



Exchange Regulation

**COMMUNIQUÉ NO. 4/2016
OF 4 APRIL 2016*****Areas of focus for the review of 2016 annual and interim financial statements***

When reviewing IFRS financial statements for the 2016 financial year, SIX Exchange Regulation intends to focus on compliance with the following requirements (the same principles apply to issuers reporting under US GAAP).

1. *Presentation of financial statements (IAS 1)*

In the presentation of the statement of comprehensive income, the relevance and prominence of additional line items, headings and subtotals will be checked for conformity with the provisions of the Disclosure Initiative which entered into force on 1 January 2016. In addition, the type of presentation that has been chosen for the statement of comprehensive income ("nature of expense" or "function of expense" method) will be reviewed to ensure that it has been applied properly and that any form of mixed presentation has been avoided. In addition, there will be a critical review of how relevant and up to date the key assumptions concerning estimation uncertainty, as well as the accounting policies, are in relation to the financial statements being presented. For further explanations with regard to the presentation of financial statements, please refer to margin numbers 4-6, 10-11 and 13 of the IFRS Circular of 15 October 2015 ("IFRS Circular").

2. *Intangible assets/business combinations (IAS 38/IFRS 3)*

The reported useful lives of intangible assets will be scrutinised. If the useful life has been assessed as indefinite, the analysis of the factors underlying this assumption may be required additionally. In the event of a business combination, there will be a critical examination of how intangible assets were identified and valued during the purchase price allocation. The amount and nature of the intangible assets that have been identified will be compared with the available information about the business combination and the level of goodwill. Here we would also like to draw your attention to margin numbers 48 and 54 of the IFRS Circular.

3. *Property, plant and equipment (IAS 16)*

Where there are major items of property, plant and equipment, the review will investigate whether significant parts with different useful lives are being depreciated separately. The plausibility of the depreciation methods and useful lives that have been applied will also be examined. If the revaluation model is used, the consistent application of this valuation method to an entire class of property, plant and equipment will be checked. Additionally, there will also be a review of whether or not the corresponding fair values have been determined reliably.

When reviewing financial statements for the 2016 financial year that have been prepared under Swiss GAAP FER, the focus will be on compliance with the principles for recognising revenue which came into force on 1 January 2016 (Swiss GAAP FER framework /12, Swiss GAAP FER 3/17-19 and Swiss GAAP FER 6/8). The plausibility of the distinction between "Net sales from goods and services", which are generated from day-to-day business activities, and "Other operating income" will be reviewed. The review will also examine the separate recognition and valuation of individual elements of multiple-component transactions. In addition, the role of the company as a principal or agent in individual transactions will be scrutinised and the corresponding reporting in the income statement verified. The notes will be checked to ensure that disclosures on primary sources of income, and their recognition, are clear and comprehensible.

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