

**Editorial:**

Sonja Kolb, Tel. +49 711 2049-1070  
Dr. Ulrike Höreth, Tel. +49 711 2049-1371

Despite careful preparation of the documents, we do not guarantee that the contents and statements therein are accurate, up-to-date or complete and we therefore disclaim all liability in that regard.

This also applies to any additional information provided at an informational or professional event. The documents and any additional information were not prepared for the purpose of providing conclusive information about specific topics or providing advice about your specific case, whether in whole or in part. We would be happy to arrange a meeting with you to discuss your specific situation. The documents are intended exclusively for our clients.

Any reprint of the documents, even of excerpts, whether for personal or any other use, is not permitted without the written consent of Ebner Stolz. This also applies to reproduction by means of photocopying or any other means.

**Fotonachweis:**

©www.gettyimages.com