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Similarities and Differences Dutch GAAP vs. IFRS

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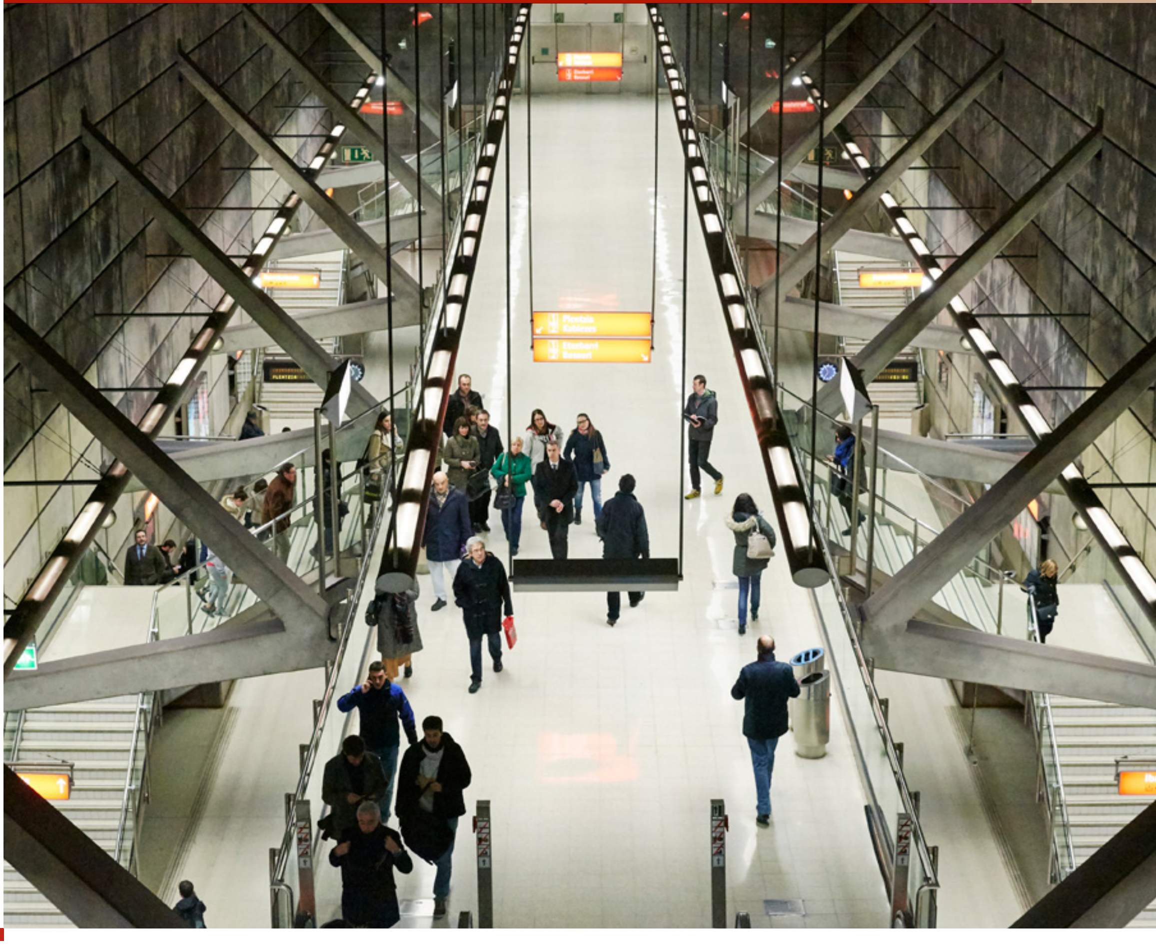

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Similarities and Differences Dutch GAAP vs. IFRS

Note: *This publication is for those who wish to gain a broad understanding of the significant differences between Dutch GAAP and IFRS. It is not comprehensive. It focuses on a selection of those differences most commonly found in practice. When applying the individual accounting frameworks, entities should consult all of the relevant accounting standards and, where applicable, national law.*

While every effort has been made to ensure accuracy, information contained in this publication may not be comprehensive or may have been omitted that may be relevant to a particular reader. In particular, this publication is not intended as a study of all aspects of Dutch GAAP or IFRS or as a substitute for reading the standards and interpretations when dealing with specific issues. No responsibility for loss to any person acting or refraining from acting as a result of any material in this publication can be accepted by PwC. Recipients should not act on the basis of this publication without seeking professional advice.

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Preface

Introduction

This publication “Similarities and Differences Dutch GAAP vs. IFRS” is designed by PwC The Netherlands to highlight some of the key differences between Dutch GAAP and IFRS and to encourage early consideration of what IFRS means to the entity. In this publication, we deal with Dutch GAAP as a starting point whereas we elaborate on the key differences with IFRS in the adjacent IFRS column. If there are no or only less significant differences a “similar to” remark is included in the IFRS column.

Dutch GAAP

In this overview of similarities and differences we refer to Dutch GAAP, which covers:

- The Dutch Civil Code, Book 2, Part 9 (‘BW 2 T9’); including:
  - The General Administrative Order on model formats (‘Besluit modellen jaarrekening’ – ‘GAO on model formats’);
  - The Decree on valuations (‘Besluit actuele waarde’); and
- The Dutch Accounting Standards (‘Richtlijnen voor de jaarverslaggeving’).

Dutch company law is part of the Dutch Civil Code. The legal provisions relating to entities limited by shares in the Netherlands are included in Book 2 of the Code, which contains legal provisions relating to all legal persons and entities, including co-operatives and associations, as well as limited liability entities. The legal financial reporting framework is built upon the relevant elements of the Code, and is supplemented by the Dutch Accounting Standards (‘DAS’), judicial precedence (‘de Ondernemingskamer’), International Financial Reporting Standards (IFRS) and the Authority for Financial Markets (‘Autoriteit Financiële Markten’ (AFM)).

The Dutch Accounting Standards have no legal force, but provide more detailed guidance on the interpretation of the law and in areas not specifically covered by the Code. In practice, the Dutch Accounting Standards form an important part of the Dutch Generally Accepted Accounting Principles which has been confirmed in a number of legal cases.

Applicability

We based our publication on Dutch Law and the 2017 version of the DAS which is applicable for financial statements on annual periods beginning on or after 1 January 2018. The Dutch GAAP column deals with the recognition and measurement requirements for medium-sized and large entities. Micro and small entities are not covered in this overview. The size criteria and specific exemptions for medium-sized entities are included in chapter 10.
With regard to IFRS authoritative pronouncements and other developments through 1 January 2018 are taken into account which means that we pay attention to the standards IFRS 9, 15, 16 and 17. For entities applying IFRS as endorsed by the European Union the Standards IFRS 9 and 15 are effective for annual periods beginning on or after 1 January 2018. The lease standard, IFRS 16, will be effective from 1 January 2019 and is conditionally permitted to be early adopted on or after 1 January 2018. Therefore, IAS 17, the current lease standard is taken into account as well. Furthermore, a brief summary of IFRS 17, insurance contracts, is provided in this publication although this standard will be effective per 1 January 2021 only.

Some topics cannot be compared as they are not dealt with in one of the two frameworks. Public sector accounting for example is only covered under Dutch GAAP, whereas the standard on Agriculture in IFRS (IAS 41) has no equivalent in the DAS. Therefore, in chapter 10 and 11 respectively, we elaborate more on the IFRS only and Dutch GAAP only topics.

Terminology and appendices

For your information we included the translation of frequently used terms below:

historical cost	- historische kostprijs
current value	- actuele waarde
value in use	- bedrijfswaarde
fair value	- marktwaarde/reële waarde
realizable value	- opbrengstwaarde
current cost	- actuele kostprijs

Furthermore, we included examples of a balance sheet, an income statement, a cash flow statement and a statement of changes in equity in the appendices based on Dutch GAAP and IFRS in order to become more familiar with the major differences in presentation.

This publication is a part of PwC's on-going commitment to help entities navigate the switch from Dutch GAAP to IFRS and to support those entities that use both GAAP's in their group structure or wish to compare and contrast.

This publication is not all-encompassing. When applying the individual accounting frameworks, entities should consult all of the relevant accounting standards and, where applicable, national law.

The online version of this publication can be accessed via the Dutch branch of www.inform.pwc.com

Amsterdam, March 2018

Jan Backhuijs
Jeroen Tuithof
Kavish Gharbharan

PwC The Netherlands

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1. Accounting framework and first-time adoption

1.1 Accounting framework

Book 2, Part 9 of the Dutch Civil Code, which deals with the financial statements and annual report, provides instructions on the principles of valuation of assets and liabilities and the determination of the results. Additional guidance is included in the DAS.

IFRSs are developed and published to promote the use of those IFRSs in general purpose financial statements and other financial reporting. Dutch Law facilitates the use of IFRS.

The following comparisons have been made based on the Dutch Civil Code, DAS 100 'Introduction', DAS 930 'Framework for the preparation and presentation of financial statements', DAS 115 'Criteria for recognition and disclosure of information, DAS 254 'Liabilities' (Dutch GAAP), and the Conceptual framework 2010, IAS 1 'Presentation of financial statements' and IAS 32 'Financial instruments: presentation' (IFRS).

	Dutch GAAP	IFRS
Scope	Bv's, nv's and some other legal entities are subject to the requirements of Book 2, Part 9 of the Dutch Civil Code (hereafter 'the Code'). Additional guidance is included in the DAS. Listed entities in the Netherlands are required to apply IFRS for their consolidated financial statements. Dutch Law facilitates the use of IFRS in general purpose financial statements for non-listed entities *Articles 2:360, 2:362, DAS 100.100-104*	IFRSs are developed and published to promote the use of those IFRSs in general purpose financial statements and other financial reporting. IFRSs apply to all general purpose financial statements, which are directed towards the common information needs of a wide range of users. *Conceptual framework 2010, chapter 1 and Preface to IFRS, 7, 10*
Definitions		
Asset	An asset is a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Future economic benefits can arise from continuing use of the asset or from its disposal. The following factors are not essential in assessing the existence of an asset: • its physical substance; • the right of ownership. *DAS 930.49a, 53-59*	Same as Dutch GAAP. *Conceptual framework 2010, chapter 4.8-14*
Liability	A liability is a present obligation of an entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. The present obligation can be either a legal or constructive obligation (based on established pattern of past practice or a creation of valid expectations). *DAS 930.49b, 60-64*	Same as Dutch GAAP. *Conceptual framework 2010, chapter 4.15-19*
Equity	Refer to chapter 7 Non-financial liabilities and equity.	Refer to chapter 7 Non-financial liabilities and equity.
Income	Refer to chapter 4 Income and expenses.	Refer to chapter 4 Income and expenses.
Expenses	Refer to chapter 4 Income and expenses.	Refer to chapter 4 Income and expenses.
Recognition of the elements of the financial statements	*Recognition is the process of incorporating in the balance sheet or income statement an item that meets the definition of an element and satisfies the following criteria:* • *It is probable that any future economic benefit associated with the item will flow to or from the entity.* • *The item has a cost or a value that can be measured reliably.* *In addition, regard needs to be given to the materiality considerations.* *An item that fails to meet the recognition criteria may qualify for recognition at a later date as a result of subsequent circumstances or events.* *DAS 930.82-88*	*Same as Dutch GAAP.* *Conceptual framework 2010, chapter 4.37-39*

	Dutch GAAP	IFRS
Concepts and pervasive principles		
Measurement bases	The measurement bases include historical cost and current value. Current value includes current cost price, realisable value, value in use and fair value. The measurement basis most commonly adopted is historical cost. *Article 2:384.1, Decree on valuations, DAS 930.100-101*	The measurement bases include historical cost, current cost, realisable value and present value. The measurement basis most commonly adopted is historical cost. However, certain items may or must be valued at fair value (for example, investment property, biological assets other than bearer plants and certain categories of financial instruments). *Conceptual framework 2010, chapter 4.54-56*
Underlying assumptions	Financial statements are prepared on an accrual basis and on the assumption that the entity is a going concern and will continue in operation in the foreseeable future (which is at least, but not limited to, 12 months from the balance sheet date). *Article 384:2-3, DAS 930.22-23*	Same as Dutch GAAP. *Conceptual framework 2010, chapter 4.1, IAS 1.25, IAS 1.27*
Qualitative characteristics	The four qualitative characteristics are understandability, relevance, reliability and comparability. Materiality is a sub-characteristic of relevance. Substance over form, prudence and completeness are sub-characteristics of reliability. Timeliness and balance between benefit and cost are defined as constraints on relevant and reliable information. *DAS 930.24-46*	Relevance and faithful presentation are the fundamental qualitative characteristics. Enhancing qualitative characteristics are comparability, verifiability, timeliness and understandability. Cost is a pervasive constraint on the information that can be provided by financial reporting. *Conceptual framework 2010, chapter 3*
Fair presentation	The Dutch Civil Code requires the financial statements to be prepared in accordance with generally accepted accounting principles, to provide a view enabling a well-founded opinion to be formed of the legal entity's assets, liabilities and results and, insofar as the nature of the financial statements permits, of its solvency and liquidity. The requirement to provide 'a true and fair view' is fundamental, over-riding other requirements. An entity must depart from the requirements of the Dutch Civil Code if compliance with those requirements would detract from the true and fair view given by the accounts. When there is a departure, the reason for departure, and its effect on the net assets and result must be disclosed. Furthermore, if additional information, over and above the legal requirements, is needed to give a true and fair view, the financial statements must include this additional information. *Article 2:362*	Similar to Dutch GAAP. However, in extremely rare circumstances entities are permitted to depart from the IFRSs, only if management concludes that compliance with one of the requirements would be so misleading as to conflict with the objective of the financial statements. The nature, reason and financial impact of the departure needs to be explained in the financial statements. *IAS 1.15-1.16, 1.19, 1.20*
Offsetting	Assets and liabilities or income and expenses cannot be offset, except where specifically required or permitted by the standard. Offsetting is required if an entity possesses an adequate legal instrument to balance and settle the asset and liability simultaneously, and intends to settle or realise simultaneously. *Article 2:363.2, DAS 115.305*	Same as Dutch GAAP. *IAS 1.32, IAS 32.42*

	Dutch GAAP	IFRS
Current/non-current distinction	Items in the balance sheet are distinguished between non-current (fixed) and current dependent on whether or not these items are in use on a long-term basis. According to the Dutch Accounting Standards an asset is classified as current if it is: • expected to be realised, sold or consumed in the entity's normal operating cycle (irrespective of length); • primarily held for the purpose of trading; • expected to be realised within 12 months after the balance sheet date; or • cash and cash equivalent (not restricted in its use within the 12 months after the balance sheet date). Liabilities are classified as current if they are due within 12 months. Specific exemptions apply, as highlighted below. *Article 2:364, DAS 190.201-210, DAS 254.303*	The current/non-current distinction is required except when a liquidity presentation is more reliable and relevant. With regard to assets similar criteria apply as in Dutch GAAP. Guidance for assets is the equivalent of Dutch GAAP. For liabilities more detailed guidance is available. A liability is classified as current if: • it is expected to be settled in the entity's normal operating cycle; • it is primarily held for the purpose of trading; • it is expected to be settled within 12 months after the balance sheet date; or • the entity does not have an unconditional right to defer settlement of the liability until 12 months after the balance sheet date. *IAS 1.60, 1.66, 1.69*
Refinancing and debt covenants	Liabilities that have been refinanced for a term longer than 12 months are presented as non-current if the refinancing is completed before the balance sheet date. Liabilities may be presented as non-current if the refinancing is completed after the balance sheet date, but before the date of preparation of the financial statements. In case of early repayment, or agreement thereto, after the balance sheet date, but before the date of preparation of the financial statements, it is allowed the present the liability as current. In case of violation of debt covenants the liabilities may only be presented as non-current if a waiver for more than one year is granted by the lender before the date of preparation of the financial statements. *DAS 254.304-307*	Liabilities that have been refinanced for a term longer than 12 months are presented as non-current if the refinancing is completed before the balance sheet date. The refinancing of liabilities completed after the balance sheet date are addressed as non-adjusting events after the balance sheet date and are hence presented as current. In case of early repayment (not expected as at the balance sheet date), or agreement thereto, after the balance sheet date, the liability is presented as non-current. In case of breach of debt covenants the liabilities may only be presented as non-current if a waiver for one year is granted by the lender before the balance sheet date. *IAS 1.69-76*

1.2 First-time adoption

IFRS 1 'First-Time Adoption of International Financial Reporting Standards' applies when an entity adopts IFRS for the first time by an explicit and unreserved statement of compliance with IFRS. IFRS 1 was created to help companies transition to IFRS and provides practical accommodations intended to make first-time adoption cost-effective.

There are no separate guidelines regarding first-time adoption of Dutch GAAP although as a general principle retrospective application is assumed.

	Dutch GAAP	IFRS
Transition to Dutch GAAP and IFRS	There are no separate guidelines regarding a first-time adoption. General approach would be to retrospectively apply accounting principles in full.	The first-time adopter of IFRS is an entity that presents its first annual financial statements that conform to IFRS. First-time adoption requires retrospective application of the IFRSs effective at the reporting date for an entity's first IFRS financial statements. There are mandatory exceptions and optional exemptions to the requirement for retrospective application. *IFRS 1.2, 1.4, 1.7, 1.10, 1.13*
Date of transition	There are no separate guidelines regarding date of transition.	This is the beginning of the earliest period for which full comparative information is presented in accordance with IFRS in its first IFRS financial statements. The entity prepares an opening IFRS balance sheet at the date of transition as the starting point for its IFRS accounting. *IFRS 1.6, Appendix A*
Reconciliation	There are no separate guidelines regarding reconciliation.	A first-time adopter's first financial statements include the following reconciliations: • Reconciliations of its equity reported under its previous financial reporting framework to its equity under IFRSs for both the transition date and the end of the latest period presented in the entity's most recent annual financial statements under its previous financial reporting framework. • Reconciliation to its total comprehensive income in accordance with IFRSs for the latest period in the entity's most recent annual financial statements. The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for the same period or, if an entity did not report such a total, profit or loss under previous GAAP. *IFRS 1.23-25*

	Dutch GAAP	IFRS
Mandatory exceptions	Not applicable.	A first-time adopter does not change the accounting that it followed previously for any of the following transactions: • derecognition of financial assets and liabilities; • hedge accounting; • non-controlling interests; • classification and measurement of financial assets; • impairment of financial assets; • embedded derivatives; and • government loans. Any estimates in accordance with IFRS at the transition date are consistent with the estimates that were made for the same date under the previous GAAP (unless those estimates were in error). *IFRS 1.13, 14, Appendix B*
Optional exemptions	Not applicable.	The following optional exemptions to the requirement for retrospective application are available for use insofar they are relevant to the entity: • application of IFRS 3 to past business combinations; • share-based payment transactions; • insurance contracts; • deemed cost; • leases; • cumulative translation differences; • investments in subsidiaries, jointly controlled entities and associates; • assets and liabilities of subsidiaries, associates and joint ventures; • compound financial instruments; • designation of previously recognised financial instruments; • fair value measurement of financial assets or financial liabilities at initial recognition; • decommissioning liabilities included in the cost of property, plant and equipment; • financial assets or intangible assets accounted for in accordance with IFRIC 12; • borrowing costs; • severe hyperinflation; • joint arrangements; and • stripping costs in the production phase of a surface mine; • designation of contracts to buy or sell a non-financial item; • revenue; Furthermore IFRS 1 contains some short-term exemptions. *IFRS 1.18, Appendix C-E*

1.3 Errors, change in accounting policies, change in estimates

Correction of errors, changes in accounting policies and changes in estimates require different accounting treatments due to their diverse nature.

The following comparisons have been made based on the Dutch Civil Code, DAS 110 'Objectives and principles', DAS 930 'Framework for the preparation and presentation of financial statements', DAS 140 'Changes in accounting policies', DAS 145 'Changes in accounting estimates', DAS 150 'Correction of errors' (Dutch GAAP) and IAS 8 'Accounting policies, changes in accounting estimates and errors' (IFRS).

	Dutch GAAP	IFRS
Selection of accounting policies and hierarchy of other guidance	When Dutch GAAP do not address a transaction, other event or condition, management is expected to refer to DAS 930 (the Framework) in order to select recognition criteria and measurement concepts that result into relevant and reliable information *DAS 110.110, DAS 930*	When IFRS does not address a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results into relevant and reliable information. In such cases, management considers the following sources, in descending order: • the requirements and guidance in IFRS on similar and related issues; and • the definitions and other guidance in the Framework. In addition, management may consider the most recent pronouncements of other standard setters, other accounting literature and accepted industry practices to the extent that these do not conflict with the concepts in IFRS. *IAS 8.10-12*
Consistency of accounting policies	Management chooses and applies consistently one of the available accounting policies. Accounting policies are applied consistently to similar transactions. *DAS 110.124*	Same as Dutch GAAP *IAS 8.13*
Changes in accounting policies	When required by amendments in the Dutch Civil Code or by the DAS, or if this results into a better view, an accounting policy needs to be changed. Changes in accounting policies are accounted for in accordance with the transition provision of the DAS. If specific transition provisions do not exist, the changes are applied retrospectively; the opening balance is adjusted and the comparative figures are restated (as if the new accounting policy had always been applied). The reason for the change in accounting policy is disclosed as well as the differences between the new and the previous policies. *Article 2:363.5, DAS 140.206-216*	Same as Dutch GAAP although IFRS has no underlying local law. The recognition of changes in accounting policies is similar to Dutch GAAP. IFRS does require a third balance sheet as at the beginning of the preceding period to be presented if an entity changes its accounting policy. *IAS 1.40A, IAS 8.19-27*

	Dutch GAAP	IFRS
Changes in accounting estimates	Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors. Changes in accounting estimates are recognised prospectively by including the effects in the income statement in the period that is affected (that is, the period of change and future periods) except if the change in estimate gives rise to changes in assets, liabilities or equity. In this case, it is recognised by adjusting the carrying amount of the related asset, liability or equity in the period of change. *DAS 145.301-305, DAS 940*	Same as Dutch GAAP. *IAS 8.5, 8.36-37*
Correction of errors	A material error is an error in the financial statements detected after the approval of the financial statements by the general meeting of shareholders, which results in shortcomings in the financial statements in the light of giving adequate insight required by law, but not to a significant extent. Material errors are adjusted retrospectively (that is, by adjusting opening retained earnings and the related comparatives) in the first set of financial statements after their detection. In addition, certain disclosures should be provided.	A material prior-period error is an omission from the entity's financial statements for prior periods that could influence the decisions that users make on the basis of the financial statements. Material prior-period errors are adjusted retrospectively unless it is impracticable to determine the effects of the error. In addition, certain disclosures should be provided.
	Errors that result in shortcomings in the financial statements in the light of giving adequate insight required by law to a significant extent (formerly known as fundamental errors), are adjusted in the same manner as material errors. Additionally, management should file a statement with the Chamber of Commerce and inform the shareholders of the entity.	IFRS does not include the concept of errors that result in shortcomings in the financial statements in the light of giving adequate insight required by law to a significant extent.
	Other errors (not material) are corrected in the first set of financial statement after their detection in accordance with the nature of the error, but not retrospectively. *Article 2:362.6, DAS 150.201-204*	IFRS also does not prescribe how non-material errors should be corrected. *IAS 8.5, 8.41-48*

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2. Financial statements

2.1 Primary statements and notes

The format and content of the financial statements are set out in Book 2 of the Dutch Civil Code. The Code reflects the requirements of the EU Directive on the Annual Financial Statements (2013). In addition to the Code, the General Administrative Order (GAO) on model formats provides models for the balance sheet and the income statement. Additional requirements are set out in the Dutch Accounting Standards, judicial precedence and IFRS.

The following comparisons have been made based primarily on DAS 110 ‘Objectives and principles’, GAO on model formats, DAS 240 ‘Equity’, DAS 300 ‘Purpose and classification’, DAS 360 ‘Cash flow statement’, DAS 930 ‘Framework for the preparation and presentation of financial statements’ (Dutch GAAP), and IAS 1 ‘Presentation of financial statements’ and IAS 7 ‘Statement of cash flows’ (IFRS).

	Dutch GAAP	IFRS
General requirements		
Compliance	An explicit statement that financial statements comply with the Dutch reporting standards is not required. However, in the financial statements a reference to the Dutch Civil Code as well as to the Dutch Accounting Standards is often made.	Management explicitly states that financial statements comply with IFRS. Compliance cannot be claimed unless the financial statements comply with all the requirements of this standard. *IAS 1.16*
Going concern	An entity prepares financial statements on a going concern basis (which is at least 12 months from the end of the reporting period). This applies unless discontinuity is inevitable. For this to be the case, continuing the whole of the operations of the entity has to no longer be possible due to the fact that the entity is not able to repay its liabilities by itself and sufficient support from third parties cannot obtained. In addition, the accounting for inevitable discontinuity does not apply when: • the entity was founded for a limited life and the liquidation takes place in accordance with a predefined scenario, where the entity is expected to meet all of its payment obligations; or • after incorporation, it was decided to liquidate the entity or cease all operations, and the entity is expected to meet all of its payment obligations. When management is unsure about the going concern of the entity but a real chance exists that the whole of the operations of the entity can be continued, the financial statements are prepared on a going concern basis. In such circumstances, adequate disclosure regarding the circumstances surrounding the entity should be provided. *Article 2:384.3, DAS 170.1, DAS 930.23*	An entity prepares financial statements on a going concern basis, unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. *IAS 1.25-26*
Liquidation basis of accounting	In case of inevitable discontinuity, and the entity is not expected to be able to meet all of its payment obligations, the financial statements are prepared on the basis of liquidation of the operations of the entity. In this case, the following applies: • all assets meeting the definition of an asset, are recognised on the balance sheet, regardless of whether these were recognised before, and are valued at the (expected) fair value less cost to sell; • all liabilities are recognised and valued at the (best estimate of the) amounts necessary to settle these liabilities; and • accruals are recognised on the balance sheet for expected items of income and expenses to be incurred until the forecasted date of liquidation. *DAS 170.2*	IFRS does not include guidance on how to prepare financial statements on a non-going concern basis. It may be acceptable to align with the guidance that Dutch GAAP provides in such circumstances. In any case, the fact that the financial statements have not been prepared on a going concern basis and the reason why, should be disclosed. *IAS 1.25*
Departure from the standard	Management departs from the standard if it concludes that this is necessary in order to give a true and fair view. This departure as well as the effects on equity and result are disclosed. Also refer to chapter 1. *Article 2:362.4, DAS 110.105-108*	Management departs from the standard if it concludes that compliance with the requirement would be so misleading as to conflict with the objective of the financial statements as set out in the 'Framework'. Such departure is considered to occur only in extremely rare circumstances. Management may not depart from the standard if the relevant regulatory framework prohibits this. Also refer to chapter 1. *IAS 1.19*

	Dutch GAAP	IFRS
Comparative information	Comparative information is provided for all amounts presented in the primary statements and to the extent possible for the amounts presented in the disclosure notes. *Article 2:363.5, DAS 110.127*	Except when IFRSs permit or require otherwise, management discloses comparative information in respect of the previous comparable period for all amounts reported in the financial statements (primary statements and the disclosure notes). Comparative information for narrative and descriptive information is only presented when this is relevant for the understanding of the current period's financial statements. *IAS 1.38*
Components of financial statements	A set of financial statements comprises: • a balance sheet; • an income statement; • notes comprising a summary of significant accounting policies and other explanatory information. A cash flow statement is required for large and medium-sized entities. It is, however, not considered to be a primary statement but rather part of the disclosures. A statement of comprehensive income, which as a minimum includes the consolidated net result and all items that are recognised directly into equity, is mandatory for large entities. It can be presented as a primary statement or as part of the disclosure notes. A statement of changes in equity is included in the notes, as a movement schedule. In addition to the financial statements entities are required to prepare a director's report as well as other information. *DAS 110.101, DAS 265, Article 2:378.1, 391, 392*	A set of financial statements comprises: • a balance sheet (or: a statement of financial position); • a single statement of comprehensive income (including items of other comprehensive income), or a separate income statement and a separate statement of (other) comprehensive income; • a statement of changes in equity; • a cash flow statement; and • notes comprising a summary of significant accounting policies and other explanatory information. In addition, management includes a balance sheet as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement or when it reclassifies items in its financial statements. The entity may use titles for the statements other than those used in the standard. *IAS 1.10 - 11*
Balance sheet		
General	According to the GAO on model formats there are four balance sheet formats (Models A-D) depending on size criteria and preferred classification. The following sub-totals should be presented and cannot be renamed: Assets: • non-current assets • current assets	There is no prescribed balance sheet format or order. However, the following items are required to be presented on the face of the balance sheet: Assets: • property, plant and equipment • investment property • intangible assets • financial assets • investments accounted for using the equity method • biological assets • inventories • trade and other receivables • cash and cash equivalents • current tax assets • deferred tax assets • the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS 5.

	Dutch GAAP	IFRS
	Liabilities and equity: • equity • provisions • non-current liabilities • current liabilities Unlike IFRS, provisions are presented separately from other categories. Provisions are disclosed as non-current or current depending on the duration of the provision. The order of the line items in the models cannot be changed. Refer to Appendix I for an example of a balance sheet. *GAO on model formats*	Liabilities and equity: • trade and other payables • provisions • financial liabilities • current tax liabilities; • deferred tax liabilities • liabilities included in disposal groups classified as held for sale in accordance with IFRS 5 • non-controlling interests, presented within equity • issued capital and reserves attributable to owners of the parent An entity presents additional headings, line items and sub-totals if this is relevant to an understanding of the entity's financial position. *IAS 1.54 - 59*
Income statement		
General	There are four prescribed income statement formats (Models E-F-I-J) in the GAO on model formats. The order in the models is fixed and cannot be changed. Management selects a method of presenting its expenses by either function or nature. Additional disclosure of expenses by nature is required if presentation by function is chosen. Dutch Law does not distinguish an income statement and a comprehensive income statement. An 'Overzicht Totaalresultaat' is required for large entities. This overview of the total comprehensive income for the period can be presented together with the primary statements or as part of the disclosure notes and includes as a minimum: • the consolidated net result for the period; and • the gains and losses recognised directly in equity based on their nature. Refer to Appendix II for an example of an income statement. *GAO on model formats, DAS 265.201*	An entity is required to present a statement of comprehensive income either in a single statement, or in two statements comprising of a separate income statement and a separate statement of other comprehensive income (OCI). There is no prescribed format. The method of presenting expenses (by function or by nature) is similar to Dutch GAAP. Pre-described line items should be presented in the income statement and other comprehensive income section. *IAS 1.81A-B, IAS 1.99-105*

	Dutch GAAP	IFRS
Line items	For a presentation by nature the following items are presented on the face of the income statement (Article 2:377.3): • net revenue • change in stock of finished products and work-in-progress *) • capitalised own production costs *) • other operating income • wages and salaries *) • social security and pension charges *) • raw materials and other external costs *) • amortisation / depreciation and impairments of fixed assets *) • impairments of current assets *) • other operating expenses *) • income from subsidiaries and associates • value adjustments of other fixed securities and receivables • finance and similar income • finance and similar costs For a presentation by function the following additional line items are presented (Article 2:377.4): • cost of sales • gross margin • selling costs • general and administration expenses Line items marked with * in the presentation by nature are removed (see above). In case of a by function presentation additional disclosures are required with regard to amortisation and personnel costs (only for large entities). Separate presentation of discontinued operations is not allowed. *Article 2:377, DAS 270.501-506, GAO on model formats*	The following items are required to be presented on the face of the statement of comprehensive income (as a single statement): • revenue • gains and losses from derecognition of financial assets measured at amortised cost • finance costs • share of profit or loss of associates and joint ventures accounted for using the equity method • gain or loss arising from differences between the amortised cost of a financial asset upon reclassification to fair value through profit or loss • cumulative gain or loss recognised in the income statement upon reclassification of a financial asset measured at fair value through other comprehensive income to fair value through profit or loss • tax expense • a single item comprising the total of (1) the post-tax gain or loss of discontinued operations, and (2) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation • items of other comprehensive income classified by nature • share of the other comprehensive income of associates and joint-ventures accounted for using the equity method If the entity applies the two-statement approach, the last two line items above are presented in a separate statement of comprehensive income. Profit or loss for the period and total comprehensive income for the period are allocated in the statement of comprehensive income to the amounts attributable to non-controlling interests and owners of the parent. In addition, disclosure is required of the amount of income from continuing operations and from discontinued operations attributable to owners of the parent. *IAS 1.82-83, IFRS 5.33d*
Other comprehensive income	Any recycling items are presented as a separate gain or loss in comprehensive income (overzicht totaalresultaat), with adequate disclosures. *DAS 265.205*	Similar to Dutch GAAP. In addition, the amount of income tax relating to each item of other comprehensive income is disclosed. A distinction is made between other comprehensive income items that are not reclassified and those that are reclassified. *IAS 1.82A, 1.90-91*
Extraordinary items	The presentation of extraordinary items in the primary statements or in the notes is not permitted.	Same as Dutch GAAP. *IAS 1.87*

	Dutch GAAP	IFRS
Statement of changes in equity		
General	The statement of changes in equity is not a primary statement, but part of the disclosure note on equity. Disclosure is only required in the separate financial statements. Refer to Appendix IV for an example of a statement of changes in equity. *Articles 2:378, 410.1, DAS 240.237, 401-411*	The statement of changes in equity presents a reconciliation of equity items between the beginning and end of the reporting period. The following items are presented on the face of the statement of changes in equity: a) total comprehensive income for the period, showing separately the total amount attributable to owners of the parent and to non-controlling interests; b) for each component of the equity, the effects of restatements of changes in accounting policies and corrections of material prior-period errors; and c) for each component of equity, reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from (1) profit or loss, (2) each item of other comprehensive income, and (3) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control. For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item. The amounts of dividends recognised as distributions to owners during the period, and the related amount per share, are presented either in the statement of changes in equity or in the notes. *IAS 1.106-107*
Reserves	Dutch law defines specific limitations on distributions of equity. An entity is required to form legal reserves in order to reflect these limitations within equity. Refer to the 'Dutch GAAP only' chapter in this publication.	IFRS requires the use of certain reserves within equity (i.e. a reserve for translation differences). Such reserves may also be regarded as legal reserves under the Dutch law, but may also not qualify as legal reserves. Careful consideration should be given as to the presentation in the (consolidated) financial statements when dealing with Dutch legal reserves.
Cash flow statement		
General and content	The cash flow statement is a primary statement which is mandatory for medium-sized and large entities. Exemptions apply, for example for entities with a parent that has included a cash flow statement in the consolidated accounts. The cash flow statement presents the generation and use of cash by category (operating, investing and finance) over a specified period of time. a) Operating activities are the entity's principal revenue-producing activities. b) Investing activities are the acquisition and disposal of non-current assets (including business combinations) and investments. c) Financing activities are cash flows in relation to equity and borrowings. Refer to Appendix III for an example of a cash flow statement. *DAS 360.104, DAS 360.2*	A cash flow statement is a mandatory integral part of the financial statements (primary statement). The presentation of the cash flow statement and its contents are similar to Dutch GAAP. *IAS 7.1, 7.6-12*

	Dutch GAAP	IFRS
Reporting cash flow from operating activities	Operating cash flows may be presented by using either the direct method (gross cash receipts and payments) or the indirect method (adjusting operating result or net profit for non-operating and non-cash transactions, and for changes in working capital). Examples of non-cash transactions are acquisition of assets by means of a finance lease, or conversion of debt to equity. The direct method is considered to provide a better view. In practice the indirect method is almost always used. Entities are encouraged but not required to use their operating profit as the basis for the operating cash flows if they use the indirect method. *DAS 360.209-216*	Similar to Dutch GAAP. IFRS encourages the use of the direct method. *IAS 7.18-20*
Reporting cash flow from investing and financing activities/ interest and dividends	In line with the illustrative examples in DAS 360 cash flows from investing and financing activities are reported separately on a gross basis. The following classification applies for interest and dividend: • interest paid: operating or financing cash flows with the exception of interest that is capitalised as part of a recognised asset which is classified as investing cash flow • interest received: operating or investing cash flows • dividends received: operating or investing cash flows • dividends paid: finance cash flow *DAS 360.202, 213, 217-221, appendix*	Cash flows from investing and financing activities are reported separately gross (that is, gross cash receipts and gross cash payments). Certain cash flows are allowed to be reported on a net basis. Cash flows related to interest and dividends should be reported consistently in operating, investing or financing activities, similar to Dutch GAAP. *IAS 7.21-22, 31*
Netting	As a general principle it is stated that cash inflows and cash outflows are presented separately (see above). *DAS 360.202*	Similar to Dutch GAAP but with some specific exceptions. Cash flows arising from the following operating, investing or financing activities may be reported on a net basis: a) cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity; and b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short. *IAS 7.21-23A*
Bank overdrafts	Bank overdrafts are normally considered financing activities similar to borrowings. The definition of Cash and cash equivalents ('geldmiddelen') does not include bank overdraft. However, under certain strict conditions these bank overdrafts are sometimes considered as a component of cash (best practice). *DAS 940*	Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents. *IAS 7.8*

	Dutch GAAP	IFRS
Foreign currency cash flows	Cash flows arising from transactions in foreign currencies are translated to the functional currency by applying the exchange rate at the date of the cash flows or an average exchange rate. Exchange gains and losses on cash held in a foreign currency is reported as a reconciling item in the cash flow statement, and presented separately from cash flows from operating, investing and financing activities. *DAS 360.203*	Cash flows arising from transactions in foreign currencies are translated to the functional currency by applying the exchange rate at the date of the cash flows. Cash flows of a foreign subsidiary are translated to the functional currency using the exchange rate at the date of the cash flows. The use of average exchange rates is allowed if it approximates the actual rate. For exchange gains and losses on cash held in a foreign currency the same rules apply as Dutch GAAP. *IAS 7.25-28*
Notes to the financial statements		
General	The notes are a part of the financial statements. It is not allowed to use the notes to rectify an incorrect treatment of items in the balance sheet and income statement. *Article 2:361.1, DAS 110.125, DAS 300.102*	The notes are an integral part of the financial statements. The purpose of the notes is to: a) present information about the basis of preparation of the financial statements and the specific accounting policies used; b) disclose the information required by IFRSs that is not presented elsewhere in the financial statements; and c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them. *IAS 1.10, 1.112*
Structure	Information presented in one of the primary statements should be cross-referenced to the relevant notes where possible by large entities (recommended for medium-sized entities). The following disclosures are included, as a minimum, within the notes to the financial statements: • a summary of the accounting principles (the measurement basis used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements) • the consolidation principles • additional financial overviews • disclosures as required by the law (such as movement schedules and further specifications) • other information insofar this is useful for the understanding of equity and result • information that is not presented elsewhere in the financial statements, such as related parties or contingent liabilities Where applicable, the notes include disclosures of changes in accounting policies and accounting estimates. *DAS 300.103-107 , DAS 930.21*	Information presented in the primary statements is cross-referenced to the relevant notes as far as practicable. The following disclosures are included within the notes to the financial statements: • a statement of compliance with IFRS • a summary of significant accounting policies • supporting information for line items presented in the primary statements; • other disclosures including contingent liabilities and non-financial disclosures Furthermore key sources of estimation uncertainty and judgements need to be disclosed. Where applicable, the notes include disclosures of changes in accounting policies and accounting estimates, information about key sources of estimation uncertainty and judgements. *IAS 1.16, 1.114, 1.117, 1.122, 1.125, 1.129*
Information about judgements	Information about key judgements should be included if required for the true and fair view of the financial statements. *DAS 110.129*	The judgements that management has made in applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are disclosed in the notes. *IAS 1.122*

	Dutch GAAP	IFRS
Information about key sources of estimation uncertainty	Information about key sources of estimation uncertainty should be included if required for the true and fair view of the financial statements. *DAS 110.129*	The nature and carrying amounts of assets and liabilities for which estimates and assumptions have a significant risk of causing a material adjustment to their carrying amount within the next financial period are disclosed in the notes. The disclosure also includes a sensitivity analysis regarding the methods, assumptions and estimates applied in determining the carrying amount. *IAS 1.125, 129*

2.2 Separate financial statements

The preparation of separate financial statements is required by the Dutch Civil Code . When consolidated financial statements are prepared in accordance with IFRS, Dutch law allows three options for the preparation of the entity financial statements: Dutch GAAP, IFRS, or in accordance with the recognition and measurement principles as applied in the consolidated financial statements whilst applying the Dutch GAAP presentation and disclosure requirements and subsidiaries are valued at net asset value.

Although IFRS does not prescribe the preparation of separate financial statements, it does have specific requirements for the preparation of separate financial statements.

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The following comparisons have been made based on DAS 100 'Introduction', DAS 214 (amended 2012) 'Financial fixed assets' (Dutch GAAP) and IAS 27 'Separate financial statements' (IFRS). DAS 214 (amended 2012) replaces DAS 214 (amended 2009) and is effective for accounting periods beginning on or after 1 January 2013.

	Dutch GAAP	IFRS
General	The preparation of separate financial statements is required by Dutch Law. *Article 2:361.1*	IFRS does not prescribe the preparation of separate financial statements. However if an entity elects or is required by law or regulation to prepare separate financial statements, IFRS has specific requirements for the preparation of separate financial statements. *IAS 27.10*
Specific measurement and recognition rules	Under Dutch GAAP an investor may account for its investments (in which it can exercise significant influence) using one of the following: • the net asset value method • visible equity value if insufficient data are available to apply the net asset value method • when certain criteria are met: the cost method When applying the net asset value or visible equity value, the result for the year is derived based on the reported result of the investment and aligned with the accounting policies of the reporting entity. Dividends received are deducted from the carrying amount of the investment. When applying the cost method, dividends received are generally recognised as income, unless it represents the repayment of the cost of the investment (so-called 'pre-acquisition dividend'), where these dividends are then deducted from the carrying amount. *Article 2:389.2-3, DAS 214.301, 214.325, 214.504*	When an entity prepares separate financial statements, it accounts for investments in subsidiaries, joint ventures and associates either: (a) at cost, or (b) in accordance with IFRS 9, or (c) using the equity method as described in IAS 28. The entity applies the same accounting for each category of investments. A dividend from a subsidiary, joint venture or associate is recognised in the income statement in the separate financial statements when its right to receive the dividend is established. *IAS 27.10-12*

	Dutch GAAP	IFRS
Relevant accounting policy choices for Dutch entities which apply IFRS in their consolidated financial statements	In case the consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union, Dutch law allows three options for the preparation of the entity financial statements: 1) in accordance with the legal requirements as stated in the Dutch Civil Code (Dutch GAAP); 2) in accordance with IFRS as adopted by the European Union, as applicable for the entity's financial statements (IFRS); or 3) in accordance with the recognition and measurement principles as applied in the consolidated financial statements whilst applying the Dutch GAAP presentation and disclosure requirements and valuing subsidiaries at net asset value. Option 3 is intended to avoid differences in equity and result in the separate financial statements compared to the consolidated financial statement. The application of this option 3 is visible in the following topics: i. Measurement of investments in consolidated subsidiaries: these investments are measured at net asset value or the equity method based on the accounting principles as applied in the consolidated financial statements. ii. Measurement of investments in which it has significant influence ('associates'): these associates are measured in accordance with the equity method based on accounting principles as applied in the consolidated financial statements according to IAS 28. iii. Presentation of goodwill: in case of measuring the investments in subsidiaries according to the net asset value, goodwill is presented separately in the balance sheet (if it relates to goodwill paid upon the direct acquisition of a consolidated subsidiary). In other situations goodwill is part of the carrying amount of the net asset value of the related investment. iv. In case of applying the equity method: goodwill is part of the carrying amount of the investment, according to the presentation requirements in the consolidated financial statements. v. The assessment of the impairment of goodwill and investments occurs according to the accounting principles of those applied in the consolidated financial statements. vi. Classification and presentation of equity and liability instruments: when an equity instrument is classified as liability instrument according to IFRS, the instrument will be so classified in the entity financial statements. The third option to prepare entity financial statements is applied by most Dutch entities. *DAS 100.107*	

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3. Business combinations, consolidated financial statements, and investments in associates and joint ventures

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3.1 Business combinations

A business combination is a transaction or event in which an entity ('acquirer') obtains control of one or more businesses ('acquiree(s)'). A business combination brings together separate entities or businesses into one reporting entity. IFRS requires the use of the acquisition method of accounting for business combination transactions.

Dutch GAAP requires that the purchase accounting method is applied. Dutch GAAP also allows the pooling of interest method when certain criteria are met. The most common type of a business combination is where one of the combining entities obtains control over the other. While IFRS does not contain any guidance on business combinations under common control, Dutch GAAP does include such guidance.

The following comparisons have been made based on the Dutch Civil Code and DAS 216 'Mergers and acquisitions' (Dutch GAAP) and IFRS 3 'Business combinations' (as revised in 2008).

	Dutch GAAP	IFRS
Scope of the standard	The founding of a joint venture as well as the acquisition of an asset or a group of assets which do not constitute a business are not in scope of the standard. *DAS 216.104*	The scope exclusions are similar to Dutch GAAP, except that combinations involving entities or businesses under common control are also excluded from the scope of the standard. *IFRS 3.2*
Business	A business is not defined under Dutch GAAP. However in practice the definition used is similar to the definition under IFRS.	A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. *IFRS 3 Appendix A*
Acquisition date	The acquisition date is the date on which the acquirer obtains control over the acquiree, which is the date when the equity and activities are effectively transferred to the acquiree. The acquirer might obtain control on a date that is either earlier or later than the closing date of the acquisition agreement. An acquirer should consider all pertinent facts and circumstances in identifying the acquisition date. *DAS 216.105, DAS 940*	Similar to Dutch GAAP. *IFRS 3.8-9*
Acquisition accounting	Most transactions qualify as an acquisition. Acquisitions are accounted for by applying the purchase accounting method. The purchase method views a business combination from the perspective of the acquirer. At the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The purchase accounting method can be summarised in the following steps: 1. Identify the acquirer. 2. Determine the acquisition date. 3. Recognise and measure the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree (‘Purchase Price Allocation’, PPA). 4. Recognise and measure the consideration transferred for the acquiree. 5. Recognise and measure goodwill or negative goodwill. Transaction costs are part of the purchase price. Contingent liabilities are not recognised in the allocation of the purchase price. A revaluation of recognised assets and liabilities within a previously held interest to fair value are recognised in equity in a revaluation reserve. When equal parties merge, the business combination is accounted for by applying the pooling of interest method. The pooling of interests method is allowed in very rare circumstances. *DAS 216.107-108, 201, 301, DAS 940*	All business combinations in the scope of IFRS 3 should be accounted for using the acquisition method of accounting. The pooling of interests method is not allowed. The acquisition method applied under IFRS has more detailed application guidance and is different in certain circumstances compared to Dutch GAAP. As part of the PPA, IFRS requires that contingent liabilities are recognised and measured at fair value at the acquisition date. Under Dutch GAAP no contingent liabilities are recognised. Under IFRS transaction costs are not part of the consideration but are expensed as incurred. Any previously held interests are remeasured to fair value, whereby the remeasurement gain or loss is recognised in the income statement. *IFRS 3.4, 8, 10, 42, 53*

	Dutch GAAP	IFRS
1. Identifying the acquirer	The purchase accounting method requires identification of an acquirer for every business combination. The acquirer is the entity that obtains control over one or more other entities or businesses (the 'acquiree(s)'). Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. When a new entity is created to acquire one or more pre-existing entities, one of the pre-existing entities will be designated as the acquirer for accounting purposes. This type of business combination is accounted for as a reverse acquisition. A reverse acquisition occurs when the entity that issues the securities (the new entity and legal acquirer) is identified as an acquiree for accounting purposes. *DAS 216.107-109, DAS 940*	Similar to Dutch GAAP. However control is differently defined under IFRS 10. Under IFRS 10, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A number of factors may influence whether control is acquired including: (majority in) equity shareholding, control of the board, control agreements and potential voting rights. *IFRS 10.6-7*
2. Cost of acquisition	The purchase price in a business combination is measured at its fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. The purchase price also includes: 1. Transaction costs directly attributable to the acquisition. 2. Previously held interests at the amount(s) paid at earlier transaction date(s). Entities have the option to remeasure the assets and liabilities held within their previously held interest to fair value at the transaction date. Such remeasurements are recognised in equity in a revaluation reserve. This remeasurement does not affect the purchase price. Deferred consideration that will be paid at a later date is recorded at its fair value, discounted to its present value at the acquisition date if the effect of discounting is material. *DAS 216.203-207*	Fairly similar to Dutch GAAP (where purchase price is identified as consideration transferred), however there are some important differences: Costs directly attributable to the acquisition are expensed as incurred. These costs may include, for example, finder's fees; advisory, legal, accounting, valuation and other professional service fees; general administrative costs and internal acquisition department costs. An exception to this requirement relates to costs to issue debt or equity securities that are recognised in accordance with IAS 32 and IAS 39. When a business is achieved in stages, the acquirer remeasures its previously held interest in the acquiree at its fair value at the date control is obtained, recognising a resulting gain or loss in the income statement. The previously held interest is deemed to be part of the consideration paid in exchange for the controlling interest. *IFRS 3.42, 52*
Share-based consideration	Shares issued as consideration are recorded at their fair value at the date of the exchange. *DAS 216.206*	Similar to Dutch GAAP. *IFRS 3.37*
Adjustments to the cost of a business combination contingent on future events (Contingent consideration)	A portion of the consideration may be contingent on the outcome of future events or the acquired entity's performance ('contingent consideration'). Contingent consideration is recognised at its fair value at the date of acquisition, when it is probable that the consideration will be paid and when the amount can be estimated reliably. Any change in the contingent consideration after the date of acquisition is identified as a change in the purchase price and therefore recognised as part of goodwill. *DAS 216.239-240*	The acquirer recognises the acquisition-date fair value of contingent consideration. There is no probability threshold. The accounting for a contingent consideration after the date of acquisition depends on whether it is classified as a liability or as equity. Liabilities are remeasured to fair value each reporting period through the income statement. Contingent considerations which are classified as equity are not remeasured. The classification as either a liability or equity is determined with reference to the guidance in IAS 32. *IFRS 3.39, 58*

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	Dutch GAAP	IFRS
3. Allocating the cost of a business	At the acquisition date, the acquirer recognises, separately from goodwill, the acquiree's identifiable assets and liabilities and any non-controlling interest. The assets and liabilities identified may include some that have not been previously recognised by the acquiree. The general principle is that the assets and liabilities are recognised at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. However, there are some exceptions for the measurement of items such as: income taxes, indemnification assets, and employee benefits. Dutch GAAP is also stricter than IFRS on the recognition of intangible assets such as customer relationships which are not contractually determined. *DAS 216.208-210*	Similar to Dutch GAAP. However, IFRS defines fair value as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Furthermore, IFRS requires that contingent liabilities are recognised at the acquisition date. In addition IFRS contains more measurement exemptions than Dutch GAAP. This includes, but is not limited to re-acquired rights, share-based payments and assets held for sale. *IFRS 3.10, 24- 31, 13.9*
Restructuring provision	A restructuring provision is recognised as part of the acquired liabilities in the acquisition balance sheet if the acquirer developed and announced the main features of a formal plan before the acquisition date. The further details of this plan should be formalised within three months after the acquisition date. *DAS 216.212*	Liabilities related to restructurings or exit activities of the acquiree should be recognised at the acquisition date (and is part of the purchase price allocation) if, from the acquirer's perspective, an obligation to incur the costs associated with these activities existed at the acquisition date in accordance with IAS 37. In all other cases, liabilities related to restructurings or exit activities and the related expense should be recognised through the income statement in the post-combination period when all applicable criteria of IAS 37 are met. *IFRS 3.11*
Restructuring provision	The acquired contingent liabilities are not recognised. The contingent liabilities are assumed to be included in the amount recognised as (negative) goodwill. *DAS 216.209*	The acquired contingent liabilities are recognised separately at the acquisition date as a part of allocation of the consideration transferred, provided their fair values can be measured reliably. *IFRS 3.23, 56*
Goodwill	After initial recognition, the goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is amortised over its useful life. Under Dutch GAAP there is a rebuttable presumption that the useful life of goodwill is no longer than 20 years. In case the useful life of goodwill cannot be reliably determined, amortization cannot exceed 10 years. Any non-controlling interest is measured at the proportionate share of the fair value of the identifiable net assets. *Article 2:386.3, 2:389.7, DAS 216.221*	Goodwill is recognised for the future economic benefits arising from assets acquired that are not individually identified and separately recognised. Goodwill is the difference between the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is not amortised. Instead, it is subject to impairment tests annually or more frequently if there is an indication of impairment. The option under IFRS to measure the non-controlling interest using either fair value method or proportionate share method on each transaction may result in a different goodwill amount compared to Dutch GAAP. *IFRS 3.10*

	Dutch GAAP	IFRS
Associate or joint venture becomes subsidiary	The acquirer is allowed to recognise the identifiable assets and liabilities within the associate or joint venture at fair value when acquiring control; any change in value to assets or liabilities retained in its previously held interest is recognised in equity in a revaluation reserve. *DAS 216.204*	If an associate or joint venture becomes a subsidiary, the investor shall remeasure its previously held equity interest to fair value and recognise the resulting gain or loss, if any, in the income statement (for financial years starting on or after 1 January 2018 it is also allowed to recognise this gain or loss in the other comprehensive income statement. The identifiable assets and liabilities are measured in full according to the measurement criteria. *IFRS 3.42*
Negative goodwill	Negative goodwill is deferred as a liability and released to the income statement when charges or losses are recognised, provided that this has been anticipated at acquisition date and these charges and losses can be reliably measured. If no expected charges or losses are identified at acquisition date, any negative goodwill is released in accordance with the weighted average of the remaining useful life of the non-monetary assets acquired. Where negative goodwill exceeds the fair value of the identified non-monetary assets, the excess is recognised directly as a profit in the income statement. *DAS 216.235*	IFRS defines negative goodwill as a 'bargain purchase'. The standard requires the acquirer to ensure that it really does have a gain on a bargain purchase where one is identified. The acquirer needs to make sure that it has used all of the available evidence at the date of acquisition and re-assessed the business combination accounting. If it is concluded that a bargain purchase exists, the negative goodwill is recognised in the income statement at the date of the transaction. *IFRS 3.34-36*
Accounting for business combinations in the separate financial statements	Investments in subsidiaries are measured at their net asset value as a result of the purchase accounting method. The net asset value of a business combination is derived from the consolidated financial statements if these are prepared by the entity.	IFRS 3 is not applicable for accounting for business combinations in the separate financial statements under IFRS because investments in subsidiaries are measured at either cost, equity method or fair value. IFRS 3 would be applicable if a business was acquired without a legal entity. *IAS 27*
Accounting for business combinations under common control	The acquirer accounts for a business combination under common control using one of the following methods of accounting in its consolidated financial statements: • The 'purchase accounting' method, only if this is justified by the economic reality of the transaction; • The 'pooling of interests' method; • The 'carry over accounting' method. This guidance also applies to the accounting in the separate financial statements of the acquirer. *DAS 216.503, 214.343*	IFRS 3 excludes the accounting for business combinations under common control from its scope. *IFRS 3.2*

3.2 Consolidation

The following comparisons have been made based on DAS 217 'Consolidation' and IFRS 10 'Consolidated financial statements'.

	Dutch GAAP	IFRS
Control	The definition of control under Dutch GAAP is as follows: 'Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities.' *DAS 940*	The definition of control in IFRS 10 explains that 'an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee'. This definition encompasses three distinct characteristics that all must be present in order for an entity to control another entity. These are: • Power over the investee; • Exposure, or rights, to variable returns from its involvement with the investee; and • The ability to use its power over the investee to affect the amount of the investor's returns. *IFRS 10.6-7*
Subsidiary	The term 'subsidiary' is not used in Dutch GAAP. Instead two other concepts applies, namely: • A 'daughter entity' • A 'group entity' A daughter entity is an entity in which either a majority of the voting power is retained by the parent, or the parent has a right to appoint and dismiss the majority of the board of directors of an entity. A group entity is an entity which is controlled by the ultimate parent of the group and is part of an economic unity in which legal entities are organizationally linked to each other. Another important feature of a group entity is the element of central leadership of the group. In practice, this means that the various entities operate as one entity for organisational and economic purposes. *Article 2:24, DAS 940*	Similar to Dutch GAAP. However under IFRS the term subsidiary is defined as follows: 'A subsidiary is an entity that is controlled by another entity'. Although Dutch GAAP applies a different terminology, the application of IFRS results in most cases in virtually the same outcome compared to Dutch GAAP. *IFRS 10 Appendix A*
Requirements to prepare consolidated financial statements	An entity which is the head of a group of entities is required to prepare consolidated financial statements – unless the entity can use exemptions to consolidate. *DAS 217.201*	Similar to Dutch GAAP. A parent shall prepare consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee. *IFRS 10.19-20*

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	Dutch GAAP	IFRS
Exemptions from preparing consolidated financial statements	Personal holdings are only exempt from presenting consolidated financial statements if certain criteria are met. An exemption also applies to an intermediate holding entity that is consolidated by a parent entity that publishes annual accounts complying with the EU Directive 2013/34 on financial statements, or equivalent, and no notification of objection in writing is made by at least 10% of the holders of theissued capital. The parent's consolidated financial statements should be filed by the entity at the local Chamber of Commerce. Such intermediate holding entity cannot use the consolidation exemption if it has issued securities (debt or equity instruments) on a regulated market. Entities which meet the thresholds for 'small entities' are also exempt from preparing consolidated financial statements if 90% or more of the shareholders do not object to apply this consolidation exemption. *Article 2:407-408,398.2, DAS 217.101, 217.214-217*	IFRS 10 applies to all parent entities, except for post-employment benefit plans or other long-term employee benefit plans to which IAS 19 applies and certain other exemptions noted below. A parent entity is exempt from having to present consolidated financial statements if it meets all of the following criteria: • It is a wholly-owned subsidiary or is a partially-owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements; • Its debt or equity securities are not publicly traded; • It did not file, and is not filing, its financial statements for the purpose of issuing publicly traded instruments; and • The ultimate or any intermediate parent of the entity produces IFRS consolidated financial statements that are available for public use. In addition post-employment benefit plans or other long-term employee benefit plans to which IAS 19 Employee Benefits applies are also exempted from preparing consolidated financial statements. Investment entities which are required to measure their subsidiaries at fair value through profit or loss, need not prepare consolidated financial statements. *IFRS 10.4*
Scope of consolidated financial statements	Dutch GAAP requires that only group entities are by definition included in the consolidated financial statements. Daughter entities are only included in the consolidated financial statements when the following criteria are met: • An entity has control over a daughter entity, and • The daughter entity is subject to the central leadership of the group. This can imply that certain entities in which an entity has a majority of the voting rights are not consolidated. However, most daughter entities will normally qualify as group entities. The 'central leadership' refers to 'special purposes entities' which may not be owned directly by the group, but should still be considered as part of the group when certain criteria are met (see below). Please note that when a group acquires an entity with the sole purpose of divesting it within a short period, this acquired entity does not need to be included in the consolidated financial statements if it meets certain criteria. These criteria are similar, but not equal, to the 'held for sale criteria' under IFRS. *Article 2:407, DAS 217.301-302, 305*	An entity that is a parent presents consolidated financial statements. A parent is an entity that controls one or more entities. IFRS 10 requires all entities that have an 'interest' in another entity to perform an assessment of whether control exists. IFRS 12 describes an 'interest' in another entity as a 'contractual or non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity'. A reporting entity can have an interest in another entity by involvement through other means, not just through an equity holding, some examples of an interest are debt or equity instruments, credit enhancements, guarantees or liquidity support. *IAS 27.4, IFRS 10.4 Appendix A, IFRS 10.6, IFRS 12 Appendix A*

	Dutch GAAP	IFRS
Structured entities (SPEs)	When an entity is established to achieve a narrowly defined purpose (special purpose), it is considered to be a special purpose entity (SPE). Whether the SPE is a group entity should be assessed based on the definition of a group entity. A group entity is an entity which is controlled by the ultimate parent of the group and is part of an economic unity in which legal entities are organizationally linked to each other. Another important feature of a group entity is the element of central leadership of the group. Specific guidance under Dutch GAAP on the accounting for SPE's is less extensive compared to IFRS. *DAS 217.204-205*	Voting rights may not always have a significant effect on an investee's returns. Where such arrangements are in place, these entities are described as 'structured entities'. Previously, SIC 12 uses the term 'special purpose entities' (SPEs) to mean those entities that are created to accomplish a narrow and well-defined objective, and stipulated separate consolidation criteria for these entities. This term is no longer used in IFRS 10. However a narrow and well-defined objective may be an identification characteristic for structured entities. This suggests that a subset of former SPEs will likely fall under the new category of 'structured entities'. 'Auto-pilot' entities under SIC 12 are likely to be key candidates for classification as 'structured entities'. All substantive powers in such entities may appear to have been surrendered to contracts that impose rigid control over the entities' activities. None of the parties may appear to have power. However, entities may be indirectly controlled by one of the parties involved. This is a judgemental area and a detailed analysis of the control criteria is required. IFRS 10 contains extensive guidance for the assessment whether an entity controls a structured entity. This guidance covers amongst others the following topics: • Involvement and decisions made at the investee's inception as part of its design; • Contractual arrangements established at investee's inception; • Commitment to ensure that investee operates as designed. *IFRS 10 B17-B21*
Measurement of non-controlling interests	Non-controlling interests are measured at the respective net asset value of entities which have other shareholders than the controlling shareholder. Potential voting rights are not taken into account when measuring the non-controlling interests. *DAS 217.502*	IFRS 10 specifies that allocation of profits and assets to the parent entity and non-controlling interests for consolidation purposes is usually based on present ownership interests. However, where potential voting rights or other derivatives, in substance, give access to the economic benefits associated with an ownership interest, the allocation of profits and assets is determined by taking into account the eventual exercise of those potential voting rights and derivatives. Such potential voting rights and derivatives are not accounted for using either *IAS 39, IFRS 10 B23(c) or B47-50.*
Presentation of non-controlling interest (NCI)	An entity attributes the profit or loss to the owners of the parent and to the non-controlling interests. NCIs are presented as a separate component of equity in the balance sheet. Profit or loss which is attributable to NCIs is presented as a separate component in the income statement. *Article 2:411, Article 2:10.2, GAO on model formats, DAS 240.303*	Similar to Dutch GAAP. However profit or loss attributable to NCI's is not a separate component in the income statement. Allocation of the profit or loss for the period to the owners of the parent and the NCI's is presented below the income statement. In addition the entity also attributes total comprehensive income to the owners of the parent and to the non-controlling interests Profit or loss and total comprehensive income are attributed to NCIs and owners of the parent. *IFRS 10 B94, IAS 1.54q, 1.83, IAS 27.27-28*

	Dutch GAAP	IFRS
Accounting policies	Consolidated financial statements are prepared by using uniform accounting policies for like transactions, and events in similar circumstances, for all of the entities in a group. *DAS 217.504*	Similar to Dutch GAAP. *IFRS 10 B87*
Intra group balances and transactions	Intra-group balances and transactions are eliminated in full. *DAS 217.507*	Similar to Dutch GAAP. *IFRS 10 B87*
Reporting periods	The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall have the same reporting date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so. In addition, Dutch GAAP specifies the maximum difference of the reporting periods (three months) and the requirement to adjust for significant transactions that occur in the gap period. *DAS 217.506*	Similar to Dutch GAAP. However IFRS does not contain explicit guidance on the period that is allowed between the reporting period of the parent and that of the subsidiary. *IFRS 10 B92*
Separate financial statements	An entity is required to present separate financial statements. An entity is allowed to include a condensed entity income statement if it also prepares consolidated financial statements. This condensed approach is not available for entities with securities listed on a regulated market. In the separate financial statements of the parent, the entity measures all of its investments in subsidiaries, jointly controlled entities and associates using the net asset value method. Measurement at cost is allowed only when there are valid reasons. Such reasons relate for example to the international structure of the group or the application of the article 408 consolidation exemption. Also refer to chapter 2.2 Separate financial statements. *Article 2:361.1, 2:389, 2:403, DAS 214.202, 325*	When separate financial statements of a parent are prepared, the entity chooses to account for all of its investments in subsidiaries, jointly controlled entities and associates either: • At cost less impairment; or • At fair value through profit or loss; or • Using the equity method as described in IAS 28. Different accounting policies are permitted when accounting for different types of investment in different classes. Investments accounted for at cost shall be accounted for in accordance with IFRS 5 when they are classified as held for sale (or included in a disposal group that is classified as held for sale). *IAS 27.10*

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	Dutch GAAP	IFRS
Application of the measurement principles applied in the consolidated financial statements *(also relevant for Dutch entities applying IFRS in their consolidated financial statements)*	Under Dutch GAAP the measurement principles applied in the separate financial statements are equal to those applied in the consolidated financial statements due to the fact participating interests and subsidiaries are measured based on the net asset value method (which have similar characteristics to the equity method under IFRS). In case the consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union, Dutch law allows that the separate financial statements are prepared in accordance with Dutch GAAP, but with application of the recognition and measurement principles as applied in the consolidated financial statements which are based on IFRS. This option is intended to avoid differences in equity and result in the separate financial statements compared to the consolidated financial statements. In this situation investments in subsidiaries are measured at net asset value based on the accounting principles as applied in the consolidated financial statements. Presentation and disclosures are based on Dutch law and GAAP. Also refer to chapter 2.2 Separate financial statements. *Article 2:362.8, DAS 100.107*	Different measurement principles apply to the equity investments held by the entity compared to the consolidated financial statements. *IAS 27.10*

3.3 Equity accounting (investments in associates and joint ventures)

IAS 28 applies to accounting for investments in associates and joint ventures. IAS 28 requires that interests in such entities are accounted for using the equity method of accounting. An associate is an entity in which the investor has significant influence, but which is neither a subsidiary nor a joint venture of the investor.

Under DAS 214 a similar accounting treatment applies which is indicated as the net asset value method. However, also the cost model is allowed for investments in associates when certain criteria are met.

The following comparisons have been made based on the Dutch Civil Code, DAS 214 'Financial fixed assets', DAS 121 'Impairment of fixed assets' (Dutch GAAP) and IAS 28 'Investments in associates and joint ventures' (revised 2011) as well as some other Standards (IFRS).

	Dutch GAAP	IFRS
Definition	Dutch GAAP uses the term 'participating interest' (deelneming) which represents a broader concept, namely: contribution of capital with the object of a long-term relationship for the furtherance of the entity's own activities. A participating interest would include an entity over which the investor will have significant influence. *Article 2:24c-d, DAS 214.202*	An associate is an entity over which the investor has significant influence. Refer to chapter 3.4 for the definition of a joint venture. *IAS 28.3*
Significant influence	There is a rebuttable presumption that a participating interest exists if the entity holds 20% or more of the share capital of the entity. *Article 2:389.1, DAS 214.302*	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. It is presumed to exist when the investor holds at least 20% of the investee's voting power; it is presumed not to exist when less than 20% is held. These presumptions may be rebutted if there is clear evidence to the contrary. IFRS gives the following indicators of significant influence to be considered where the investor holds less than 20% of the voting power of the investee: • Representation on the board of directors or equivalent body; • Participation in policy-making processes; • Material transactions between the investor and the investee; • Interchange of managerial personnel; and • Provision of essential technical information. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether an entity has significant influence. *IAS 28.3, 6-8*

	Dutch GAAP	IFRS
Measurement after initial recognition	An investor may account for its investments using one of the following: • The net asset value method; or • If insufficient data are available to apply the net asset value method: - visible equity value if insufficient data are available to apply the net asset value method; or - the cost method (as a deviation from the methods above if there is justification to do so). *Article 2:389.2-3-9, DAS 214.306*	Investments in associates are accounted for using the equity method. Some exceptions are in place, for example if the entity is a parent that is exempt from preparing consolidated financial statements. *IAS 28.16-17, IFRS 10.4*
Cost model	Not permitted except when certain criteria are met. Dividends are deducted from the costs of acquisition in case of pre-acquisition profits. *Article 2:389.9, DAS 214.325, 214.504*	Not permitted except in separate financial statements. *IAS 28.16-17, 28.44, IFRS 10.4*
Equity method / net asset value method	The net asset value is applicable for investments in associates. Unlike the equity method, goodwill is presented separately as an intangible asset; refer to the measurement of goodwill in chapter 3.1 and 6.5. Like the equity method, the investor's share of the participating interest's profit or loss is presented in the income statement. A distribution received from the investment reduces the carrying amount of the investment. In addition a legal reserve for non-distributed profits of investments should be recognised, to the extent that the parent is not able to enforce distribution of such profits from the investments. *DAS 214.307-309*	Initial recognition is at cost. Cost is not defined in IAS 28. In other standards it is defined as including transaction costs, except in IFRS 3, which requires transaction costs in a business combination to be expensed. Entities may therefore choose whether their accounting policy is to expense transaction costs or to include them in the cost of the investment. *IAS 28.10, 28.32, 28.38-39*
Impairments	Investments on which the net asset value or cost are applied, are tested for impairment if an indication exist that the investment may be impaired. Refer to chapter 6.5 for more details regarding impairments. *DAS 121.101*	Similar to Dutch GAAP. The entity uses IFRS 9 to determine whether it is necessary to recognise an impairment loss. The actual impairment test is applied using IAS 36. *IAS 28.40-43*
Legal reserves	In cases where the net asset value method is applied, but where there are restrictions with regard to the distribution of dividends, special rules apply. This means that the investing entity can still record its share in the results of the participation, but is required to recognise a legal non-distributable reserve, being the difference between: • the share in results and other remeasurements since acquisition; and • dividends to which the investor is entitled and which are collectible in the Netherlands. *Article 2:389*	Legal reserves are not covered in the standards.
Separate financial statements	Refer to chapter 2.2 separate financial statements. *Article 2:361.1, 2:389, DAS 214.301-312, 214.325*	Where separate financial statements of a parent are prepared, management adopts a policy of accounting for all its associates: • At cost less impairment; or • As financial instruments using IFRS 9. • Using the equity method. Investments are accounted for in accordance with IFRS 5 when they are classified as held for sale. Also refer to chapter 2.2 Separate financial statements. *IAS 27.10*

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	Dutch GAAP	IFRS
Full or partial disposal of associates	In case of loss of significant influence over an associate as a result of a full or partial disposal, the investor uses the last known net asset value as a basis for the subsequent measurement at cost or fair value. *DAS 214.321*	If an investor loses significant influence over an associate as a result of a full or partial disposal, it derecognises that associate and recognises in profit or loss the difference between, on the one hand, the sum of the proceeds received plus the fair value of any retained interest and, on the other hand, the carrying amount of the investment in the associate at the date significant influence is lost. Thereafter, the investor accounts for any retained interest using IFRS 9, as appropriate. *IAS 28.22-23*
Classification and presentation	An investor classifies investments in participating interests as non-current assets. Participating interests are presented as financial fixed assets on the balance sheet. *GAO on model formats*	Similar to Dutch GAAP; however, the term associate is used instead of participating interest and only those associates accounted for using the equity method are presented as a line item. *IAS 1.54(e), 28.15*

3.4 Joint arrangements

The following comparisons have been made based on DAS 215 'Joint ventures' and IFRS 11 'Joint arrangements'. IFRS 11 sets out the principles of accounting for a joint arrangement. The standard deals with the classification and measurement matters for joint operations and joint ventures. The disclosure requirements are included in IFRS 12 'Disclosure of interests in other entities'.

IFRS 11 and DAS 215 both identify several types of joint arrangements. However where IFRS only distinguishes joint operations from joint ventures, DAS acknowledges three types of joint arrangements. This also leads to differences in accounting method under both frameworks.

	Dutch GAAP	IFRS
Types of joint arrangements	Dutch GAAP distinguishes three types of joint venture: • Jointly controlled entities; • jointly controlled operations, in which each venturer uses its own assets for a specific project; and • Jointly controlled operations, in which the assets are Jointly owned by the venturers. The different types of joint ventures are allowed to be measured differently. *DAS 215.204-205*	IFRS distinguishes two types of joint arrangements: • Joint operation; involved parties have rights to the assets and obligations for the liabilities of the operation; or • Joint venture; involved parties have rights to the net assets. *IFRS 11.15-16*
Definition	A joint venture is defined as a contractual arrangement whereby two or more parties (the venturers) undertake an economic activity that is subject to joint control. *DAS 215.103, DAS 940*	A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is defined as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. *IFRS 11.16, Appendix A*
Accounting for joint ventures	A venturer may account for its investments using: • Proportionate consolidation if this satisfies the true and fair view; or • The net asset value method (refer to chapter 3.3). *DAS 215.201, 208, Article 2:409*	Only the equity method is applied to account for joint ventures. Also refer to chapter 3.3 Equity method. *IFRS 11.24*
Accounting for joint operations	Dutch GAAP distinguishes between two types of jointly controlled operations: • Jointly controlled operations, in which each venturer uses its own assets for a specific project. A venture recognises in its financial statements the assets it controls, the liabilities it incurs, the expenses it incurs and its share of the income from the sale of goods or services by the joint venture; • Jointly controlled operations, in which the assets are jointly owned by the venturers. A venturer recognises in its financial statements its share of the jointly owned assets, liabilities, expenses and income from the sale of goods or servi-ces by the joint venture. *DAS 215.205*	The share of assets, liabilities, revenues and expenses relating to an interest in a joint operation are accounted for in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. *IFRS 11.20*
Accounting for jointly controlled assets	A venturer accounts for its share of the jointly controlled assets, liabilities, income and expenses, and any liabilities and expenses it has incurred. *DAS 215.205*	Same as above. *IFRS 11.20*

	Dutch GAAP	IFRS
Separate financial statements	Separate financial statements are required for the parent. The entity adopts a policy of accounting for all of its jointly controlled entities, either: • Net asset value method; or • At cost less impairment (only if there are valid reasons, like the international structure of the group or the application of the Article 2:408 consolidation exemption). Interests in joint ventures which are not jointly controlled entities are accounted for on the same basis as in the consolidated financial statements. *Article 2:389, DAS 215.208*	An interest in a joint operation is accounted on the same basis as in the consolidated financial statements, if this joint operation is directly held by the entity. An interest in a joint venture shall be accounted for in a venturer's separate financial statements at cost or at fair value. *IAS 27.10*
Accounting for contributions to a jointly controlled entity	Gains and losses on contribution or sales of assets to a joint venture by a venturer are recognised to the same extent as that of the interests of the other venturers provided the assets are retained by the joint venture and significant risks and rewards of ownership of the contributed assets have been transferred. The venturer recognises the full amount of any loss when there is evidence of impairment loss from the contribution or sale. Further requirement is provided for recognition, prior to the transfer, of expected loss on, or existing impairment of, the asset transferred. The use of fair values for measurement by the joint venture itself of contributions from the venturers of assets and liabilities is required. *DAS 215.208-210*	A venturer that contributes non-monetary assets to a jointly controlled entity in exchange for an equity interest in the jointly controlled entity recognises in its consolidated income statement the portion of the gain or loss attributable to the equity interests of the other venturers, except when: • The significant risks and rewards of ownership of the contributed assets have not been transferred to the jointly controlled entity; • The gain or loss on the assets contributed cannot be measured reliably; or • The contribution transaction lacks commercial substance. *IAS 28.3, 31, IFRS 11.24*

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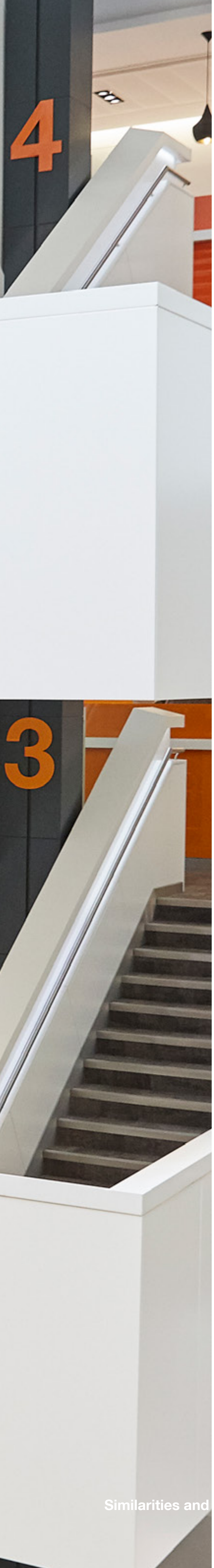

4. Income and expenses

4.1 Income

IFRS 15 'Revenue from contracts with customers' is the new revenue standard under IFRS. The standard is effective as of 1 January 2018 and replaced IAS 18 'Revenue', IAS 11 'Construction contracts' and IFRIC 13 'Customer loyalty programmes', IFRIC 15 'Agreements for the construction of real estate', IFRIC 18 'Transfer of assets from customers' and SIC-31 'Revenue – Barter Transaction involving advertising services'.

IFRS 15 introduces a single, five-step model to recognise revenue either over time or at a point in time. The core principle of the model is to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when or as control of goods or services is transferred to a customer. IFRS 15 contains detailed guidance on different topics such as separating elements, allocating the transaction price, recognising variable considerations, licenses and options.

The following comparisons have been made based on the Dutch Civil Code, DAS 221 'Construction contracts', DAS 270 'Income statement', DAS 274 'Government grants' "and DAS 940 'Definitions' (Dutch GAAP), IFRS 15 'Revenue from contracts with customers', and IAS 20 'Accounting for government grants and disclosure of government assistance' (IFRS). Some topics are not described such as sales with rights of return, consignment arrangements and customers' unexercised rights. We refer to DAS 270 and IFRS 15 for further guidance about these topics. The DASB has announced that the adoption of IFRS 15 in the DAS is being investigated.

	Dutch GAAP	IFRS
Definitions		
Income	'Income' comprises of increases in economic benefits during the reporting period in the form of inflows or enhancements of assets; or decreases in liabilities that result in increases in equity, other than those relating to contributions from equity investors. DAS uses the term 'baten'. DAS 940	Similar to Dutch GAAP. IFRS 15 Appendix A
Revenue	'Revenue' is income that arises in the course of an entity's ordinary activities. It is referred to by a variety of terms including sales, fees, dividends, royalties and rent. DAS uses the term 'opbrengsten'. DAS 940	Similar to Dutch GAAP, noting that interest and dividends are not in scope of the revenue standard. IFRS 15 Appendix A
Contract	No definition included in Dutch GAAP.	A 'contract' is an agreement between two or more parties that creates enforceable rights and obligations. IFRS 15 contains additional guidance to assess whether a contract exists. IFRS 15.9
Scope	Two primary revenue standards capture all revenue transactions within one of four broad categories: • Sale of goods; • Rendering of services; • Others' use of entity's assets (yielding interest, royalties, etc.); or • Construction contracts.	Under IFRS 15 a single standard applies to all contracts with customers, except for: • Lease contracts; • Insurance contracts; • Financial instruments and other contractual rights and obligations; and • Non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. IFRS 15.5
Revenue		
Recognition in general	Revenue recognition criteria for each of the four categories include the probability that the economic benefits associated with the transaction will flow to the entity and that the revenue and costs can be measured reliable. Additional recognition criteria apply within each broad category. The principles laid out within each of the categories are generally to be applied without significant further rules and/or exceptions. DAS 270.1, DAS 221	An entity applies the following five-step model when recognising revenue: 1. Identify the contract(s) with a customer; 2. Identify the performance obligations in the contract; 3. Determine the transaction price; 4. Allocate the transaction price to the performance obligations in the contract; and 5. Recognise revenue when (or as) the entity satisfies a performance obligation. The core principle of the model is to recognise revenue in a pattern that depicts the transfer of promised goods or services (performance obligations) to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Goods or services are transferred when or as the customer obtains control over those goods or services. IFRS 15.2, 31, 38

	Dutch GAAP	IFRS
Measurement	Revenue is measured at the fair value of the consideration received or receivable. DAS 270.106	When (or as) a performance obligation is satisfied, an entity recognises as revenue the amount of the transaction price that is allocated to that performance obligation The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties, and may include fixed amounts, variable amounts, or both. The amount of the transaction price includes estimates of variable consideration for which it is highly probable that a significant reversal will not occur (i.e. they are constrained). IFRS 15.22, 27, 46, 56, 77
Multiple element arrangements	Sometimes the economic substance of a transaction requires to apply the revenue recognition criteria to separately identifiable components of that transaction. Consideration received in relation to components that have not yet been delivered are deferred and recognised as revenue when those goods or services are delivered. DAS 270.109	At contract inception an entity assesses the goods and services promised in a contract with a customer and identify as a performance obligation each good or service (or series of goods or services) that is distinct. The transaction price is allocated to each performance obligation based on their relative stand-alone selling prices and recognised as revenue when (or as) each performance obligation is satisfied. IFRS 15.22, 31, 73 76
Sale of goods	In addition to the general revenue criteria, revenue from the sale of goods is recognised when: • the entity has transferred to the buyer the significant risks and rewards of ownership of goods; and • the entity retains neither continuing managerial involvement nor has the dispose of the goods sold. DAS 270.110-114	The five-step model applies to each type of contract within the scope of IFRS 15. In addition to the general criteria, IFRS 15 contains the following indicators to determine whether the customer has obtained control: • The entity has a present right to payment; • The customer has legal title; • The customer has physical possession; • The customer has the significant risks and rewards of ownership; • The customer has accepted the asset. The timing of recognising revenue depends on whether the transfer of control occurs over time or at a point in time. An entity transfers control over time when one of the following criteria is met: a. The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or b. The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or c. The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. IFRS 15.31, 35, 38-45
Rendering of services	Service transactions are accounted for under the percentage-of-completion method when the outcome of a transaction can be reliably estimated. Revenue may be recognised on a straight-line basis if the services are performed by an indeterminate number of acts over a specified period of time. When the outcome of a service transaction cannot be estimated reliable, revenue is only recognised to the extent of recoverable expenses incurred. Recognition of revenue may have to be deferred in instances where a specific act is more significant than any other acts and recognised when the significant act is executed. DAS 270.115-223	
Interest, royalties and dividend		
Interest	Interest is recognised using the effective interest method. DAS 270.125	Interest on assets used by other entities is not in scope of the revenue standard but IFRS 9 'Financial Instruments' applies to these arrangements. IFRS 15.5

	Dutch GAAP	IFRS
Royalties	Royalties are recognised on an accruals basis in accordance with the substance of the relevant agreement. DAS 270.125	IFRS 15 requires that an entity recognises revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs: a. The subsequent sale or usage occurs; and The subsequent sale or usage occurs; and b. The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated, has been satisfied (or partially satisfied). IFRS 15.58, IFRS 15.58, B63
Dividends	Dividends are recognised when the shareholder's right to receive payment is established. DAS 270.125	Dividends are not in scope of the revenue guidance but IFRS 9 'Financial Instruments' applies. IFRS 15.5
Construction contracts		
General	When the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period (percentage of completion method). Reliable estimation of the outcome requires reliable estimates of the stage of completion, future costs and collectability of billings. Separate guidance on reliable estimations of the percentage of completion is provided. DAS 221.301-303	IFRS 15 does not contain specific guidance for construction contracts. If the requirements to recognise revenue over time are met, the entity uses a method that depicts performance to measure progress to satisfaction of the performance obligation (i.e. an input or output method). When a cost method is used, costs incurred that do not result in the transfer of control to a customer are excluded from the progress measure. IFRS 15 does not contain guidance on the accounting for onerous contracts or onerous performance obligations. The assessment on whether a contract is loss making is performed in accordance with IAS 37. IFRS 15.35-45, IAS 37.66-69
Percentage of completion	The stage of completion of a transaction or contract is determined using the method that measures most reliably the work performed. When the final outcome cannot be estimated reliably, a zero-profit method is used (revenue recognised is limited to the extent of costs incurred, if those costs are expected to be recovered). This method is also allowed if: • The contracts are expected to be completed within one year; and • The projects are equally spread in time and size. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. DAS 221.314-316	
Combining and segmenting contracts	Combining and segmenting contracts is required when certain criteria are met. DAS 221.111-112	All contracts within the scope of IFRS 15 are combined when one of the following three criteria is met: • The contracts are negotiated as a package with a single commercial objective; • The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or • The goods or services in the contracts are a single performance obligation. IFRS 15.17

	Dutch GAAP	IFRS
Presentation	Dutch GAAP does not require separating assets and liabilities resulting from construction contracts. Furthermore work in progress related to construction contracts is presented as a separate line item as part of the current assets (or current liabilities when related to a liability) and not as part of the category inventories. Article 2:369, DAS 221.406-412	IFRS 15 contains general guidance as to when a contract asset or contract liability is presented on the balance sheet. A contract asset is presented when the entity performed and did not yet receive a payment from the customer. A contract liability is presented when the entity has not yet performed and did already receive a payment from the customer. IFRS 15.105
Other topics		
Barter transactions	Revenue may be recognised on the exchange of dissimilar goods and services. The transaction is measured at the fair value of goods or services received, adjusted by the amount of any cash or cash equivalents transferred. The carrying value of the goods and services given up, adjusted by the amount of any cash or cash equivalents transferred, is used where the fair value of goods or services received cannot be measured reliably. Exchanges of similar goods and services do not generate revenue. DAS 270.108-108a	Similar to Dutch GAAP. If an entity cannot reasonably estimate the fair value of the non-cash consideration, it measures the promised consideration indirectly by reference to the stand-alone selling price of the goods or services promised in exchange for the consideration. Non-monetary exchanges between entities in the same line of business to facilitate sales to (potential) customers are out of scope of the revenue guidance. IFRS 15.5d, 66-69, BC248-254
Customer loyalty programmes	The entity accounts for the award credits as a separately identifiable component of the initial sales transaction. The entity allocates the fair value of the consideration received or receivable in respect of the initial sale between the award credits and the other components of the sale. The consideration allocated to the award credits is measured by reference to their fair value, i.e. the amount for which the award credits could be sold separately. DAS 270.109-109a	Similar to Dutch GAAP. A portion of the transaction price is allocated to the award credits based on the estimated stand-alone selling price of the credits. Revenue is recognised when the entity has satisfied its performance obligation relating to the award credits or when the credits expire. IFRS 15.B39-B43
Consideration payable to a customer	Dutch GAAP does not contain specific guidance on the accounting treatment of (expected) amounts payable to a customer.	A consideration payable to a customer is a cash amount that an entity pays or expects to pay to a customer, for example in cash or in the form of rebates or vouchers. The transaction price is reduced with the consideration payable, except when the entity receives a distinct good or service from the customer in exchange for such payments. IFRS 15.70-72
Warranties	Dutch GAAP does not make a distinction between assurance-type warranties and service-type warranties. Warranties are generally accounted for as a cost provision. DAS 252.408	A warranty can provide assurance that the related product will function as intended and meet agreed-upon specifications or provide the customer with a service in addition to the assurance that the product complies with agreed-upon specifications. If a customer has the option to purchase the warranty separately, the warranty is a separate performance obligation in the contract and revenue is allocated to the warranty. If the customer does not have the option to purchase the warranty separately, the warranty is accounted for in line with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (i.e. similar to Dutch GAAP). IFRS 15.B28-B30

	Dutch GAAP	IFRS
Licensing of IP	License fees are recognised based on the substance of the agreement which may result in license fee being recognised on an accrual basis. License fees are generally recognised on a straight-line basis over the period of the agreement. Otherwise, the transfer of rights is a sale for which revenue is recognised in case the conditions for sale of goods are met. DAS 270.Appendix 1 example 20	Specific accounting guidance applies to distinct licenses of intellectual property (IP). Licenses that are distinct and that provide a right to access an entity's IP are performance obligations satisfied over time, and therefore revenue is recognised over time. Licenses that provide a right to use an entity's IP are performance obligations satisfied at a point in time. IFRS 15.27, 35, B52-B56
Discounting of revenues	Discounting revenues to present value is required in instances when the inflow of cash or cash equivalents is deferred and the transaction contains a significant financing element. In such instances, an imputed interest rate is used for determining the amount of revenue to be recognised, as well as the separate interest income component to be recorded over time. DAS 270.107	Similar to Dutch GAAP. In addition, IFRS 15 requires to separately account for a significant financing component in case of advance payments. There is a practical expedient allowing entities to ignore the financing element if it relates to a contract fulfilled within one year. IFRS 15.60-65
Agent vs principal	Amounts collected on behalf of third parties and which do not result in increases in equity for the entity do not qualify as revenue. Therefore, such amounts are not included as revenue. Dutch GAAP contains a list of indicators to assess whether an entity acts as an agent or principal. The assessment is based on the risk-and-rewards approach. Indicators are not conclusive and each assessment should be based on the actual facts and circumstances. DAS270.105b	Similar to Dutch GAAP. However, the assessment whether the entity is acting as an agent or principal is based on the transfer-of-control approach under IFRS 15 rather than the risk-and-rewards approach under Dutch GAAP. IFRS 15.B34-B38
Contract costs	Contract costs include the costs that are attributable to a contract for the period from the date of securing the contract to the final completion of the contract. DAS 221.207	Under IFRS 15 contract costs could be applicable for all type of contracts within the scope of the standard. Contract costs are incremental if an entity would not have made these costs if the contract had not been obtained. Incremental costs qualify for capitalisation. Contract assets are amortised on a systematic basis that is consistent with the transfer of the goods and services to the customer. Contract costs that are recognised as contract asset are separately presented from contract assets and contract liabilities that arise from revenue recognition. IFRS 15.91-104

4.2 Expenses

	Dutch GAAP	IFRS
Scope	Expenses are decreases in economic benefits during the reporting period in the form of outflows, depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity investors. *DAS 940*	Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the entity such as cost of sales, wages and depreciation. *IFRS Conceptual Framework 4.33*
Recognition	Expenses are recognised in the income statement when the decrease in future economic benefits related to a decrease in an asset or an increase of a liability can be measured reliably. *DAS 135*	Similar to Dutch GAAP *IFRS Conceptual Framework, para 4.49 – 4.53*

4.3 Government grants

	Dutch GAAP	IFRS
Definition	Assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. *DAS 274.101-106*	Similar to Dutch GAAP. *IAS 20.3*
Recognition & measurement	Government grants are not recognised until there is a reasonable assurance that: • The entity complies with the conditions attached to the grants; and • The grants are receivable. Government grants are recognised in the income statement over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. They are not credited directly to shareholder's interest. An entity recognizes government grants according to the nature of the grant as follows: • A grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are receivable; • A grant that imposes specified future performance conditions on the recipient is recognised in income only when the performance conditions are met; • Grants received before the income recognition criteria are satisfied, are recognised as a liability and released to income when all attached conditions have been complied with. In addition, a number of other methods are allowed, like offsetting the government grant with the investment value in the balance sheet Grants are measured at the fair value of the asset received or receivable. *DAS 274.107-116*	Similar to Dutch GAAP. *IAS 20.7-28*

4.4 Borrowing costs

	Dutch GAAP	IFRS
Definition	Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. *DAS 940*	Similar to Dutch GAAP. *IAS 23.5*
Capitalization	Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset may be capitalized if the criteria are met. However this is not required. The following requirements for capitalization apply: • the expected future economic benefits are sufficient to cover the book value of the asset (including the borrowing costs); and • the future economic benefits can be measured reliably. All other borrowing costs are expensed. *Article 2:388.2, DAS 273.204-212*	Similar to Dutch GAAP, however, the capitalization of borrowing costs related to qualifying assets is mandatory when the requirements are met. *IAS 23.1, 8*

4.5 Share based payments

The basics of accounting for share-based payment do not differ between Dutch GAAP and IFRS. However, on a detailed level a number of differences may be applicable.

These differences mainly relate to the following subjects:

- scope;
- measurement;
- choice of settlement; and
- modifications.

	Dutch GAAP	IFRS
Scope	Share-based payment transactions include: • Equity-settled share-based payments • Cash-settled share-based payments • Share-based payments with settlement alternatives Contribution-in-kind transactions and transactions between entities under common control are excluded. DAS 275 does not have to be applied for share-based payment transactions that are initiated or settled by a person or entity not being part of the consolidated group of a reporting entity. However, any disclosures are to be made in accordance with the provisions in respect of related parties (article 2:381 sub 3 DCC). *DAS 275.102-103a, 511*	Similar to Dutch GAAP. IFRS includes guidance for transactions in which one group entity receives goods or services and another group entity settles the share-based payment. In its financial statements a reporting entity measures the received goods or services as an equity-settled share-based payment transaction when the awards granted are its own equity instruments, or the entity has no obligation to settle the transaction. The entity settling a transaction when another entity in the group receives the goods or services recognizes the transaction as an equity-settled payment transaction if the transaction is settled in the entity's own equity instruments. In all other cases the transaction is recognised as a cash-settled payment transaction. Any intragroup repayment arrangements are not taken into account at the classification of the share-based payment transaction. *IFRS 2.2-6A, 43A-43D*
Recognition	An entity recognizes the goods or services received in a share-based payment transaction when it obtains the goods or as the services are received. Following a modification, the unrecognised portion of the original fair value plus the incremental value from the modification is recognised over the revised vesting period. *DAS 275.202, 308*	IIn general, similar to Dutch GAAP. Under IFRS, however, the incremental value from a modification is attributed over the revised vesting period while the original fair value continues to be recognised over the original vesting period. *IFRS 2.7, 2.27-28*
Recognition – share-based payments with settlement alternatives	If an entity has granted the counterparty the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, the entity has granted a compound financial instrument, which includes a debt component and an equity component. If the fair value of the debt component is lower than the fair value of the compound financial instrument, it is permitted but not required to account for the equity component separately. If the equity component is not accounted for, an entity recognises an obligation only. *DAS 275.207*	An entity accounts separately for the goods or services received or acquired in respect of each component of the compound financial instrument. For the debt component, the entity recognizes the goods or services acquired, and a liability to pay for those goods or services, as the counterparty supplies goods or renders service, in accordance with the requirements applying to cash-settled share-based payment transactions. For the equity component (if any), the entity recognizes the goods or services received, and an increase in equity, as the counterparty supplies goods or renders service, in accordance with the requirements applying to equity-settled share-based payment transactions. *IFRS 2.38*

	Dutch GAAP	IFRS
Measurement – equity-settled share-based transactions	Equity-settled share-based transactions granted to non-employees (i.e. suppliers) are measured at the fair value of the goods or services received. In case the fair value of the goods or services cannot be measured reliably, the transactions are measured at the fair value of the equity instruments granted. Equity-settled share-based transactions granted to employees are measured at the fair value of the granted equity instruments incorporating market conditions (non-vesting conditions are not dealt with in DAS 275). For share options granted to employees, it is permitted to measure these at their intrinsic value. The intrinsic value is re-measured at every balance sheet date and at the settlement date. Adjustments of the intrinsic value are recognised in profit or loss. An unlisted entity may use an internal valuation model to measure the fair value of its shares when determining the fair value of the equity instruments granted. *DAS 275.203-204, 301-302, 314, 403*	Transactions are measured at the fair value of the goods or services received. If an entity cannot reliably estimate these fair values, which is deemed to be the case for transactions with employees, the transactions are measured at the fair value of the equity instruments granted taking into account market and non-vesting conditions, and ignoring any non-market vesting conditions or reload features. The use of the intrinsic value method for share options is not an accounting policy choice. Only in the very rare cases that the fair value of the equity instruments granted cannot be reliably estimated, the instruments are measured at their intrinsic value. IFRS does not permit the use of an internal valuation model to measure the fair value of the underlying shares. *IFRS 2.10-21, 2.24*
Measurement – cash-settled share-based transactions	Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of final settlement, with any changes in fair value recognised in profit or loss. *DAS 275.205, 275.301*	Similar to Dutch GAAP. *IFRS 2.30*

4.6 Employee benefits

Employee benefits are all forms of consideration given or promised by an entity in exchange for services rendered by its employees. These benefits include salary-related benefits (such as wages, profit-sharing, bonuses and compensated absences, such as paid holiday and long-service leave), termination benefits (such as severance and redundancy pay) and post-employment benefits (such as retirement benefit plans).

Post-employment benefits include pensions, post-employment life insurance and medical care. Pensions are provided to employees (under IFRS) either through defined contribution plans or defined benefit plans. The liabilities in defined benefit pension plans are frequently material.

They are long-term and difficult to measure, and this gives rise to difficulty in measuring the cost attributable to each year. The accounting for pensions under Dutch GAAP is different from IFRS. Under Dutch GAAP the distinction between defined contribution plan and defined benefit plan does not exist. The pension contributions payable by the employer to the pension fund are expensed.

Recognition and measurement for short-term benefits is relatively straightforward, because actuarial assumptions are not required and the obligations are not discounted. However, long-term benefits, particularly post-employment benefits, give rise to more complicated measurement issues.

	Dutch GAAP	IFRS
Defined contribution plans	Not applicable. No distinction between defined contribution plan and defined benefit plan. The pension contributions payable by the employer to the pension fund are expensed. *RJ 271.306*	Defined contribution plan expense is the contribution payable by the employer to the fund for that accounting period. *IAS 19.28, 51b*
Defined benefit plans		
Components of the cost of a defined benefit plans	Not applicable.	Defined benefit plan expense includes: • service costs (via income statement) • net interest on the net defined benefit liability(via income statement) • remeasurements of the net defined benefit liability (via OCI) *IAS 19.120-134*
Service cost	Not applicable.	Service costs comprise current service costs, past service costs and gains and losses on settlement. Current service cost is the increase in the present value of the DBO resulting from employee service in the current period, Past service cost is the change in the present value of the DBO resulting from a plan amendment or curtailment. *IAS 19.8, 66-112*
Net interest	Not applicable.	The interest is determined by multiplying the net defined benefit liability by the discount rate on high quality corporate bonds. *IAS 19.8, 83, 123-126*

	Dutch GAAP	IFRS
Remeasurements	Not applicable.	Remeasurements of the defined benefit liability comprise actuarial gains and losses, the return on plan assets less the interest that was already taken into account in the net interest as mentioned above, and any change in the effect of the asset ceiling. *IAS 19.8, 127-130*
Application of other standards	Entities are allowed to apply US-GAAP or IFRS related to pensions and other post-retirement benefits in the financial statements instead of DAS 271. These standards are to be applied in full. *DAS 271.101*	The application of US-GAAP is not allowed in IFRS.
Employee benefits – termination benefits		
Recognition	Termination benefits are recognised when the entity is demonstrably committed to the payment of these benefits. In respect of a restructuring the entity is demonstrably committed to a termination when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal. Termination benefits do not provide an entity with future economic benefits and are recognised as an expense immediately. *DAS 271.5*	Termination benefits are recognised at the earlier of the following dates: • the entity can no longer withdraw the offer of those benefits; and • the entity recognises a restructuring provision in which costs are included for the payment of termination benefits. A termination benefit is given only in exchange for the termination of employment. A benefit that that is in any way dependent on providing services in the future is not a termination benefit. *IAS 19.165, 170*

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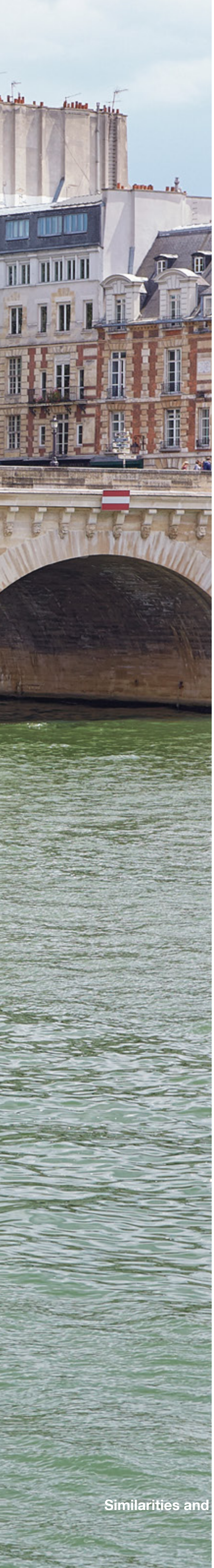

5. Financial instruments

Under Dutch GAAP the accounting treatment of financial instruments is covered by DAS 290. Under IFRS, the accounting treatment of financial instruments is included in IFRS 9 (recognition, measurement and hedge accounting), IAS 32 (presentation), and IFRS 7 (disclosures). IFRS 9 has replaced IAS 39 and is applicable for financial statements for annual periods beginning on or after 1 January 2018. Earlier adoption is allowed.

The following comparisons have been made based on the Dutch Civil Code, DAS 290 'Financial instruments', DAS 940 'Definitions' (Dutch GAAP), and IAS 32 'Financial instruments: presentation', IFRS 9 'Financial instruments: Recognition and measurement' and IFRS 7 'Financial instruments: Disclosures' (IFRS).

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5.1 Definition, scope and classification

The definition and scope of financial instruments in DAS 290 and IFRS 9 are comparable. Both standards have an extensive list of topics scoped out. In the comparison made below, it is shown under which accounting standard the scoped-out topics should be accounted for.

	Dutch GAAP	IFRS
Definition of financial instruments	A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. *DAS 940*	Same as Dutch GAAP. *IAS 32.11*
Scope	DAS 290 scopes out: - Interests in subsidiaries and associates as defined in DAS 214.1. - Interests in joint ventures as defined in DAS 215. - Leases (DAS 292). - Employee benefits (DAS 271). - Insurance contracts (DAS 605). - Financial instruments that meet the definition of an entity's own equity (DAS 240). - Financial guarantees. However DAS 290 is applicable to financial guarantees whereby payments have to be made as a consequence of changes in the underlying, for instance, interest rates, price of a financial instrument, price of a commodity, foreign exchange rate, index of prices or interest rates, creditworthiness of other variables. - Contracts for contingent consideration in a business combination (applies to acquirer only) (DAS 216). - Contingent assets or liabilities related to a business combination (accounted for under DAS 216). - Contracts with payments based on climatic, geological or other physical variables. - Certain loan commitments. - Certain commodity contracts if they meet the own use exemption. These contracts are treated as normal sell and purchase contracts and are accounted for accordingly. - Financial instruments related to share-based payments (DAS 275). *DAS 290.201-202*	IFRS 9 scopes out: - Interests in subsidiaries, associates and joint ventures that are accounted for in accordance with IFRS 10, IAS 27 or IAS 28. - Rights and obligations under leases(IFRS 16). - Employee benefits (accounted for under IAS 19). - Financial instruments issued by the entity that meet the definition of an equity instrument (IAS 32). - Assurance contracts (IFRS 4). - Forward contract between an acquirer and a vendor in a business combination (IFRS 3 Business Combination). - Loan commitments (others than those described in IFRS 9 2.3). However, impairment and derecognition requirements of IFRS 9 shall be applied to loan commitments which are not in scope of this standard. - Share-based payments (other than contracts in scope of IFRS 9 2.4-2.7). - Rights to payments to reimburse the entity for expenditure that it is required to make to settle a liability that it recognises as a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, or for which, in an earlier period, it recognised a provision in accordance with IAS 37. - Rights and obligations within the scope of IFRS 15 Revenue from Contracts with Customers that are financial instruments, except for those that IFRS 15 specifies are accounted for in accordance with this Standard. *IFRS 9.2.1*

5.2 Measurement, impairment and derecognition

Both under Dutch GAAP and IFRS, measurement of a financial instrument depends on the classification. The two frameworks distinguish different measurement categories. Whereas IFRS distinguishes four financial assets and two financial liabilities measurement categories, Dutch GAAP distinguishes 5 financial asset categories and three financial liabilities categories.

Initial measurement is similar to all financial instruments under both Dutch GAAP and IFRS, namely at fair value. Subsequent measurement depends on the classification of a financial instrument. Although the classification differs between Dutch GAAP and IFRS, the subsequent measurement possibilities are mainly the same. However, the fair value option in IFRS is not known in Dutch GAAP.

	Dutch GAAP	IFRS
Initial recognition	A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. *DAS 940*	Same as Dutch GAAP. *IAS 32.11*
Derecognition - Financial assets	An entity only derecognises a financial asset when: - The rights to the cash flows from the assets have expired or are settled. - The entity has transferred substantially all the risks and rewards of ownership of the financial asset. - The entity has retained some significant risks and rewards but has transferred control of the asset to another party. In this case, the asset is derecognised, and any rights and obligation created or retained are recognised. The economic substance of the transaction determines whether (part of) a financial asset is derecognised. The transfer of control is not specifically required. *DAS 115.110-112, DAS 290.702*	Similar to Dutch GAAP, but IFRS includes additional guidance on pass-through arrangements, continuing involvement and some other relevant aspects relating to transfer of a financial asset. Pass-through arrangements and the continuing involvement model are not known under Dutch GAAP. *IFRS9.3.2.2-3.2.3*
Derecognition - Financial liabilities	Financial liabilities are derecognised only when they are extinguished - that is, when the obligation is discharged, is cancelled or expires. The economic substance of the transaction determines whether (part of) a financial liability is derecognised. *DAS 115.110-112*	Similar to Dutch GAAP. *IFRS 9.3.3.1*

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	Dutch GAAP	IFRS
Categories – financial assets	Dutch GAAP distinguishes five measurement categories of financial assets: - Trading portfolio. - Derivatives. - Purchased loans and bonds. - Issued loans and other receivables. - Investments in equity instruments. Dutch GAAP distinguishes the following sub-categories of financial assets: Derivatives: - Derivatives used for hedging. - Other – with a listed equity instrument as underlying. - Other – with an underlying other than a listed equity instrument. Purchases loans and obligations, not part of a trading portfolio: - Hold to maturity. - Other. Issued loans and other receivables: - Not part of a trading portfolio. Investments in equity instruments: - Not part of a trading portfolio – listed. - Not part of a trading portfolio – not listed. Dutch GAAP does not have a fair value option. *DAS 290.407 – 412*	IFRS 9 distinguishes three measurement categories of financial debt assets: - Amortised cost. - Fair value through OCI, with recycling. - Fair value through P&L. IFRS 9 distinguishes two categories for equity investment: - Fair value through P&L. - Fair value through OCI, without recycling. Derivatives are included in financial assets at fair value through profit and loss. Under IFRS, there is an option to designate financial assets at fair value through P&L if it resolves an accounting mismatch. Own use contracts, which are contracts to buy or sell non-financial items, may be designated at fair value through P&L if it can be settled net in cash or any other financial instrument, or by exchanging financial instruments, as if the instrument was a financial instrument. This is the case when: - The terms of the contract permit to settle in net cash or another financial instrument. - When the entity has a practice of settling similar contracts net in cash or another financial instrument. - When the entity has the practice of taking delivery of the underlying and sells it within a short period for the purpose of profiting from short term fluctuations in price or dealer's margin. - When the non-financial item is readily convertible to cash. *IFRS 9.4.1, 9.2.5*
Categories – financial liabilities	Dutch GAAP distinguishes three measurement categories of financial liabilities: - Trading portfolio. - Derivatives. - Other financial liabilities. Dutch GAAP distinguishes the following sub-categories of financial liabilities: Derivatives: - Derivatives used for hedging. - Other – with a listed equity instrument as underlying. - Other – with an underlying other than a listed equity instrument. Other financial liabilities: - Not part of a trading portfolio. Dutch GAAP does not have a fair value option. *DAS 290.412-416*	IFRS 9 distinguishes two measurement categories of financial liabilities: - Amortised cost. - Fair value through P&L. Derivatives are included in financial liabilities at fair value through profit and loss. Under IFRS, there is an option to designate financial liabilities at fair value through P&L if it resolves an accounting mismatch or if they are part of a group of financial liabilities managed at fair value in accordance with risk management strategy. *IFRS 9.4.2*

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	Dutch GAAP	IFRS
Requirements for categorization	Under Dutch GAAP categorization and sub-categorization is based on the characteristic of the financial instrument and the intended use of the instrument. Based on the characteristics and the intended use of the financial instrument, it is possible for an entity to classify instruments which are in the same category, in different sub-categories.	Financial debt assets shall be classified based on: - The business model of the entity related to the financial asset. - The contractual cash flows of the financial asset. A financial debt asset shall be classified at amortised cost if: - It is held in a business model which is hold to collect. - Contractual terms give rise to solely payment of principal and interest ('SPPI'). A financial debt asset shall be classified at fair value through OCI if: - It is held in a business model which is both hold to collect and hold to sell. - Contractual terms give rise to solely payment of principal and interest. A financial debt asset shall be classified at fair value through profit or loss, unless it is classified at amortised cost or at fair value through other comprehensive income. An equity investment shall be classified as follows: - If the fair value through OCI option is not elected: fair value through P&L. - If the instrument is not held for trading, it can be classified at fair value through OCI (without recycling). Financial liabilities shall be classified at amortised cost, except for financial liabilities classified at fair value through P&L. Financial liabilities shall be classified as fair value through P&L if: - Financial liabilities are held for trading. - If the fair value through P&L option is applied. *IFRS 9.4.1.1-4.2.2*
Embedded derivatives	An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract. Under Dutch GAAP bifurcation is only required when the entity values derivatives at fair value through profit or loss and the following conditions are met: - The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. - A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. - The hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in the income statement. Small and medium entities are exempted from the bifurcation requirement. *DAS 290.825-828*	Under IFRS 9, an embedded derivative is not bifurcated if the host is a financial asset. In this case the total instrument is accounted for according the general classification and measurement requirements of IFRS 9. This means the business model and SPPI (solely payment of principal and interest) test have to be performed for the whole instrument. In most cases, this will lead to fair value through P&L for embedded derivatives. If the host is not a financial asset, the conditions for bifurcation are the same as under Dutch GAAP. If an embedded derivative is bifurcated, the host shall be accounted for according to the standard that would be applicable if the host would not contain an embedded derivative in the first place. *IFRS 9 4.3.2-4*

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	Dutch GAAP	IFRS
Classification as equity or liability (general)	In the issuer's consolidated financial statements, the classification of its issued financial instruments is based on the economic substance of a financial instrument. Puttable own equity instruments are exceptions to this rule. In the separate financial statements, the classification of financial instruments by the issuer is based on the legal form of an instrument instead of the economic substance of the financial instrument. The total of financial instruments that, on the basis of economic substance, would be classified as liability in the consolidated financial statements should be separately presented within equity of the separate financial statements. *DAS 290.801-812, 240.207-209*	For classification as equity, the same requirements are applicable as under Dutch GAAP in the consolidated financial statements. *IAS 32.15-16*
Classification as equity or liability (preference shares)	Preference shares that bear contingent dividends depending on the profit for the year may be classified as equity or as debt in full as an accounting policy choice in the consolidated financial statements. *DAS 290.810*	Preference shares that bear contingent dividends are classified as a liability. The basis for this presentation is the fact that the payment of dividends is not at the discretion of the entity. *IAS 32 AG25-26*
Initial measurement	On initial recognition, financial instruments are measured at fair value plus, in the case of a financial instrument other than at fair value through profit or loss, transaction costs. The fair value on initial recognition is normally the transaction price, unless part of the consideration is for something other than a financial instrument or the instrument bears an off-market interest rate. *DAS 290.501*	Same as Dutch GAAP, with the exception of trade receivables without a significant finance component. These are measured at transaction price. *IFRS 9.5.1.1 – 5.1.3*
Subsequent measurement – financial assets	After initial recognition, an entity shall measure a financial asset in accordance with categorization and sub-categorization. Trading portfolio: - Financial assets in the trading portfolio are subsequently measured at fair value through P&L. Derivatives: - Derivatives used for hedging are subsequently measured at fair value through P&L or cost price or lower market value. - Derivatives with an underlying other than listed equity are subsequently measured at fair value through P&L or cost price or lower market value. - Derivatives with listed equity as underlying are subsequently measured at fair value through P&L. Purchased loans and bonds: - Purchased loans and bonds held to maturity are subsequently measured at amortised cost. - Other purchased loans and bonds can be subsequently measured either at fair value or at amortised cost. If the accounting principle is fair value, changes can be directly recognised in the income statement or, insofar as the changes in fair value are positive, directly into equity and recycled when realised. In the latter case, if the fair value of the instrument is lower than the cost, the difference is recognised directly in the income statement.	After initial recognition, an entity shall measure a financial asset in accordance with categorization. Financial debt assets: - Financial debt assets classified at amortised cost shall be subsequently measured at amortised cost. - Financial debt assets classified at fair value through OCI shall be subsequently measured at fair value with the changes in fair value recognised in OCI (with recycling). - Financial debt assets classified at fair value through P&L shall be subsequently measured at fair value through P&L. Equity instruments held as assets: - Equity instruments classified at fair value through P&L shall be subsequently measured at fair value through P&L. - Equity instruments classified at fair value through OCI shall be subsequently measured at fair value with the changes in fair value recognised in OCI (no recycling). *IFRS 9.5.2*

	Dutch GAAP	IFRS
	Loans and other receivables: - Loans and other receivables which are not part of the trading portfolio are subsequently measured at amortised cost. Investment in equity instruments: - Investments in equity instruments which are listed and not part of the trading portfolio are subsequently measured at fair value. Fair value changes can be directly recognised in the income statement or, insofar as the changes in fair value are positive, directly into equity and recycled when realised. If the fair value of the instrument is lower than the cost, the difference is recognised directly in the income statement. - Investments in equity instruments which are non-listed and not part of the trading portfolio are subsequently measured at cost or at fair value. If the entity chooses to use fair value, changes in the fair value can be directly recognised in the income statement or, insofar as the changes in fair value are positive, directly into equity and recycled when realised. If the fair value of the instrument is lower than the cost, the difference is recognised directly in the income statement. *DAS 290.504 and 508-522*	
Subsequent measurement – financial liabilities	After initial recognition, an entity shall measure a financial liability in accordance with categorization and sub-categorization. Trading portfolio: - Financial liabilities in the trading portfolio are measured at fair value through profit or loss. Derivatives: - Derivatives used for hedging are subsequently measured at fair value through P&L or cost price or lower market value. - Derivatives with an underlying other than listed equity are subsequently measured at fair value through P&L or cost price or lower market value. - Derivatives with listed equity as underlying are subsequently measured at fair value through P&L. Other financial liabilities: - Other financial liabilities not part of a trading portfolio are subsequently measured at amortised cost. *DAS 290.504 and 508-522*	After initial recognition, an entity shall measure a financial liability in accordance with categorization. - Financial liabilities classified at amortised cost shall be subsequently measured at amortised cost. - Financial liabilities classified at fair value through P&L shall be subsequently measured at fair value through P&L. *IFRS 9.5.3*

	Dutch GAAP	IFRS
Amortised cost	Amortised cost is the net of: - The amount at which the financial instrument is measured at initial recognition, minus repayments of the principal. - Plus/minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the amount to be repaid at maturity. - Minus any reduction for impairment or uncollectability (for financial assets). Straight-line amortisation is allowed if this does not lead to major differences with the effective interest method. *DAS 273.201, DAS 940*	Similar to Dutch GAAP. However, no explicit exemption to use straight-line amortization. *IFRS 9.5.4.1*
Effective interest method	A method to calculate the amortised cost of a financial instrument and to allocate the interest income/expense over the relevant period based on the effective interest rate. *DAS 940*	Same as Dutch GAAP. Interest revenue shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: - purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. - financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods. *IFRS 9.5.4.1*
Fair Value - Definition	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction (called 'market value' in the Decree on valuations). *DAS 940, Decree on valuations*	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: - In the principal market for the asset or liability, or - In the absence of a principal market, in the most advantageous market for the asset or liability Under IFRS 9, a credit value adjustment and a debit value adjustment have to be made for derivatives to account for counterparty risk *IFRS 13.9, 13.16*

	Dutch GAAP	IFRS
Fair value – Hierarchy	When instruments are traded in an active market, the listed price is the best indication of fair value. In circumstances whereby the listed price is not a reliable indication of the fair value (i.e. the market is not active, the market is not sufficiently developed or the volumes being transacted are limited), valuation techniques can be used to determine a reliable fair value. Commonly used valuation techniques are comparison to fair values of instruments with similar characteristics, discounted cash flow and option models. When using the discounted cash flow technique, the reporting entity uses the discount rate applicable to comparable financial instruments with regard to terms and characteristics, including credit standing of the counterparty, the agreed interest rate period, the remaining maturity and the currency of the payment. *Article 10 Decree on valuations; DAS 290.526-527*	Similar to Dutch GAAP but more guidance provided around valuation. IFRS 13 establishes a fair value hierarchy that categorizes into three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirect (i.e. quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active). Level 3 inputs are unobservable inputs for the asset or liability. Under IFRS there is an explicit requirement to take the entity's own credit risk into account when determining fair value. *IFRS 13.72-76, 81-82, 86*
Transaction costs	The fair value obtained through listed price or estimation techniques does not consider transaction costs. *DAS 290. 528*	Similar to Dutch GAAP. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability is not adjusted for transaction costs. However, transport costs are included. *IFRS 13.25-26*
Policy choice not-listed equities	For investments in equity instruments which are not quoted and which are not part of a trading portfolio the entity can choose to measure the instruments after initial recognition either at fair value or at cost. *DAS 290.520,522*	Under IFRS there is no exemption to apply fair value for financial instruments in one of the fair value categories. *IFRS 13*

5.3 Hedge accounting

The following comparisons have been made based on DAS 290 'Financial instruments' and IFRS 9 'Financial instruments'.
Although the hedging models under IFRS and Dutch GAAP are founded on similar principles, there are a number of application differences. Furthermore, Dutch GAAP permits one more type of hedging relationships, cost price hedge accounting.

	Dutch GAAP	IFRS
General	An entity may designate a hedging relationship between a hedging instrument and a hedged item in such a way as to recognise gains and losses on a hedged item and a hedging instrument in the income statement at the same time. *Article 2:384.8, DAS 290.601-602*	Similar to Dutch GAAP. In addition, macro fair value hedges do not exist under IFRS 9. Therefore, an entity is allowed to apply IAS 39 hedge accounting for macro fair value hedges. *IFRS 9.6.1.1-9.6.1.2 – 9 BC6.92*
Criteria for hedge Accounting	Two options for hedge documentation are available: - Individual hedge documentation. - Generic hedge documentation for groups of hedging instruments. This documentation includes the general hedging strategy for such groups of hedging instruments, and how this links to the general risk management policy of the entity, how the hedged items and hedging instruments are identified and how ineffectiveness is assessed and recorded. For both types of documentation, hedge effectiveness testing has to be performed (can be qualitative or quantitative in nature however the latter is required when the critical terms of the hedging instrument and hedged item do not perfectly match). *DAS 290.613-616*	1) The hedge relationship exist of qualifying hedged items and hedging instruments. 2) At inception there is formal designation and documentation of the hedge relationship. 3) The hedge relationship meets the hedge effectiveness requirements: - there is an economic relationship between the hedged item and hedging instrument. - credit risk does not dominate the value change that results from the economic relationship. - the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognised or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting. *IFRS 9.6.4.1*
Hedged items (risks) allowed	An entity is allowed to hedge the risks in (a group of) assets, liabilities, binding contracts, highly probable future transactions or a net investment in a foreign operation. The risks for which hedge accounting is permitted are not specifically included in the DAS, but need to be separately identifiable and measurable to be able to measure the effectiveness of the hedge. Dutch GAAP does not prohibit hedging a derivative with another derivative. Under Dutch GAAP it is allowed to hedge a component of a commodity contract. *DAS 290.609-612*	A hedged item can be a recognised asset or liability, an unrecognised firm commitment, a forecast transaction or the foreign exchange risk of a net investment in a foreign operation. The hedged item can be single item, a group of items or a component of an item. The hedged item must be reliably measurable. If a hedged item is a forecast transaction (or a component there of), that transaction must be highly probable. IFRS 9 does not allow to hedge a derivative with a derivative, except when the aggregated exposure is a combination of a qualified hedged item and a derivative. *IFRS 9.6.3.1-9.6.3.3*

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	Dutch GAAP	IFRS
Hedging instruments for which hedge accounting is permitted	Dutch GAAP permits hedging instruments to be: - Derivatives that are not net written options. - Non-derivative assets or liabilities used as a hedge of foreign currency risk. Hedging instruments are only permitted to be designated if and when concluded with external parties (i.e. not concluded with parties included in the consolidated financial statements). *DAS 290.605-608*	A derivative measured at fair value through profit or loss may be designated as a hedging instrument, except for some written options. A non-derivative financial asset or a non-derivative financial liability measured at fair value through profit or loss may be designated as a hedging instrument unless it is a financial liability designated at fair value through profit or loss for which the amount of its change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income. Requirements regarding the counterparty are the same as under Dutch GAAP. *IFRS 9.6.2.1-9.6.2.3*
Cost of hedging	Under Dutch GAAP, the cost of hedging is not mentioned.	IFRS 9 requires to take into account the cost of hedging. Forward points: Forward points on a forward contract may either be accounted for in the P&L or deferred in OCI. Time value of an option: The time value of an option has to be accounted for through OCI.. Cross currency basis spread: The cross currency basis spread may either be accounted for in the P&L or deferred in OCI. *IFRS 9.6.5.15 – 9.6.5.16*
Effectiveness Testing	The entity is required to perform retrospective and prospective effectiveness testing at least every balance sheet date. Dutch GAAP requires critical terms comparison at a minimum. When the critical terms of the hedged item and hedging instruments do not match, a quantitative test has to be performed. The entity documents its chosen method as part of the hedging documentation. All ineffectiveness must be recorded in the income statement. *DAS 290.614-616, 290.619, 290.625, 290.634,290.636*	An entity shall assess at the inception of the hedging relationship, and on an ongoing basis, whether a hedging relationship meets the hedge effectiveness requirements. At a minimum, an entity shall perform the ongoing assessment at each reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes first. The assessment relates to expectations about hedge effectiveness and is therefore only forward-looking. IFRS does not require a specific quantitative method for assessing whether a hedging relationship meets the hedge effectiveness requirements. As a possibility, IFRS mentions a dollar-offset test. However, an entity shall use a method that captures the relevant characteristics of the hedging relationship including the sources of hedge ineffectiveness. A quantitative method has to be performed to measure ineffectiveness. *IFRS9.B6.4.1, 9.B6.4.12, 9.B6.4.13. 9.BC6.286*

	Dutch GAAP	IFRS
Models for hedge accounting	Dutch GAAP permits four types of hedging relationships: - Cash flow hedges. - Fair value hedges. - Hedges of a net investment in a foreign operation, as defined in DAS 122 and DAS 940. - Cost price hedges. *DAS 290.617-618*	IFRS 9 permits three types of hedging relationship: - Cash flow hedges. - Fair value hedges. - Hedges of a net investment in a foreign operation, as defined in IAS 21. IFRS does not allow the cost price hedging model (as derivatives always need to be carried at fair value in the balance sheet). *IFRS 9.6.5.2*
Cash flow hedge	Where an entity designates the hedging relationship and it complies with the conditions above, it recognises any excess of the cumulative change in fair value of the hedging instrument over the cumulative change in the fair value of the expected cash flows (hedge ineffectiveness) in the income statement. The effective part is recognised in equity. The amount recognised in equity is recognised in the income statement when the hedged item affects profit or loss or when the hedging relationship ends. *DAS 290.625, 290.630-632b*	Similar to Dutch GAAP. *IFRS 9.6.5.11*
Hedge of a net investment in a foreign operation	Hedges of a net investment in a foreign operation shall be accounted for similarly to cash flow hedges. *DAS 290.640*	Similar to Dutch GAAP. *IFRS 9.6.5.13*
Fair value hedge	For a hedge of fixed interest risk or commodity price risk of a commodity held, the hedged item is adjusted for the gain or loss attributable to the hedged risk. That element is included in the income statement to offset the impact of the hedging instrument. *DAS 290.619-621*	Similar to Dutch GAAP. *IFRS 9.6.5.8*
Cost price hedge	Cost price hedge accounting is accounted for as follows: - If the hedged item is recognised at cost, the derivative is also recognised at cost. - As long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not re-measured in the balance sheet either. - If the hedged item is a monetary item, then the currency element in the derivative will be treated as a monetary item. - The standard specifically prohibits changing the accounting treatment of the hedged item. *DAS 290.633, 290.633b, 290.639a-b*	IFRS does not have a cost price hedge accounting model, as all derivatives should always be carried at fair value

	Dutch GAAP	IFRS
Discontinuance of hedge relationship	Hedge accounting is discontinued when: - The hedging instrument expires, is sold or terminated. - The hedge no longer meets the criteria for hedge accounting. - The entity revokes the designation. The amounts deferred in equity on discontinuance of the hedge are recognised in the income statement as soon as the hedged item is derecognised or as soon as a forecast transaction is no longer expected to occur. In the case where the hedge relationship no longer meets the criteria for hedge accounting and the hedged item pertains to a transaction taking place in the future, the following needs to be considered: - The hedged transaction is still expected to occur. Hedge accounting is discontinued and the amount recognised in equity is recycled to the income statement or recognised as basis adjustment when the transaction takes place. - The hedged transaction is not expected to occur. The amount recognised in equity should be immediately recycled to the income statement. If a forecast transaction results in the recognition of a non-financial asset or liability, the amount recognised in equity: - Can be reclassified to the income statement when the non-financial asset or liability affects the income statement. - Can be included in the initial cost or carrying amount of the asset or liability. This is a policy choice.	Similar to Dutch GAAP. However, discontinuance is not allowed unless risk management has changed.

5.4 Impairments

Impairment under Dutch GAAP differs from IFRS. Dutch GAAP requires the incurred credit loss model, while IFRS requires the expected credit loss model. However, in an attempt to align both standards, Dutch GAAP allows to use the expected credit loss model for purchased loans and obligations, issued loans and other receivables, contracts regarding financial guarantees and loan commitments.

	Dutch GAAP	IFRS
Impairment - General	Dutch GAAP permits the usage of the expected credit loss model of IFRS 9. The reason for this alignment with IFRS is to increase comparability within industries and to make consolidation for IFRS parents more easy As an alternative, Dutch GAAP allows the incurred credit loss model: At the end of each reporting period, financial assets measured at cost or amortised cost are reviewed for objective evidence of impairment. If such objective evidence exists, an impairment loss needs to be calculated. Impairment losses are recognised in the income statement immediately. If the objective evidence reverses in a subsequent period, impairment losses are reversed in the income statement of subsequent periods. However, in respect of current assets an entity is allowed to recognise an impairment loss that is expected as a result from a future event happening within a short term after balance sheet date, though this method is not recommended. As an alternative for the above described impairment methods, Dutch GAAP allows cost price or lower market value as subsequent measurement for financial assets measured at amortised cost. This accounting policy choice has to be made and applied consistently per sub-category financial assets measured at amortised cost. *DAS 290 publication 2017-7, DAS 290.537,*	IFRS 9 accounts for expected credit losses. When applying expected credit losses under IFRS 9, an entity takes forward looking information also into account. The expected credit loss model of IFRS 9 consists of the following stages: Stage 1 (No significant increase in credit risk):if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Stage 2 (significant increase in credit risk):at each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk (meaning, the probability of default) on that financial instrument has increased significantly since initial recognition. Stage 3 (not performing): An entity shall measure the life time credit loss if the financial instrument is credit impaired. This is the case when it is sure that the counterparty will default (meaning, probability of default is equal to 1) For financial assets measured at amortised cost, the change in loss allowance will be recognised in the statement of profit and loss. It is required to recognize the loss allowance separately in the balance sheet. For financial assets measured at fair value through OCI, the loss allowance will be recognised in the statement of other comprehensive income. *IFRS 9.5.5.1-5.5.5*
Impairment – Equity investments classified at fair value through OCI	*Not applicable.*	For equity investments held as assets and classified at fair value through OCI, the loss allowance will be recognised in the statement of other comprehensive income. This loss allowance (together with the other part of the change in fair value) will not be recycled to the statement of profit and loss. *IFRS 5.7.5*
Impairment – Simplified approach	*Not applicable.*	An entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets with no significant finance component and lease receivables. For trade receivables or contract assets with a significant finance component, an entity may choose to measure the loss allowance at an amount equal to lifetime expected credit losses as an accounting policy choice. *IFRS 9.5.5.15*

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6. Non-financial assets

6.1 Inventories

The accounting treatment of inventories is quite similar under Dutch GAAP and IFRS. However IFRS is more restrictive in some cases. IFRS does not allow measurement at replacement costs or using LIFO and is stricter in including borrowing costs in the cost of inventories.

The following comparisons have been made based on the Dutch Civil Code, DAS 220 'Inventories', DAS 940 'Definitions' (Dutch GAAP) and IAS 2 'Inventories' (IFRS).

	Dutch GAAP	IFRS
Definition	Inventories are assets: • Held for sale in the ordinary course of business; • In the process of production for such sale; or • In the form of materials or supplies to be consumed in the production process or in the rendering of services. *DAS 220.105, DAS 940*	Similar to Dutch GAAP. *IAS 2.6*
Scope of the standard	Out of scope are; • Construction contracts; • Service contracts arising under and related to construction contracts; and • Work in progress related to service providing, *DAS 220.103*	Out of scope are; • Work in progress under construction contracts; • Financial instruments; • Biological assets and agricultural produce, • Inventories held by: - Producers of agricultural, forest and mineral products, to the extent that they are measured at fair value less costs to sell through profit or loss; and - Commodity brokers and dealers who measure their inventories at fair value less costs to sell through profit or loss. *IAS 2.2-3*
Measurement and impairment	Inventories are initially recognised at cost. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and conditions. Inventories are subsequently valued at the lower of cost and net reliazable value. Inventories are assessed for impairment at each reporting date. Management then reassesses the selling price, less cost to complete and sell in each subsequent period, to determine if the impairment losses previously recognised should be reversed. Only agricultural inventories are allowed to be measured at realizable value. In case of measurement at realizable value, changes in the value of agricultural inventories for which frequent market quotations exists are recognised either; • Directly in the income statements; or • Into a separate revaluation reserve within equity.	Similar to Dutch GAAP. Measurement at current value is not allowed. *IAS 2.9, 10, 28-33*
	Changes in value of agricultural inventories without frequent market quotations are recognised directly in a revaluation reserve. *Article 2:390.1, Decree on valuation, DAS 220.302-311, 331, 401-406, 929*	
Costs of purchase	Cost of purchase of inventories includes the purchase price, import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs less trade discounts, rebates and similar items. *DAS 220.304*	Similar to Dutch GAAP. *IAS 2.11*
Costs of conversion	Costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. *DAS 220.305-309*	Similar to Dutch GAAP. *IAS 2.12*

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	Dutch GAAP	IFRS
Other costs	Borrowing costs may be included in the cost of inventories under limited circumstances as identified by DAS 273 (as an option). Refer to chapter 4.4 Borrowing costs. *DAS 220.312-313*	Borrowing costs are included in the cost of inventories under limited circumstances as identified by IAS 23 (as a requirement). *IAS 2.17*
Cost formulas	The cost of inventories used is assigned by using the first-in, first-out (FIFO) formula, the weighted average cost formula or the last-in, first-out (LIFO) formula. The same cost formula is used for all inventories that have a similar nature and use to the entity. Where inventories have a different nature or use, different cost formula may be justified. LIFO is allowed under Dutch Law, though this method is not recommended. *Article 2:385.2, DAS 220.314-317*	Similar to Dutch GAAP, however last-in, first-out (LIFO) is not permitted. *IAS 2.25*
Techniques for measuring cost	An entity may use techniques for measuring the cost of inventories if the results approximate cost. Accepted techniques are: • Standard cost method • Retail method • Most recent purchase price The most recent purchase price is an example of measurement at replacement value. *DAS 220.321-322*	Similar to Dutch GAAP. The most recent purchase price is not mentioned as an example. *IAS 2.21*

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6.2 Property, plant and equipment

Property, plant and equipment (PPE) are tangible assets that are held for use in the production or supply of goods and services, for rental to others or for administrative purposes; and are expected to be used during more than one period.

Guidance under Dutch GAAP and IFRS as it relates to PPE contains only small differences, for example with regard to the residual value, the costs of major inspection and the (legal) revaluation reserve.

The following comparisons have been made based on the Dutch Civil Code, DAS 212 'Tangible fixed assets' (Dutch GAAP) and IAS 16 'Property, plant and equipment' (IFRS).

	Dutch GAAP	IFRS
Definition	Property, plant and equipment (PPE) are tangible assets that are: • held for use in the production or supply of goods and services, for rental to others or for administrative purposes; and • expected to be used during more than one period. *DAS 212.106, DAS 940*	Similar to Dutch GAAP. PPE classified as held for sale (IFRS 5), biological assets (IAS 41), exploration and evaluation assets (IFRS 6) and mineral rights and reserves are explicitly out of scope of IAS 16. IAS 16 does apply to PPE used to develop or maintain the above listed assets. *IAS 16.3, IAS 16.6*
Initial measurement	PPE is measured initially at cost. Cost includes: • purchase price; • any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and • borrowing costs that are directly attributable to the acquisition, construction or production of an asset. Furthermore an entity may include the costs of dismantling and removing the asset in the initial cost or recognise an increasing provision for these costs (option). *Article 2:388.2 DCC, DAS 212.302, 212.435-436*	Similar to Dutch GAAP, with the addition that the initial estimate of costs of dismantling and removing the asset and restoring the site on which it is located are included in the cost (a provision is not allowed). *IAS 16.16, IAS 23.8*
Subsequent measurement	PPE can be carried at; • (historical) cost less accumulated depreciation and any impairment losses (cost model), or; • The lower of current cost (current purchase price of current manufacturing price) less accumulated depreciation and net realizable value (revaluation model). A revaluation reserve is recognised for the difference between the carrying amount of the asset (taking into account any accumulated depreciation and impairment losses) and the determined current cost. *Article 2:384.1, 2:390.3, DAS 212.401-416, DAS 121.301*	The cost model is similar to Dutch GAAP. The revaluation model is an option, in which classes of PPE are carried at a revalued amount, being its fair value at revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation shall be made with sufficient regularity. *IAS 16.30-42*

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	Dutch GAAP	IFRS
Recognition of revaluation in equity	If an entity revalues an asset, it recognises a revaluation reserve in equity (legal requirement) unless this upward revaluation is a reversal of a prior impairment In that case, the upward revaluation is taken to the income statement. Any impairments, including permanent diminutions in value, are deducted from the revaluation reserve, subject to maintaining the revaluation reserve at the statutory minimum. The statutory minimum requires that the reserve is at least equal to the sum of the upward revaluations above cost (taking into account any accumulated depreciation and impairment losses), relating to the assets still held at the balance sheet date. Any impairments which would take the reserve below zero must be taken to the income statement. *Article 2:390, DAS 212.412 – 414*	If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity as 'revaluation reserve'. Upward revaluations related to assets previously subject to a revaluation decrease are recognised in the income statement up to the amount previously decreased. A impairment is recognised in the income statement unless this is related to an asset previously revalued upwards. Then the decrease is recognised in other comprehensive income and reduces the amount accumulated as revaluation surplus in equity. Legal reserves are not covered in the standard. *IAS 16.39-40*
Major inspection (or maintenance)	The cost of a major inspection or replacement of parts of an item occurring at regular intervals over its useful life is capitalised to the extent that it meets the recognition criteria of an asset. The carrying amount of the previous inspection or parts replaced is derecognised. In addition, entities are also allowed to recognise a provision for costs of major inspection. If the recognition criteria are not met, the costs are expensed (this option is likely to be withdrawn based on a draft guideline in the RJ edition2017 issued by the DASB). *Article 2:374.1, DAS 212.445, 212.448, 212.451*	The cost of a major inspection or replacement of parts of an item occurring at regular intervals over its useful life is capitalised to the extent that it meets the recognition criteria of an asset. The carrying amount of the previous inspection or parts replaced is derecognised. *IAS 16.13*
Impairment	PPE is tested for impairment when there is an indication that the asset may be impaired. Existence of impairment indicators is assessed at each reporting date. *DAS 212.453, DAS 121.202*	Similar to Dutch GAAP. *IAS 16.63, IAS 36.7-9*
Depreciation – definition	The systematic allocation of the depreciable amount of an asset over its useful life. *DAS 212.106, DAS 940*	Similar to Dutch GAAP. *IAS 16.6*
Components approach	PPE may have significant parts with different useful lives or with significantly different patterns of benefit consumption. In that case the cost of an item of PPE is allocated to its significant parts, with each part depreciated separately. Significant parts that have the same useful life and depreciation method may be grouped in determining the depreciation charge. *DAS 212.418-420*	Similar to Dutch GAAP. *IAS 16.43-47*
Depreciation charge	The depreciation charge for each period is recognised in the income statement unless it is included in the carrying amount of another asset (this is the case when an asset is used to produce another asset). *DAS 212.421-422*	Similar to Dutch GAAP. *IAS 16.48*

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	Dutch GAAP	IFRS
Depreciable amount and depreciation period	The depreciable amount of an asset is allocated over its useful life. The residual value and the useful life of an asset are reviewed if there is an indication of change since the last reporting date and amended if expectations differ from previous estimates. Change in residual value or useful life is accounted for as a change in estimates. *DAS 212.426-428, DAS 145*	Similar to Dutch GAAP. However, IFRS specifically states that the residual value and the useful life of an asset are reviewed at least at each annual reporting date and amended if expectations differ from previous estimates. *IAS 16.50-51, IAS 8*
Depreciation method	The depreciation method should reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. The depreciation method is reviewed if there is an indication that there has been a significant change since the last annual reporting date. Change in the depreciation method is accounted for as a change in estimates . *DAS 212.423-425, DAS 145*	Similar to Dutch GAAP although IFRS specifically states that the depreciation method is reviewed at least at each annual reporting date. *IAS 16.60-62, IAS 8*
Non-current assets held for sale	Dutch GAAP does not have separate accounting for assets held for sale. If non-current assets are no longer in use, those assets are measured at their carrying amount or lower realisable value, or, by means of a temporary revaluation, the higher realisable value. For the difference compared to the carrying amount, a revaluation reserve is recognised. *Article 2:390.1, DAS 212.501-503*	PPE is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale, which are not depreciated, are measured at the lower of its carrying amount and fair value less costs to sell. *IFRS 5.6, 15*

6.3 Investment property

Investment property is property held by the owner or by the lessee either as a right-of-use asset (when IFRS 16 is effective from 2019 onward) or under a finance lease (when IAS 17 is effective through 2018) to earn rentals or for capital appreciation or both. Initial measurement is at its purchase price including directly attributable costs. Subsequent measurement is at fair value or at cost. There are only minor differences between the accounting treatment under Dutch GAAP and IFRS.

The differences mainly relate to the recognition of borrowing costs and the legal revaluation reserve.

The following comparisons have been made based on the Dutch Civil Code, DAS 213 'Investment property', DAS 273 'Borrowing costs', DAS 940 'Definitions' (Dutch GAAP), and IAS 23 'Borrowing costs', IAS 40 'Investment property' and IFRS 16 'Leases' (from 2019 onward; see also paragraph 8.1) (IFRS).

	Dutch GAAP	IFRS
Definition	Investment property is a property (land or building, or part of a building, or both) held by the owner or by a lessee under a finance lease to earn rentals or for capital appreciation or both. A property interest held by a lessee under an operating lease may also be classified and accounted for as investment property when it both meets the definition of an investment property and when it is carried at fair value. A property interest held for use in the production or supply of goods or services, held for administrative purposes or held for sale related to the ordinary course of business is not an investment property. *DAS 213.102,105, 940*	When IAS 17 is effective through 2018, similar to Dutch GAAP. When IFRS 16 is effective from 2019 onward, a right-of-use asset is an investment property just when the definition of an investment property is met. *IAS 40.5, IAS 40.6 (through 2018)*
Initial measurement	The cost of a purchased investment property is its purchase price plus any directly attributable costs such as professional fees for legal services, property transfer taxes and other transaction costs. Additionally, borrowing costs as part of a that are directly attributable to the acquisition, construction or production of a qualifying asset may be capitalised as part of the cost of that asset. *DAS 213.301-306, .512, 273.204-212* *(also refer to chapter 4 Expenses – Borrowing costs)*	Similar to Dutch GAAP, except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. These costs are required to be capitalised as part of the cost of the asset. *IAS 23.1-8, IAS 40.20-24* *(also refer to chapter 4 Expenses – Borrowing costs)*
Subsequent measurement	Management may choose as its accounting policy to carry all its investment properties at fair value or at cost. The accounting method chosen has to be used for all investment properties. There is a rebuttable presumption that the fair value can be measured reliably. If this is not the case the investment property is valued at cost (until disposal) according to the model in DAS 212. If an entity has used fair value for a specific investment property before, they continue to measure the property at fair value until disposal. *DAS 140.206, DAS 213.501-515*	Similar to Dutch GAAP with a reference to IAS 16 when the fair value cannot be measured reliably. IAS 8 states that a voluntary change in accounting method is possible, only if this change causes the financial statements to provide more relevant and reliable information. Additionally, it is stated that it is highly unlikely that a change from fair value to cost model will result in a more relevant presentation. *IAS 40.30-32, 53, 55*

	Dutch GAAP	IFRS
Fair value	Gains and losses arising from changes in the fair value of investment property are recognised in the income statement. Investment property measured at fair value is not depreciated. A revaluation reserve (legal reserve) is recognised for the difference between the cost price and the fair value until the fair value is realised. The revaluation reserve is formed out of the net result of the financial year or the other reserves. *Article 2:390.1, DAS 213.503-511*	Similar to Dutch GAAP. Except no revaluation reserve needs to be recognised. *IAS 40.33-55*
Cost model	The cost model is consistent with the treatment of property, plant and equipment (PPE) as described in DAS 212. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. *DAS 213.515*	Similar to Dutch GAAP. Except that IFRS refers to IAS 16 'Property, plant and equipment', IFRS 5 'Non-current assets held for sale and discontinued operations' for investment property classified as held-for-sale and (from 2019 onward) IFRS 16 'Leases'. *IAS 40.56*
Transfers	Transfer to or from investment properties applies when the property meets or ceases to meet the definition of an investment property. For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in according with DAS 212 'Property plant and equipment' or DAS 220 'Inventories' is its fair value at the date of change in use. Any step-up from owner-occupied property to investment property (from cost to fair value) is accounted for as a revaluation. *DAS 213.601-609*	Similar to Dutch GAAP. *IAS 40.57-61*
Mixed use	In case of mixed use, the separation of owner-occupied property and investment property is based on the ability of the entity to sell both parts separately. If this separation is not possible, the asset will only be classified as investment property if the part held for production, supply of goods or services, or for administrative purposes is insignificant. *DAS 213.108*	Similar to Dutch GAAP. *IAS 40.10*

6.4 Intangible assets other than goodwill

An intangible asset is an identifiable non-monetary asset without physical substance. A key difference between Dutch GAAP and IFRS is that Dutch GAAP considers the useful life of assets to be finite, whereas IFRS distinguishes between finite and indefinite useful lives of assets. This impacts amortisation, since assets with an indefinite useful life are not amortised.

The following comparisons have been made based on the Dutch Civil Code, DAS 210 'Intangible assets' and DAS 940 'Definitions' (Dutch GAAP) and IAS 38 'Intangible assets' (IFRS).

	Dutch GAAP	IFRS
Definition	An intangible asset is an identifiable non-monetary asset without physical substance held for use in production, supply of goods or services, for rental to third parties or for administrative purposes.. The identification criteria are met when the intangible asset is separable (that is, it can be sold, transferred, licensed, rented or exchanged), or where it arises from contractual or legal rights. *DAS 210.104, 210.109-111, DAS 940*	Similar to Dutch GAAP, an intangible asset is an identifiable non-monetary asset without physical substance. The identification criteria are similar to Dutch GAAP. *IAS 38.8, 38.11-12*
General principles for recognition	Expenditures on intangibles are only recognised as an asset if the following criteria are met: • It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and • The cost of the asset can be measured reliably. *DAS 210.201*	Similar to Dutch GAAP. *IAS 38.21-23*
Recognition as an expense	Expenditures on the following items are not recognised as an asset: • Start-up activities (unless included in the cost of an item of property, plant and equipment); • Training; • Advertising; • Relocation costs; and • Internally generated intangibles such as brands, mastheads, customer lists, publishing titles and items similar in substance. However, certain entity start-up costs like incorporation and share issue costs are allowed to be capitalised. If these costs are capitalised a legal reserve is recognised. Past expenses on intangible items are not recognised as an asset. *Article 2:365.1a, 2:365.2 , DAS 210.103- 237*	Similar to Dutch GAAP, however, without the required recognition of a legal reserve. *IAS 38.63, 38.69, 38.71*

	Dutch GAAP	IFRS
Separately acquired intangible assets	Intangible assets are measured initially at cost. Cost includes: • the purchase price; and • any costs directly attributable to preparing the assets for its intended use *DAS 210.203-204*	Similar to Dutch GAAP. *IAS 38.24, 38.27*
Intangible assets acquired as part of a business combination	The cost of an intangible asset acquired as a part of a business combination is its fair value at the acquisition date. There is a rebuttable presumption that the intangible assets can be separated from goodwill. The recognition of intangible assets does not lead to (an increase of) negative goodwill. *DAS 210.201-202, 210.207-212*	Similar to Dutch GAAP, except for the limitation on the recognition of intangible assets which is not applicable. *IAS 38.21-22, IAS 38.33-37*
Research and development costs	Research costs are expensed as incurred. Development costs are capitalised when specific criteria are met. *DAS 210.219-230*	Similar to Dutch GAAP. *IAS 38.51-54, 38.57-64*
Measurement after initial recognition	Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (cost model). In addition to the cost model, the revaluation model is allowed under certain conditions, in which intangible assets are carried at a revalued amount less any accumulated depreciation and subsequent accumulated impairment losses. *DAS 210.302, 210.306*	Similar to Dutch GAAP. *IAS 38.72*
Useful life	The useful life of an intangible asset is finite.	The useful life of an intangible asset is either finite or indefinite.
finite vs. indefinite	The useful life of an intangible asset that arises from contractual or other legal rights should not exceed the period of the contractual or other legal rights but may be shorter depending on the period over which the asset is expected to be used. Renewal periods may be taken into account if certain criteria are met. *DAS 210.401, 201.407-410*	The useful life is regarded as indefinite when, based on analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Similar to Dutch GAAP with regard to the useful life of an intangible asset that arises from contractual or other legal rights. *IAS 38.88, 38.94*
Intangible assets with finite useful life	Intangible assets are amortised on a systematic basis over the useful lives of the intangibles. There is a rebuttable presumption that the useful life does not exceed twenty years. The residual value at the end of their useful lives is assumed to be zero, unless there is either a commitment by a third party to purchase the asset and/or there is an active market for the asset. The review of the amortisation period, method and residual value is performed at least at every financial year-end. *DAS 210.401, 210.416*	Intangible assets with finite useful life (including those that are revalued) are amortised. Amortisation is carried out on a systematic basis over the useful lives of the intangibles. SImilar to Dutch GAAP with regard to the residual value of such assets. Similar to Dutch GAAP with regard to the amortisation period, method and residual value review. *IAS 38.97, IAS 38.100 104*

	Dutch GAAP	IFRS
Intangible assets with indefinite useful life	Not applicable. All intangible assets have finite lives. *DAS 210.407*	These assets are not amortised. The useful life assessment is reviewed at each annual reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. Change in the useful life assessment from indefinite to finite is an indicator that an asset may be impaired and is accounted for as a change in estimate. *IAS 38.107, 38.109-110*
Impairment	Intangible assets are tested for impairment when there is an indication that the asset may be impaired. Existence of impairment indicators is assessed at each reporting date. In addition, intangibles with an useful life exceeding twenty years and intangibles not in use are tested for impairment annually irrespective of whether there is an indication of impairment. *DAS 210.417-422*	Intangible assets are tested for impairment when there is an indication that the asset may be impaired. Existence of impairment indicators is assessed at each reporting date. In addition, intangibles with indefinite useful lives are tested for impairment annually irrespective of whether there is an indication of impairment. *IAS 36.9-10*

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6.5 Impairment

Most fixed assets are subject to an impairment test to ensure that their carrying amounts in the balance sheet are not overstated. The basic principle of impairment is that an asset may not be carried on the balance sheet above its recoverable amount. Recoverable amount is defined as the higher of the asset's fair value less costs of disposal and its value in use. Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, less costs of disposal. An asset is impaired when its carrying amount exceeds its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the asset is carried at revalued amount in accordance with another standard. The guidance in IFRS with respect to impairment is similar to Dutch GAAP. However, IFRS includes more detailed guidance about indicators of impairment, allocation of goodwill, reversal of goodwill and disclosures.

The table below addresses the impairment of non-financial fixed assets other than inventories and deferred tax assets. Refer to chapter 6.1 for impairment of inventories.

The following comparisons have been made based on the Dutch Civil Code, DAS 121 'Impairment of fixed assets' and DAS 940 'Definitions' (Dutch GAAP) and IAS 36 'Impairment of assets' (IFRS).

	Dutch GAAP	IFRS
Cash-generating unit (CGU)	The smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. DAS 940	Same as Dutch GAAP, however, IAS 36 specifically identifies 'cash inflows'. *IAS 36.6*
Scope	Assets are subject to an impairment test according to the requirements outlined below, with the following exceptions: • financial instruments (DAS 290) • employee benefit assets (DAS 271) • deferred tax assets (DAS 272) • financial assets (DAS 290) Please note that the exceptions may not be complete (for instance, inventories are also out of scope as dealt with through DAS 220). *DAS 121.102*	In addition to the assets excluded from the scope of Dutch GAAP the following assets are excluded: • inventories (IAS 2) • deferred acquisition costs and intangibles arising from contractual rights under insurance contracts (IFRS 4) • assets arising from construction contracts (IAS 11) • biological assets carried at fair value less estimated cost to sell (IAS 41) • non-current assets classified as held for sale in accordance with IFRS 5 *IAS 36.2*
Impairment formula	An asset is impaired when its carrying amount exceeds it recoverable amount. The recoverable amount is defined as the higher of an asset's or CGU's fair value less costs to sell and its value in use. *DAS 121.201, DAS 940*	Similar to Dutch GAAP. *IAS 36.8, 36.18*
Impairment losses	An impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount in accordance with another standard. In this case, the impairment loss is treated as a revaluation decrease in accordance with that other standard. *DAS 121.401-402, Article 2:387.5, Article 390.3*	Similar to Dutch GAAP. *IAS 36.60*

	Dutch GAAP	IFRS
Annual assessment of indicators	Assets are tested for impairment when there is an indication that the asset may be impaired. The existence of impairment indicators is assessed at each reporting date. Goodwill is tested annually if the period of amortisation is higher than 20 years, even if there is no indication of impairment. *DAS 121.202, DAS 216.230*	Similar to Dutch GAAP. However, the following assets are tested for impairment irrespective of whether there is indication of impairment: • intangible assets with an indefinite useful life or an intangible asset not yet available for use • goodwill *IAS 36.9-10*
Indicators of impairment	External indicators of impairment include a decline in an asset's market value, significant adverse changes in technological, market, economic or legal environment, increases in market interest rates or when the entity's net asset value is above its market capitalisation. Internal indicators include evidence of obsolescence or physical damage of an asset, changes in the way an asset is used (for example, due to restructuring or discontinued operations) or evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. *DAS 121.203*	Similar to Dutch GAAP. An additional indicator for an investment (in a subsidiary, jointly controlled entity or associate) exists when the investor recognises a dividend and evidence is available that the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill or the dividend exceeds the total comprehensive income of the investment in the period the dividend is declared. *IAS 36.12*
Recoverable amount	The recoverable amount is defined as the higher of an asset's or CGU's fair value less costs to sell and its value in use, unless the asset (not applicable for investments) is carried at fair value. *DAS 121.301-304*	Similar to Dutch GAAP. *IAS 36.18*
Value in use	The value in use is defined as the present value of the future cash flows expected to be derived from an asset or CGU. Future cash flows are estimated for the asset in its current condition. Estimates of future cash flows include projections of cash inflows from the continuing use of the asset, projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset and net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life. Estimates of future cash flows do not include future cash inflows or outflows that are expected to arise from a future restructuring to which an entity is not yet committed or improving or enhancing the asset's performance. *DAS 940, DAS 121.309-327*	Similar to Dutch GAAP. *IAS 36.30-57*

	Dutch GAAP	IFRS
Fair value less costs of disposal	When performing the impairment test of an asset (or CGU), the entity estimates the fair value less costs to sell based on a hierarchy of reliability of evidence: • a price in a binding sale agreement in an arm's length or market price in an active market, less costs of disposal; • best available information to reflect the amount that an entity could obtain at the reporting date from disposal of the asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Outcome of recent transactions for similar assets within the same industry need to be considered. *DAS 121.305-308*	Similar to Dutch GAAP, however, fair value is identified in a separate standard (IFRS 13), with different definitions and approaches. *IAS 36.28-29, IFRS 13*
Allocation of goodwill	Goodwill acquired in a business combination is allocated to the (groups of) CGUs that are expected to benefit from the synergies of the combination. Irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Goodwill is tested for impairment at the lowest level at which it is monitored by management. CGUs may be grouped for testing, but the grouping cannot be higher than an operating segment as defined in paragraph 304 of DAS 350 (before aggregation). *DAS 121.513-519*	Similar to Dutch GAAP, with a reference to operating segments as defined in in paragraph 5 of IFRS 8 (before aggregation). IAS 36 includes comprehensive guidance on how to allocate goodwill under several circumstances. *IAS 36.80-87, IFRS 8.5*
Reversal of impairment	At each reporting date after recognition of the impairment loss, an entity assesses whether there is any indication that an impairment loss may have decreased or may no longer exist. The impairment loss is reversed if the recoverable amount of an asset (CGU) exceeds its carrying amount, but only to the amount had the amortisation or depreciation continued without impairment. External indicators that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased include an significant increase in an asset's market value, significant favourable changes in technological, market, economic or legal environment, decreases in market interest Internal indicators include changes in the way an asset is used (for example, due to costs incurred to improve or enhance the asset's performance or restructure the operation to which the asset belongs) or evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, better than expected Goodwill impairment cannot be reversed. *DAS 121.601-614*	Similar to Dutch GAAP, however, more detailed guidance and distinction of reversal of impairment for an individual asset, assets in a CGU and goodwill is provided in IAS 36. *IAS 36.109-125*

	Dutch GAAP	IFRS
Disclosure	The following should be disclosed for each class of assets: • the amount of impairment losses recognised in the income statement during the period • the amount of reversals of impairment losses recognised in the income statement during the period • the amount of impairment losses on revalued assets recognised in equity during the period • the amount of reversals of impairment losses on revalued assets recognised in equity during the period *DAS 121.801-807*	Similar to Dutch GAAP. In addition, an entity discloses the line item(s) of the income statement in which the amounts are recognised. Also, more extensive guidance about disclosure of impairment losses and possible reversals, as well as the impairment testing approach for goodwill and other indefinite-lived intangible assets. *IAS 36.126-137*

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7. Non-financial liabilities and equity

7.1 Provisions and contingencies

A liability is a ‘present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits’. A provision falls within the category of liabilities and is defined as ‘a liability of uncertain timing or amount’. The following comparisons have been made based on the Dutch Civil code DAS 212 ‘Tangible fixed assets’, DAS 252 ‘Provisions, contingent liabilities and contingent assets’ and DAS 940 ‘Definitions’ (Dutch GAAP) and IAS 37 ‘Provisions, contingent liabilities and contingent assets’ (IFRS).

	Dutch GAAP	IFRS
Definition	A provision is a liability of uncertain timing or amount. However certain provisions can also be recognised in relation to cost equalisation, such as provisions related to major repair and maintenance. *Article 2:374.1, DAS 940*	Similar to Dutch GAAP. However provisions in relation to cost equalisation are not allowed to be recognised. *IAS 37.10*
Scope of the standard	DAS 252 covers provisions, contingent liabilities and contingent assets, but excludes those that relate to executory contracts (except where these are onerous). The standard does not apply to items covered by another standard such as contingent liabilities assumed by an acquirer in a business combination, which are dealt with in DAS 216. *DAS 252.101, 252.103*	Similar to Dutch GAAP. *IAS 37.2-7*
Provisions Recognition	A provision is recognised only when: • the entity has a present obligation to transfer economic benefits as a result of a past event; • it is probable (more likely than not) that an entity will be required to transfer economic benefits in settlement of the obligation; and • the amount of the obligation can be estimated reliably. A present obligation arising from a past event may take the form either of a legal obligation or a constructive obligation. An obligating event leaves the entity no realistic alternative to settling the obligation. If the entity can avoid the future expenditure by its future actions, it has no present obligation, and no provision is required. In addition under DAS it is allowed to recognise a provision for major repair and maintenance of property, plant and equipment. Refer to chapter 6.3 PPE. *Article 2:374.1, DAS 252.201 - 204, DAS 212.451*	Similar to Dutch GAAP. However a provision for major repair and maintenance of property, plant and equipment is not allowed under IFRS. Refer to chapter 6.3 PPE. *IAS 37.14-26*
Initial measurement	The amount recognised as a provision should be the best estimate of the expenditure required to settle or transfer the present obligation at the balance sheet date. The best estimate should take account of any risks and uncertainties. The entity can elect to measure a provision at either its present value or its nominal value. *DAS 252.306-307*	Similar to Dutch GAAP. However where the effect of the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. *IAS 37.45*
Accrued interest	Under DAS the entity has an accounting policy choice. Additions to the provision due to accrued interest may be presented either as interest expenses or as part of the related expense in the income statement. *DAS 252.317*	Under IFRS the entity has no presentation options. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as finance cost in the income statement in the period of the unwinding of the discount. *IAS 37.60*
Subsequent measurement	The measurement rule as applied at initial recognition must be reapplied at each balance sheet date. The estimate of the liability should therefore be updated at each balance sheet date. *DAS 252.314*	Similar to Dutch GAAP. *IAS 37.59*

	Dutch GAAP	IFRS
Use of provisions	Provisions are to be used only for the expenditures for which they were established, and reversed when they are no longer required for that particular expenditure. They cannot be held as a general provision to be applied against some other unrelated expenditure. Where the initial provision was charged to expense, any subsequent reversal is credited to the same line in the income statement in accordance with the principle of consistency. *DAS 252.318-319*	Similar to Dutch GAAP.
Reimbursement	A liability and any expected reimbursement should be presented gross in the balance sheet. The asset resulting from the reimbursement is recognised when it is probable that reimbursement will be received if the entity settles the obligation and it should not exceed.	Similar to Dutch GAAP. However the threshold under IFRS for the recognition of the reimbursement asset is higher. A reimbursement receivable can only be recognised when it is virtually certain that it will be received. *IAS 37.53-54*
	the amount of the provision. However, in the income statement, the expense relating to settlement of the liability and the reimbursement may be presented net. *DAS 252.311-313*	
Provision for restructuring	A restructuring programme is defined as a programme that is: • planned and controlled by management; and • materially changes either the scope of a business or the manner in which that business is conducted. The characteristics of an obligating event for a restructuring are specified as follows: • a detailed formal plan identifying at least five specified key features of the plan and its implementation; and • a valid expectation to the employees affected, either by starting to implement the plan or announcing its main features to those employees affected by it. DAS is less strict on the timing of the recognition of the provision than IFRS. A provision can still be recognised when the detailed plan was in place at the balance sheet date whilst the valid expectation criterion is met after the balance sheet date but before the date of compilation of the financial statements. *DAS 252.413-416*	Similar to Dutch GAAP. However IFRS is strict on the timing of the recognition of the provision. A provision for restructuring can only be recognised when the criteria are met at the balance sheet. Events after the reporting date are not taken into account, unless they provide information about the situation as per balance sheet date. *IAS 37.10, 72-73*
Provision for restoration and dismantling	The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The obligation for an entity incurs either when the item is acquired or as a consequence of using the item during a particular period for purposes other than to produce inventories during that period. In addition entities also have the accounting policy option to build-up this provision over the useful life of the asset. *DAS 212.435, 443-444*	Similar to Dutch GAAP. However, entities do not have the option to build-up this provision over the useful life of the asset. *IAS 16.76b*

	Dutch GAAP	IFRS
Contingent liabilities	A contingent liability is either a possible but uncertain obligation, or a present obligation that is not recognised as a liability because either it is not probable that an outflow will occur or the amount cannot be measured reliably. Management does not recognise a contingent liability as a liability unless the liability has been acquired in a business combination. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic outflows is remote. *DAS 252.205-208, DAS 940*	Similar to Dutch GAAP. *IAS 37.10, 37.27-28, IFRS 3.23*
Contingent assets	Contingent assets are not recognised. However, when the inflow of economic benefits is virtually certain, the related asset is recognised as an asset. A contingent asset is disclosed if an inflow of economic benefits is probable. *DAS 252.209-212, 518-521, DAS 940*	Similar to Dutch GAAP. *IAS 37.10, 31, 33*

7.2 Equity

Under Dutch GAAP the accounting treatment of equity in the entity financial statements differs from the consolidated financial statements. Under IFRS there is no distinction between the accounting treatment in the consolidated and entity financial statements.

	Dutch GAAP	IFRS
Definition	Residual interest in the assets of the entity after deducting all liabilities. In the separate accounts equity includes: • share capital • share premium • revaluation reserves • other statutory reserves • reserves according to the articles of association • other reserves • non distributed profits • result for the year (unless already appropriated) These items are (when applicable) presented separately. This is however not required for the consolidated financial statements. *Article 2:373, 2:411.1, DAS 940*	Residual interest in the assets of the entity after deducting all liabilities. *Conceptual framework 4.4.c*
Issue of equity shares	Equity instruments are measured at the fair value of the consideration received or receivable, net of direct issuance costs. *DAS 240.206*	IFRS is not explicit, but the application in practice is similar.
Legal reserves	Dutch law prescribes a number of non-distributable reserves, such as: • reserve for capitalised development costs or incorporation costs; • retained earnings of participations since the first valuation when their distribution to the entity is restricted, for example due to foreign exchange controls or similar restrictions; • currency translation differences (both positive and negative) in case of conversion of participations from a foreign currency to the functional currency; and • revaluations when assets are measured above cost A legal reserve is established as an appropriation of distributable reserves and not a charge to the income statement. *Article 2:373.4, 2:390, 2:389.8, 2:389.6*	IFRS does not acknowledge the concept of legal reserves. The standards are primarily designed to provide relevant information to investors and not to protect creditors. IFRS only requires to disclose the restrictions on the distribution of dividends and the repayment of capital. *IAS 1.79 (a) (v)*

	Dutch GAAP	IFRS
Revaluation reserve	The revaluation reserve is a non-distributable legal reserve which is created when an entity revalues an asset above its carrying amount. The difference between the carrying amount before and after the revaluation is added to a separate revaluation reserve. Any downward revaluations, including impairments, is charged to the revaluation reserve, subject to maintaining the revaluation reserve at the legal minimum. The legal minimum requires that the reserve is equal to the sum of the upward revaluations above cost, relating to assets still held on the balance sheet date. Any downward revaluations which take the reserve below zero, are charged to the income statement, and separately disclosed. Revaluation reserves can arise as a consequence of the application of fair value to: • An increase in the fair value of assets (not financial instruments) which are required to be recorded in OCI under IFRS. For instance, PPE. • An increase in the fair value of a financial instrument (not included in a hedge accounting relationships) that is recorded in the revaluation reserve. E.g. securities which are not part of the trading portfolio. • An increase in the fair value of assets which are recorded in the income statement for which there is no liquid market. E.g. investments in real state. • An increase in the fair value of financial instruments, which are used as hedging instruments. *Article 2:390*	IFRS does not contemplate the possibility that increases in the fair value of assets can be recorded as revaluation reserves. Also revaluations related to the application of cash flow hedge accounting are not regarded as a legal (non-distributable) reserve. Furthermore under IFRS it is possible to have negative revaluation reserves related to assets that are valued as available-for-sale. *IAS 39.55*
Presentation	Legal form determines the presentation in the separate financial statements. However the presentation in the consolidated financial statements is determined on the basis of the economic substance *DAS 240.208, DAS 290.802*	Under IFRS the presentation is determined on the basis of the contractual arrangements. *IAS 32.15*
Puttable financial instruments and obligations arising on liquidation	Puttable financial instruments and instruments that impose on the entity an obligation to deliver a pro rata share in net assets only on liquidation can be classified as equity in the consolidated balance sheet if specified criteria are met. Presentation as equity is allowed, but not required. *DAS 290.808*	Puttable financial instruments and instruments that impose on the entity an obligation to deliver a pro rata share in net assets only on liquidation are classified as equity if specified criteria are met. *IAS 32.16A-D*

	Dutch GAAP	IFRS
Compound financial instruments	Compound instruments are instruments which have both equity and liability components. In the consolidated financial statements these instruments are bifurcated into a liability component and an equity component at initial recognition. This allocation is not revised in subsequent periods. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value of the instrument as a whole. No gain or loss arises from initially recognising the instrument's components separately. *DAS 290.813-815*	Similar to Dutch GAAP as applicable in the consolidated financial statements. On issuing convertible debt or similar compound instruments that contain both a liability and an equity component, management allocates the proceeds between the liability component and the equity component at initial recognition. This allocation is not revised in a subsequent period. *IAS 32.28-31, AG 31*
Treasury shares	Treasury shares are the equity instruments that have been issued and re-acquired by the entity. An entity deducts from the equity the fair value of the consideration given for the treasury shares. The entity does not recognise a gain or loss in the income statement on the purchase, sale, issue or cancellation of treasury shares. *DAS 240.213-215*	Similar to Dutch GAAP. *IAS 32.33, 32.35, AG36*
Non-controlling interest	In consolidated financial statements, any non-controlling interest in the net assets of a subsidiary is included in equity. *Article 10.2 Decree on model accounts; DAS 240.303*	Similar to Dutch GAAP. *IAS 27.27, IAS 1.54q*

7.3 Employee benefits

The section on defined benefit plans focuses only on the recognition and measurement of the defined benefit liability on statement of financial position. The recognition and measurement of the related income and expenses are addressed in chapter 4, 'Income and expenses'. With regard to Dutch GAAP the comparisons have been made based on the Dutch Accounting Standard 271 on Employee Benefits. Dutch legal entities are allowed to apply the standards on pensions that are applicable under US GAAP or (EU endorsed) IFRS if certain conditions are met.

	Dutch GAAP	IFRS
Employee benefits	Employee benefits are all forms of consideration given by the entity to its employees. Dutch GAAP distinguishes three benefit types: • remunerations during active employment (such as wages, salaries, profit-sharing and bonuses); • termination benefits (employee benefits provided in exchange for the termination of an employee's employment); and • post-employment benefits (such as retirement benefit plans). *DAS 271.102-103*	Similar to Dutch GAAP although remunerations during active employment are split into: • short-term employee benefits (such as wages, salaries, profit-sharing and bonuses); and • other long-term employee benefits (such as long-term service leave and jubilee benefits). IAS 19.5, 19.8
Remunerations during active employment	Employee benefits are recognised as an expense in the period in which the employees have rendered their service. If the costs exceed the amounts that have been paid to the employees in the period in which the employees have rendered their service a liability is recognised. Dutch GAAP distinguishes employee benefits in the form of accumulating paid absences (for example: holidays) and non-accumulating absences. In case of accumulating paid absences an obligation arises as employees render service that increases their entitlement to future paid absences. Costs for non-accumulating paid absences are recognised when the absence occur. *DAS 271.201 – 207*	Similar to Dutch GAAP although more emphasis is put on the distinction between short-term and (other) long term employee benefits. Other long-term employee benefits include items such as long-term paid absences (long-service or sabbatical leave), jubilee benefits and long-term disability benefits. The criterion for long term is that the benefit is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. For other long-term employee benefits the same method of accounting is used as for defined benefit plans, except for recognizing remeasurements in other comprehensive income. *IAS 19.9-18, 19.153-156*
Termination benefits	Refer to chapter 4, 'Income and expenses'.	Refer to chapter 4, 'Income and expenses'.
Pension accounting		
General	Dutch GAAP applies a liability approach to pension accounting. *DAS 271.306*	Post-employment benefits are provided to employees either through defined contribution plans or defined benefit plans *IAS 19.27*

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	Dutch GAAP	IFRS
Distinction between defined contribution (DC) plans and defined benefit (DB) plans	Dutch GAAP does not distinct between defined benefit and defined contribution plans. The regular contributions payable by the employer to the pension fund or insurance company are expensed. For additional liabilities, if any, a provision is recognised. This could be the case if the entity is obliged to do additional payments to a pension fund due to a deficit in that fund. *DAS 271.306-307, 271.311*	A DC plan is a post-employment plan under which the entity pays fixed contributions into a separate fund. The entity has no legal or constructive obligation to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. A DB plan is a post-employment plan that is not a DC plan. Whether an arrangement is a DC plan or a DB plan depends on the substance of the transaction rather than the form of the agreement. *IAS 19.8, 19.27-30*
Multi-employer plans and state plans	Dutch GAAP does not distinct between DB and DC. As indicated before, a provision is recognised if and when the conditions of the agreement between the entity and the pension fund are met. The provision is measured on the basis of the principles of DAS 252 (best estimate). DAS 271.302, 271.311, 271.315	Multi-employer plans and state plans are classified as DC plans or DB plans on the basis of the terms of the plan, including any constructive obligation that goes beyond the formal terms. If sufficient information is not available to use DB accounting for a DB multi-employer plan, it is accounted as if it were a DC plan. That fact that it is a DB plan is disclosed. IAS 19.32-34, 19.43, 19.148d
Insured benefit	A provision is recognised when, based in the insurance contract, the general criteria with regard to provisions (DAS 252) are met. DAS 271.313	A post-employment benefit plan whose benefits are insured by an insurance contract is treated as a DC plan only when the entity has no legal or constructive obligation: • to pay the employee benefits directly to the employee when they become due; and • to pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior periods. IAS 19.46-49
Measurement of defined contribution plans	Refer to “Distinction between defined contribution (DC) plans and defined benefit (DB) plans” in this chapter. If the costs exceed the amounts that have been paid a liability is recognised. DAS 271.306-307	Entities are required to recognize on the balance sheet the difference between the present value of the defined benefit obligation and the fair value of plan assets. This amount is subject to the asset ceiling test. IAS 19.57, 19.113
Defined benefit plans – balance sheet recognition	Not applicable. DAS 271	The DBO relates to the expected future payments required to settle the obligation resulting from employee services in the current and prior periods. The use of an accrued benefit valuation method (the projected unit credit method) is required for calculating DBO. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. IAS 19.8, 19.67-68

	Dutch GAAP	IFRS
Defined benefit obligation (DBO)	Not applicable.	The DBO relates to the expected future payments required to settle the obligation resulting from employee services in the current and prior periods. The use of an accrued benefit valuation method (the projected unit credit method) is required for calculating DBO. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. IAS 19.8, 19.67-68
Discount rate	Not applicable.	The DBO is recorded at present values using a discount rate derived from high-quality corporate bonds with a maturity consistent with the expected maturity of the obligations. In countries where no deep market in high-quality bonds exists, the yield rate on government bonds is used. IAS 19.83
Plan assets	Not applicable	Plan assets are measured at fair value, which is defined as the amount for which an asset could be exchanged in an arm's-length transaction between knowledgeable and willing parties. For securities quoted in an active market, the bid price is used. The fair value of insurance policies is estimated using, for example, a DCF model with a discount rate that reflects the associated risk and the expected maturity date or expected disposal date of the assets. Under IFRS 13 fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. An entity applies the price within the bid-ask spread that is most representative of fair value. *IFRS 13*

7.4 Income taxes

The standards on accounting for income tax (DAS 272 and IAS 12) only deal with taxes based on taxable profit. It comprises of current tax and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that are expected to be shown on the tax return for the current year. An entity recognises a liability in the balance sheet in respect of current tax expense for the current and prior periods to the extent unpaid. It recognises an asset if current tax has been overpaid. Tax payable based on taxable profit does not always matches the tax expense that might be expected based on pre-tax accounting profit. The mismatch can occur because the accounting recognition criteria for items of income and expense are different from the treatment of items under tax law. Deferred tax accounting seeks to deal with this mismatch. It is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. For example, when an asset is revalued upwards with no equivalent revaluation for tax purposes, the revaluation creates a taxable temporary difference (i.e. the carrying amount of the asset in the financial statements is greater than the tax base of the asset). A deferred tax liability is recognised for this temporary difference. For deductible temporary differences (e.g. the carrying amount of an asset in the financial statements is less than its tax base) and unused tax losses and tax credits a deferred tax asset is recognised if the recognition criteria are met. The following comparisons have been made based on the Dutch Civil Code, DAS 272 'Income taxes', DAS 940 'Definitions' (Dutch GAAP) and IAS 12 'Income taxes' (IFRS).

	Dutch GAAP	IFRS
Current tax		
Definition	The amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the current tax period. *DAS 940*	Similar to Dutch GAAP. *IAS 12.5*
Recognition	Unpaid current tax for current and prior periods is recognised as a liability. If the amount already paid exceeds the amount due for those periods, the excess is recognised as an asset. The benefit relating to a tax loss that can be carried back to recover current tax of a previous period is recognised as an asset. *DAS 272.201-202*	Similar to Dutch GAAP. *IAS 12.12-13*
Measurement	Although DAS 272 does not deal with the measurement of current taxes the approach is in line with the measurement according to IFRS.	Current tax liabilities (assets) for the current and prior periods and related tax expense (income) are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. *IAS 12.46*
Deferred taxes		
Definition of deferred tax liabilities/ (assets)	The amounts of income taxes payable (potentially recoverable) in future in respect of taxable (deductible) temporary differences (and the carry-forward of unused tax losses and tax credits). *DAS 272.301, 272.306, 272.311, DAS 940*	Similar to Dutch GAAP. *IAS 12.5*

	Dutch GAAP	IFRS
Tax basis	Tax basis is the measurement under applicable tax law of an asset, liability or equity instrument. No detailed guidance on the tax basis of an asset and a liability. *DAS 940*	Similar to Dutch GAAP but with additional guidance on the tax basis of an asset and liability: • The tax basis of an asset is the amount that will be tax deductible against any taxable economic benefits that will flow to an entity when it recovers the carrying amount of the asset; • The tax base of a liability is its carrying amount, less any amount that will be tax deductible in respect of that liability in future periods. *IAS 12.7-8*
Temporary differences	Temporary differences are differences between the tax basis of an asset or liability and its carrying amount in the financial statements that will result in a taxable or deductible amount when the carrying amount of the asset or liability is recovered or settled. *DAS 940*	Similar to Dutch GAAP. *IAS 12.5*
Recognition and measurement of deferred taxes (general principles, and the recognition of deferred tax assets)	General Deferred tax is provided for all temporary differences and the carry-forward of unused tax losses, with a few exceptions such as the initial recognition of goodwill and the outside basis differences (that is, temporary difference arising from investments in subsidiaries, branches, joint ventures and associates) from investments that are essentially permanent in duration. Dutch GAAP is silent on the impact upon initial recognition of an asset or liability that is acquired outside of a business combination.	General Similar to Dutch GAAP, except that no deferred tax liability may be recognised if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and there is no impact on accounting and taxable profit at the time of the transaction (so-called 'initial recognition exception'). *IAS 12.46 – IAS12.52*
	Revaluation The recognition of a deferred tax liability related to revaluation of property, plant and equipment is not required but strongly recommended. If no deferred tax liability is recognised, this should be disclosed including the quantitative effects.	Revaluation A temporary difference arises if assets are revalued and no equivalent adjustment is made for tax purposes.
	DTA A deferred tax asset is only recognised to the extent that it is probable that there will be sufficient future taxable profit to enable recovery of the deferred tax asset. A deferred tax asset is not recognised if the probability of realisation is only connected to the existence of a deferred tax liability relating to revalued assets. *Article 2:390.1, 2:390.5, DAS 272.301, 272.304, 272.306, 272.310, 272.505, IAS 12.47-53*	DTA A deferred tax asset is only recognised to the extent that it is probable that there will be sufficient future taxable profit to enable recovery of the deferred tax asset.
	Deferred tax assets and liabilities are measured using the tax rates (and tax laws) that apply or have been (substantively) enacted by the reporting date. Deferred taxes are allowed to be discounted. Where an entity is subject to different tax rates depending on different levels of taxable income, deferred tax assets and liabilities are measured at the average tax rate applicable to the periods in which it expects the temporary differences to reverse. *DAS 272.401 – 405*	Similar to Dutch GAAP, although deferred taxes may not be discounted. *IAS 12.47 – 53*

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	Dutch GAAP	IFRS
Review of deferred tax assets	The carrying amount of the deferred tax asset is reviewed at each reporting date and is reduced when it is no longer probable that sufficient taxable profit will be available to allow recovery of the deferred tax asset. This reduction is reversed when subsequently it becomes probable that sufficient taxable profit will be available. *DAS 272.406*	Similar to Dutch GAAP. *IAS 12.56*
Recognition directly in comprehensive income / in equity	Current and deferred tax is recognised in the income statement, except to the extent that the tax arises from a business transaction or a transaction or event that is recognised in the same or other period outside the income statement (directly in equity). *DAS 272.502*	Current and deferred tax is recognised in the income statement, except to the extent that the tax arises from a business transaction or a transaction or event that is recognised in the same or other period outside the income statement (either in other comprehensive income or directly in equity). *IAS 12.58, 12.61A, 12.68*
Other tax issues	Tax relating to dividends that is paid or payable to taxation authorities on behalf of the shareholders (for example, withholding tax) is charged to equity as part of the dividends. *DAS 272.506*	Similar to Dutch GAAP. *IAS 12.65A*
Uncertain tax position	There is no specific guidance under DAS 272. In practice, the entity will record the liability measured as the single best estimate.	IFRIC 23 (effective date 1 January 2019; early adoption permitted) contains specific guidance on accounting for uncertain income tax positions under IAS 12. It contains specific guidance on the unit of account, recognition and measurement and subsequent changes.
Offsetting	An entity offsets current tax assets and current tax liabilities, or offsets deferred tax assets and deferred tax liabilities, only when it has a legally enforceable right to set off the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. *DAS 115.305*	For the offsetting of current tax, similar to Dutch GAAP. For the offsetting of deferred tax, IAS 12 does not require a detailed schedule of the reversal of each temporary difference. Rather, it requires to set off the assets and liabilities of the same taxable entity if and only if they relate to income tax levied by the same authority and the entity has a legal enforceable right to set off current tax assets against liabilities. *IAS 12.71, 74-75*

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8. Other topics

8.1 Leases

In January 2016 the IASB issued IFRS 16 Leases, the new standard on lease accounting. The new standard aims to improve the quality and comparability of financial reporting of primarily lessees by providing in the financial statements greater transparency about the entity's leverage, the assets the entity uses in its operations and the risks to which it is exposed from entering into lease transactions. The biggest change, compared to both the previous standard IAS 17 Leases and Dutch GAAP, is that the new lease accounting models requires a lessee to recognize almost all lease contracts on the balance sheet (the only optional exemptions are leases for low-value assets and short-term leases). IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

As at 1 January 2018 the Dutch Accounting Standards Board ('DASB') is considering adjustments of the current lease accounting standard under Dutch GAAP. However, any changes are unknown.

The following comparisons have been made:

1) Comparison between DAS 292 Leasing, DAS 940 Definitions (Dutch GAAP) and IFRS 16 (IFRS) as effective from 2019 onward;
2) Comparison between DAS 292 Leasing, DAS 940 Definitions (Dutch GAAP) and IAS 17, IFRIC 4, SIC-15 and SIC-27 (IFRS) as effective through 2018.

Leases: Comparison Dutch GAAP with IFRS 16 Leases (effective from 2019 onward)

	Dutch GAAP	IFRS
Definition and scope		
Definition	A lease is an agreement whereby the lessor conveys the right to use an asset for an agreed period of time to the lessee in return for a payment or series of payments. *DAS 940*	A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. *IFRS 16.A*
Determining whether an arrangement contains a lease	Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement. A lease is present when: • fulfilment of the arrangement is dependent on the use of a specified asset or assets; and • the arrangement conveys a right to use the asset or assets. *DAS 292.107*	To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity assesses whether, throughout the period of use, the customer has: • the right to obtain substantially all of the economic benefits from use of the identified asset; and • the right to direct the use of the identified asset. *IFRS 16.B9-B31*
Scope of the standard	The standard applies to accounting for all leases other than: • leases in the exploration industries; • licensing agreements for such items as motion picture films and video recordings; • investment property provided by lessors under an operating lease; and • lessee's property accounted as investment property. Arrangements that do not take the legal form of a lease but that convey rights to use assets in return for payments are in substance leases and are accounted as such. *DAS 292.101*	The standard applies to all leases, including subleases, except for: • leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources; • leases of biological assets within the scope of IAS 41 Agriculture held by a lessee; • service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements; • licenses of intellectual property granted by a lessor within the scope of IFRS 15 Revenue from Contracts with Customers; and • rights held by a lessee under licensing agreements within the scope of IAS 38 Intangible Assets for items such as films, videos, plays, manuscripts, patents and copyrights. A lessee can elect to apply IFRS 16 to leases of intangible assets, other than those described above. *IFRS 16.3-4*
Lease classification		
General characteristics	A lease is classified at inception as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are treated as operating leases. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the legal form of the contract. *DAS 292.118, 120*	Lessee accounting: The standard contains a single lease accounting model for lessees in which there is no distinction between operating and finance leases. Lessor accounting: Similar to Dutch GAAP. *IFRS 16.3-4*

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	Dutch GAAP	IFRS
Examples of situations that would normally lead to a lease being classified as a finance lease	In substance, a finance lease is a financing transaction that enables the lessee to effectively acquire an asset, although the entity may not get the legal title to ownership. The following are examples of situations that, individually or in combination, would normally lead to a lease being classified as a finance lease: • ownership is transferred to the lessee at the end of the lease term; • the lessee has an option to buy the leased asset at the end of the lease term, priced so that it is reasonably certain at inception that the lessee will exercise the option; • the lease term is for at least 75% of the economic life of the asset; • at inception, the present value of the minimum lease payments is 90% or more of the fair value of the asset; • the leased assets are very specialized and only the lessee can use them without major modifications. The following indicators or situations could, individually or in combination, also lead to a lease being classified as a finance lease: • if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee; • gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equaling most of the sales proceeds at the end of the lease); and • the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent. *DAS 292.120-121*	Lessor accounting: Similar to Dutch GAAP. However, the standard does not contain quantitative thresholds. *IFRS 16.63-65*
Reassessment of the lease classification	Lease classification is made at the inception of the lease. If at any time the lessee and the lessor agree to change the provisions of the lease, other than by renewing the lease, in a manner that would have resulted in a different classification of the lease if the changed terms had been in effect at the inception of the lease, the revised agreement is regarded as a new agreement over its term. Changes in estimates, or changes in circumstances, do not give rise to a new classification of a lease for accounting purposes. *DAS 292.123*	Lessor accounting: Similar to Dutch GAAP. *IFRS 16.66*

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	Dutch GAAP	IFRS
Separating components of a contract		
Lessee and lessor	Payments and other consideration required by the arrangement are separated at the inception of the arrangement or upon a reassessment of the arrangement into those for the lease and those for other elements on the basis of their relative fair values. In some cases, separating the payments for the lease from payments for other elements in the arrangement will require the purchaser to use an estimation technique. *DAS 292.113-115*	For a contract that is, or contains, a lease, an entity accounts for each lease component within the contract as a lease separately from non-lease components of the contract. A lease component is separated if: • the lessee can benefit from use of the underlying asset either on its own or together with other resources readily available to the lessee; and • the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. Practical expedient for lessees: A lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. *IFRS 16.12, 16.B32-B33*
Lease treatment in the financial statements of a lessee		
Finance lease	The assets and liabilities are recognised at fair value or, if lower, at the present value of the minimum lease payments at the inception of the lease. The present value of the minimum lease payments is discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease is impracticable to determine the lessee's incremental borrowing rate is to be used. The leased asset is depreciated over the shorter of the lease term and its useful life. If it is reasonably certain that title will pass to the lessee at the end of the lease term, the asset is depreciated over its useful life. Lease rentals are split into two components – a finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred. To determine whether a leased asset has become impaired, a lessee shall apply DAS 121. *DAS 292.201, 206-207, DAS 121, DAS 940*	For lessees there is no distinction between operating and finance leases and one lease accounting model for all leases applies. At the commencement date a lessee recognizes a right-of-use asset and a lease liability. Initial measurement of the right-of-use asset: The cost of the right-of-use asset comprises: • the amount of the initial measurement of the lease liability; • any lease payments made at or before the commencement date, less any lease incentives received; • any initial direct costs incurred by the lessee; and • an estimate of costs to dismantle, remove or restore measured in accordance with IAS 37. Subsequent measurement of the right-of-use asset: The right-of-use asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. A lessee applies IAS 36 Impairment of Assets to determine whether the right-of-asset is impaired and to account for any impairment loss identified Initial measurement of the lease liability: At the commencement date the lessee measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

	Dutch GAAP	IFRS
		At the commencement date, the lease payments included in the measurement in the lease liability comprise the following payments: • Fixed payments (including in-substance fixed payments); • Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; • Amounts expected to be payable by the lessee under residual value guarantees; • The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and • Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Subsequent measurement of the lease liability: After the commencement date, the lessee measures the lease liability by: • Increasing the carrying amount to reflect interest on the lease liability; • Reducing the carrying amount to reflect the lease payments made; and • Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Variable lease payments not included in the measurement of the lease liability are recorded in the income statement in the period in which the event occurs. *IFRS 16.23-38*
Operating lease	Lessees do not capitalize operating leases. Lease payments, excluding any payments for services such as insurance, are recognised on a straight-line basis over the lease term unless there is a systematic way to spread the cost that is more representative of the benefit to the user. *DAS 292.210-211, DAS 940*	
Recognition and measurement exemptions	Not applicable.	The standard contains two optional recognition and measurement exemptions for lessees: Short-term leases: Short-term leases are leases with a lease term of 12 months or less. The election of this exemption is made by class of underlying asset. Low-value leases: Low-value leases are leases for which the underlying asset is of low value when new (USD 5,000 or less). The election of this exemption is made on a lease-by-lease basis. If a lessee chooses to apply the exemption(s), the leases are accounted for as an expense on either a straight-line basis over a lease term or another systematic basis, if that basis is more representative of the pattern of the lessee's benefit. *IFRS 16.5-8*

	Dutch GAAP	IFRS
Reassessment of the lease liability	No explicit guidance	A lessee remeasures the lease liability using a revised discount rate if there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset. A lessee remeasures the lease liability using an unchanged discount rate if there is a change in the amounts expected to be payable under a residual value guarantee, there is a change in future lease amounts resulting from a change in an index or rate used to determine these payments or if variable payments become in-substance fixed payments. *IFRS 16.39-43*
Lease treatment in the financial statements of a lessor		
Finance lease	The lessor recognizes a finance lease receivable for the amount due under the finance lease, measured at the ‘net investment’ in the lease. This is calculated as the minimum lease payments, including any residual value guaranteed by the lessee or a third party, discounted at the interest rate implicit tin the lease, plus any unguaranteed residual value which accrues to the lessor. Lease rentals received are split into reduction of the receivable and finance income so that finance income recognised represents a constant rate of return on the net investment. Entities have an accounting policy option regarding the initial direct costs. Initial direct costs are included in the initial measurement of the lease receivable or can either be immediately recognised in the income statement. Manufacturer or dealer lessors recognize selling profit or loss in accordance with the policy followed for outright sales. If artificially low rates of interest are quoted, selling profit is restricted to that which would apply if a market interest rate were charged. Costs incurred by manufacturer or dealer lessors in connection with negotiating and arranging a lease are recognised as an expense when the selling profit is recognised. *DAS 292.301-309*	The accounting treatment of leases in the financial statements of a lessor is similar to Dutch GAAP. However, the following differences apply. The standard provides detailed guidance for the initial measurement of the lease payments included in the net investment in the lease. At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date: • Fixed payments (including in-substance fixed payments), less any lease incentives payable; • Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; • Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee; • The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and • Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Initial direct costs can only be included in the initial measurement of the lease receivable and cannot be immediately recognised in the income statement. Manufacturer or dealer lessors: A manufacturer or dealer lessor shall recognize selling profit or loss on a finance lease at the commencement date, regardless of whether the lessor transfers the underlying asset as described in IFRS 15. *IFRS 16.67-74*

	Dutch GAAP	IFRS
Operating lease	The lessor continues to recognize the leased asset as property, plant and equipment. Rentals are taken to the income statement on a straight-line basis, unless there is another systematic basis that is more representative. Entities have an accounting policy option for the initial direct costs incurred by lessors in negotiating and arranging an operating lease. These shall either be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income, or they shall be immediately recognised in the income statement. The depreciation policy for depreciable leased assets shall be consistent with the lessor's normal depreciation policy for similar assets, and depreciation shall be calculate din accordance with DAS 210 (Intangible assets) and DAS 212 (Property, plant and equipment). A manufacturer or dealer lessor does not recognize any selling profit on entering into an operating lease. *DAS 292.312-318*	Similar to Dutch GAAP. However, initial direct costs are not immediately recognised in the income statement. *IFRS 16.81-86*
Subleases	No explicit guidance. A sublease is classified with reference to the underlying asset using the general classification criteria. *DAS 292.120*	Definition of a sublease: A transaction for which an underlying asset is re-leased by a lessee ('intermediate lessor') to a third party, and the lease ('head lease') between the head lessor and lessee remains in effect. Classification of a sublease: • The sublease is classified by reference to the right-of-use asset arising from the head lease; • If the head lease is a short-term lease for which the entity has applied the recognition and measurement exemption, the sublease is classified as an operating lease; • If a lessee subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset. Discount rate of the sublease: If the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease). *IFRS 16.A, B.7, B.58, 68*

	Dutch GAAP	IFRS
Lease modifications		
Treatment in the financial statements of a lessee and in the financial statements of a lessor	No explicit guidance.	A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. A lessee accounts for a lease modification as a separate lease if certain conditions are met. If a lease modification is not accounted for as a separate lease, a lessee allocates the consideration, determines the lease term and remeasures the lease liability. A lessor accounts for a modification to a finance lease as a separate lease if certain conditions are met. If a modification to a finance lease is not accounted for as a separate lease, a lessor applies the requirements of IFRS 9, unless the lease would have been classified as an operating lease had the modification been in effect at the inception date. *IFRS 16.A* *Lessee: IFRS 16.44-46,* *Lessor – Finance leases: IFRS 16.79-80,* *Lessor – Operating leases: IFRS 16.87*
Portfolio approach		
Portfolio approach	No explicit guidance	As a practical expedient, preparers are allowed to apply the standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying such an approach is not materially different from applying the standard to individual leases of the portfolio. *IFRS 16.B1*

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	Dutch GAAP	IFRS
Sale-and-lease-back transactions		
Sale-and-lease-back transactions	Sale and leaseback transactions are a way of releasing cash and are an alternative to borrowing. The vendor sells an asset, but retains use of the asset by entering into a lease with the buyer/lessor. The accounting treatment depends on the substance of the transaction, taking into account whether the leaseback is finance or operating lease, and whether the sale proceeds and lease rentals are on an arm's length basis. If the leaseback is classified as an operating lease, then any gain is recognised in the income statement immediately if the sale and leaseback terms clearly are at fair value. Otherwise, the sale and leaseback are accounted for as follows: • If the sale price is above the fair value: - the difference between fair value and carrying amount is recognised immediately; but - the excess of sales price over fair value is deferred and amortised over the period for which the asset is expected to be used. • If the sale price is below the fair value: - the difference between the sale price and carrying amount is recognised immediately except that, if a loss arising is compensated by future rent at below market price, it is deferred and amortized in proportion to the rent payments over the period for which the asset is expected to be used. For sale-and-lease-back transactions resulting in a finance lease-back, any gain realized by the seller-lessee on the transaction is deferred and amortized through the income statement over the lease term. *DAS 292.401-407*	An entity applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset. Transfer of the asset is a sale: If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15: a. the seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. b. the buyer-lessor accounts for the purchase of the asset applying applicable standards, and for the lease applying the lessor accounting requirements in IFRS 16. If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, an entity makes the following adjustments to measure the sale proceeds at fair value: a. any below-market terms are accounted for as a prepayment of lease payments; and b. any above-market terms are accounted for as additional financing provided by the buyer-lessor to the seller-lessee. Transfer of the asset is not a sale: If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15: a. the seller-lessee continues to recognize the transferred asset and recognize a financial liability equal to the transfer proceeds. It accounts for the financial liability applying IFRS 9. b. the buyer-lessor does not recognize the transferred asset and recognize a financial asset equal to the transfer proceeds. It accounts for the financial asset applying IFRS 9. *IFRS 16.98-103*
Lease incentives		
Operating lease incentives	No explicit guidance. However, in practice the requirements previously included in SIC-15 (IFRS) apply. A lessee spreads incentives received over the lease term on a straight-line basis (rarely, another systematic basis may be more appropriate). In effect, this reduces the cost of the rentals taken to the income statement so that the aggregate consideration reflects the real rental cost to the lessee. The lessor recognizes incentives paid as a reduction of rental income on a straight-line basis over the lease term.	Lease incentives are described as part of the lease treatment in the financial statements of the lessee and the lessor.

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Leases: Comparison Dutch GAAP with IAS 17 Leases (effective through 2018)

	Dutch GAAP	IFRS
Definition and scope		
Definition	A lease is an agreement whereby the lessor conveys the right to use an asset for an agreed period of time to the lessee in return for a payment or series of payments. *DAS 940*	Similar to Dutch GAAP. *IAS 17.4*
Determining whether an arrangement contains a lease	*Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement. A lease is present when:* • *fulfilment of the arrangement is dependent on the use of a specified asset or assets; and* • *the arrangement conveys a right to use the asset or assets.* *DAS 292.107*	Similar to Dutch GAAP. *IFRIC 4.6*
Scope of the standard	The standard applies to accounting for all leases other than: • leases in the exploration industries; • licensing agreements for such items as motion picture films and video recordings; • investment property provided by lessors under an operating lease; and • lessee's property accounted as investment property. Arrangements that do not take the legal form of a lease but that convey rights to use assets in return for payments are in substance leases and are accounted as such. *DAS 292.101*	Similar to Dutch GAAP. However, lease accounting is also not applied to: • biological assets held by lessees under a finance lease; and • biological assets provided by lessors under an operating lease. *IAS 17.2, IFRIC 4*
Lease classification		
General characteristics	A lease is classified at inception as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are treated as operating leases. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the legal form of the contract. *DAS 292.118-120*	Similar to Dutch GAAP. *IAS 17.8, 17.10*

	Dutch GAAP	IFRS
Examples of situations that would normally lead to a lease being classified as a finance lease	In substance, a finance lease is a financing transaction that enables the lessee to effectively acquire an asset, although the entity may not get the legal title to ownership. The following are examples of situations that, individually or in combination, would normally lead to a lease being classified as a finance lease: • ownership is transferred to the lessee at the end of the lease term; • the lessee has an option to buy the leased asset at the end of the lease term, priced so that it is reasonably certain at inception that the lessee will exercise the option; • the lease term is for at least 75% of the economic life of the asset; • at inception, the present value of the minimum lease payments is 90% or more of the fair value of the asset; • the leased assets are very specialized and only the lessee can use them without major modifications. The following indicators or situations could, individually or in combination, also lead to a lease being classified as a finance lease: • if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee; • gains or losses from the fluctuation in the fair value of the residual accrue to the lessee; and • the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent. *DAS 292.120-121*	Similar to Dutch GAAP. However, IFRS does not contain quantitative thresholds. *IAS 17.10*
Reassessment of the lease classification	Lease classification is made at the inception of the lease. If at any time the lessee and the lessor agree to change the provisions of the lease, other than by renewing the lease, in a manner that would have resulted in a different classification of the lease if the changed terms had been in effect at the inception of the lease, the revised agreement is regarded as a new agreement over its term. Changes in estimates, or changes in circumstances, do not give rise to a new classification of a lease for accounting purposes. *DAS 292.123*	Similar to Dutch GAAP. *IAS 17.13*
Sale-and-lease-back transactions	Sale and leaseback transactions are a way of releasing cash and are an alternative to borrowing. The vendor sells an asset, but retains use of the asset by entering into a lease with the buyer/lessor. The accounting treatment depends on the substance of the transaction, taking into account whether the leaseback is finance or operating lease, and whether the sale proceeds and lease rentals are on an arm's length basis.	Similar to Dutch GAAP. *IAS 17.59-63*

	Dutch GAAP	IFRS
	If the leaseback is classified as an operating lease, then any gain is recognised in the income statement immediately if the sale and leaseback terms clearly are at fair value. Otherwise, the sale and leaseback are accounted for as follows: • If the sale price is above the fair value: - the difference between fair value and carrying amount is recognised immediately; but - the excess of sales price over fair value is deferred and amortised over the period for which the asset is expected to be used. • If the sale price is below the fair value: - the difference between the sale price and carrying amount is recognised immediately except that, if a loss arising is compensated by future rent at below market price, it is deferred and amortized in proportion to the rent payments over the period for which the asset is expected to be used. For sale-and-lease-back transactions resulting in a finance lease-back, any gain realized by the seller-lessee on the transaction is deferred and amortized through the income statement over the lease term. *DAS 292.401-407*	
Separating components of a lease contract		
Lessee and lessor	Payments and other consideration required by the arrangement are separated at the inception of the arrangement or upon a reassessment of the arrangement into those for the lease and those for other elements on the basis of their relative fair values. *DAS 292.113-115*	Similar to Dutch GAAP. *IFRIC 4.13-14*
Lease treatment in the financial statements of a lessee		
Finance lease	The assets and liabilities are recognised at fair value or, if lower, at the present value of the minimum lease payments at the inception of the lease. The present value of the minimum lease payments is discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease is impracticable to determine the lessee's incremental borrowing rate is to be used. The leased asset is depreciated over the shorter of the lease term and its useful life. If it is reasonably certain that title will pass to the lessee at the end of the lease term, the asset is depreciated over its useful life. Lease rentals are split into two components – a finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred. To determine whether a leased asset is impaired a lessee applies DAS 121. *DAS 292.201, DAS 292.206-207, DAS 121, DAS 940*	Similar to Dutch GAAP. To determine whether a leased asset is impaired a lessee applies IAS 36. *IAS 17.20, 25, 27, 30*

	Dutch GAAP	IFRS
Operating lease	*Lessees do not capitalize operating leases. Lease payments, excluding any payments for services such as insurance, are recognised on a straight-line basis over the lease term unless there is a systematic way to spread the cost that is more representative of the benefit to the user.* *DAS 292.210-211, DAS 940*	Similar to Dutch GAAP. *IAS 17.33*
Lease treatment in the financial statements of a lessor		
Finance lease	The lessor recognizes a finance lease receivable for the amount due under the finance lease, measured at the 'net investment' in the lease. This is calculated as the minimum lease payments, including any residual value guaranteed by the lessee or a third party, discounted at the interest rate implicit tin the lease, plus any unguaranteed residual value which accrues to the lessor. Lease rentals are split into reduction of the receivable and finance income so that finance income recognised represents a constant rate of return on the net investment. Entities have an accounting policy option regarding the initial direct costs. Initial direct costs are included in the initial measurement of the lease receivable or can either be immediately recognised in the income statement. Manufacturer or dealer lessors recognize selling profit or loss in accordance with the policy followed for outright sales. If artificially low rates of interest are quoted, selling profit is restricted to that which would apply if a market interest rate were charged. *Costs incurred by manufacturer or dealer lessors in connection with negotiating and arranging a lease are recognised as an expense when the selling profit is recognised.* *DAS 292.301-309*	Similar to Dutch GAAP. However, initial direct costs can only be included in the initial measurement of the lease receivable and cannot be immediately recognised in the income statement. *IAS 17.36-46*

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	Dutch GAAP	IFRS
Operating lease	The lessor continues to recognize the leased asset as property, plant and equipment. Rentals are taken to the income statement on a straight-line basis, unless there is another systematic basis that is more representative. Entities have an accounting policy option for the initial direct costs incurred by lessors in negotiating and arranging an operating lease. These shall either be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income, or they shall be immediately recognised in the income statement. The depreciation policy for depreciable leased assets shall be consistent with the lessor's normal depreciation policy for similar assets, and depreciation shall be calculate din accordance with DAS 210 (Intangible assets) and DAS 212 (Property, plant and equipment). A manufacturer or dealer lessor does not recognize any selling profit on entering into an operating lease. *DAS 292.312-318*	Similar to Dutch GAAP. However, initial direct costs are not immediately recognised in the income statement. *IAS 17.49-55*
Incentives		
Operating lease incentives	No explicit guidance is included in DAS. However, in practice the same requirements as IFRS apply.	Lessors sometimes provide incentives for lessees to enter into operating leases. Incentives include rent free or below-market rent periods, upfront cash payments to the lessee, directly paying the lessee's costs, for example, relocation, or settling their liabilities. Whatever the form of an incentive, it is taken into account as part of the overall consideration paid by the lessee to the lessor for the leased asset. Therefore a lessee spreads incentives received over the lease term on a straight-line basis (rarely, another systematic basis may be more appropriate). In effect, this reduces the cost of the rentals taken to the income statement so that the aggregate consideration reflects the real rental cost to the lessee. The lessor recognizes incentives paid as a reduction of rental income on a straight-line basis over the lease term. *SIC-15*

8.2 Events after the end of the reporting period

It is not generally practicable for preparers to finalise financial statements without a period of time elapsing between the balance sheet date and the date on which the financial statements are authorised for issue. The question therefore arises as to the extent to which events occurring between the balance sheet date and the date of adoption (that is, 'events after the reporting period') should be reflected in the financial statements. The following comparisons have been made based on the Dutch Civil Code and DAS 160 'Subsequent events' (Dutch GAAP) and IAS 10 'Events after the reporting period' (IFRS).

	Dutch GAAP	IFRS
Events after the end of the reporting period	Events after the end of the reporting period are those events, favourable and unfavourable, that occur in: • the period between the end of the reporting period and the date when the financial statements are authorized for issue (period a); • the period between the date when the financial statements are authorised for issue and the adoption of the financial statements in the general (shareholders') meeting (period b); or • the period after the adoption of the financial statements (period c). Two types of events can be identified: • Adjusting events after the reporting period; • Non-adjusting events after the reporting period. *Article 2:362.6, DAS 160.103-104*	Events after the end of the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified: • Adjusting events after the reporting period; • Non-adjusting events after the reporting period. *IAS 10.3*
Adjusting event	Any adjusting events in; • Period (a) lead to adjustment of the financial statements; • Period (b) do lead to adjustments if this is essential for a clear understanding of the financial statements; • Period (c) do not lead to amendments in the financial statements (but to recording in the financial statements of next year. If applicable, DAS 150 on the recovery of errors is applied). If these adjusting events (period c) demonstrate that the financial statements have serious shortcomings then the shareholders should be immediately informed and a statement of the events (supplemented with an auditor's report) must be filed at the Trade register. *Article 2:362.6, DAS 160.201-205*	Adjusting events in the period till the financial statements are authorized for issue are events that provide further evidence of conditions that existed at the end of the reporting period and lead to adjustments to the financial statements. *IAS 10.3a*

	Dutch GAAP	IFRS
Non-adjusting event	Events that are indicative of conditions that arose after the reporting period do not lead to adjustments of the amounts recognised in the financial statements to reflect these non-adjusting events. An exemption is applicable for non-adjusting events leading to discontinuity. If such event is material and its non-disclosure could influence the decisions of the financial statements users, the nature of the event and an estimate of its financial effect are disclosed. *DAS 160.206-207, 404*	Similar to Dutch GAAP. *IAS 10.10, 14, 21, 3b*
Dividends	The balance sheet can be presented before or after result appropriation. In the first case any proposed dividends are disclosed in the notes of the financial statements. In the latter case proposed dividends are recognised as a separate component of equity, or as a liability. *Article 2:373.1, 2:380c, GAO on model formats, DAS 160.208*	Dividends proposed or declared after the end of the reporting period are not recognised as a liability in the reporting period. Dividends declared after the reporting period but before the financial statements are authorized for issue are disclosed in the notes in accordance with IAS 1. *IAS 10.12-13*
Date of authorisation for issue	Management discloses the date on which the financial statements were authorised for issue and the names of the statutory directors and the supervisory board members. Dutch GAAP does not explicitly define the date of authorisation for issue. *Article 2:101, 2:210*	The process involved in authorising the financial statements for issue will vary depending upon the management structure, statutory requirements and procedures followed in preparing and finalising the financial statements. In some cases, an entity is required to submit its financial statements to its shareholders for approval after the financial statements have been issued. In such cases, the financial statements are authorised for issue on the date of issue, not the date when shareholders approve the financial statements. In other cases, the management of an entity is required to issue its financial statements to a supervisory board for approval. In such cases, the financial statements are authorised for issue when the management authorizes them for issue to the supervisory board. *IAS 10.4-6*

8.3 Related-party disclosures

The following comparison has been made based on the Dutch Civil Code, DAS 330 'Related parties' and DAS 940 'Definitions' (Dutch GAAP) and IAS 24 'Related party disclosures' (IFRS).

	Dutch GAAP	IFRS
Definition	For the definition of a related party the Dutch law refers to IAS 24. *Article 2:381.3, DAS 330.102, DAS 900.9*	A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity). The main categories of related parties include: • Parent entities; • Subsidiaries; • Fellow subsidiaries; • Associates; • Joint ventures; • Post-employment benefit plans. Furthermore a person (or a close member of that person's family) if he/she • Has control / significant influence over the reporting entity; or • Is a member of key management of the entity. *IAS 24.9-12*
Disclosures	Where there have been related-party transactions, disclosure is made of the nature of the relationship, the amount of transactions, and outstanding balances and other elements necessary for a clear understanding of the financial statements (for example, volume and amounts of transactions, amounts outstanding and pricing policies). Disclosures are only required in case of material non arm's length transactions (although the DAS recommends disclosing related party transactions). Furthermore intra group related party transactions may be left out if the subsidiaries involved in the transactions are fully owned by one of the group companies. *Article 2:381.3, DAS 330.201*	Where there have been related-party transactions, disclosure is made of the nature of the relationship, the amount of transactions, and outstanding balances and other elements necessary for a clear understanding of the financial statements (for example, volume and amounts of transactions, amounts outstanding and pricing policies). There is an exemption from the disclosure requirements where there is state control over the entity. *IAS 24.17, 25*

8.4 Discontinued operations and non-current assets held for sale

IFRS 5 specifies measurement, presentation and disclosure requirements for assets held for sale (or disposal groups) and discontinued operations. Dutch GAAP does not have a standard similar to IFRS.

Although DAS 345 contains requirements regarding the discontinuing of business activities, this standard does not contain any measurement requirements but only disclosures requirements. IFRS 5 also contains guidance on the measurement assets held for sale and discontinued operations.

The following comparisons have been made based on the Dutch Civil Code, DAS 345 'Discontinued operations' (Dutch GAAP) and IFRS 5 'Non-current assets held for sale and discontinued operations'.

	Dutch GAAP	IFRS
Classification of items as non-current assets held for sale and disposal groups	DAS contains no specific measurement requirements for assets held for sale, disposal groups and discontinued operations. Discontinued operations remain measured based on the standards that were applicable prior to the designation as discontinued operation.	Specific measurement requirements apply to non-current assets and disposal groups once they are classified as held for sale. A non-current asset or disposal group that has been classified as held for sale is measured at the lower of carrying amount or fair value less costs to sell. Depreciation and amortisation of tangible and intangible assets ceases on classification as held for sale. *IFRS 5.15a, 5.25*
Classification as a discontinued operation	DAS contains only disclosures requirements regarding discontinued operations and no requirements regarding the balance sheet presentation. *DAS 345.301*	Non-current assets held for sale and the assets and liabilities of disposal groups (including those that meet the criteria for discontinued operations) are presented separately from other assets and liabilities in the balance sheet. Offsetting assets and liabilities of a disposal group is not permitted. The assets are presented as a single line within current assets; liabilities are presented as a single line within current liabilities. This presentation is required from the point that the held for sale criteria are met. The balance sheet for previous periods is not re-presented in this manner unless the criteria were met at the previous period balance sheet date. *IFRS 5.38-40*
Measurement of assets held for sale, disposal groups and discontinued operations	DAS contains no specific measurement requirements for assets held for sale, disposal groups and discontinued operations. Discontinued operations remain measured based on the standards that were applicable prior to the designation as discontinued operation.	Specific measurement requirements apply to non-current assets and disposal groups once they are classified as held for sale. A non-current asset or disposal group that has been classified as held for sale is measured at the lower of carrying amount or fair value less costs to sell. Depreciation and amortisation of tangible and intangible assets ceases on classification as held for sale. *IFRS 5.15a, 5.25*

	Dutch GAAP	IFRS
Balance sheet presentation	DAS contains only disclosures requirements regarding discontinued operations and no requirements regarding the balance sheet presentation. *DAS 345.301*	Non-current assets held for sale and the assets and liabilities of disposal groups (including those that meet the criteria for discontinued operations) are presented separately from other assets and liabilities in the balance sheet. Offsetting assets and liabilities of a disposal group is not permitted. The assets are presented as a single line within current assets; liabilities are presented as a single line within current liabilities. This presentation is required from the point that the held for sale criteria are met. The balance sheet for previous periods is not re-presented in this manner unless the criteria were met at the previous period balance sheet date. *IFRS 5.38-40*
Income statement presentation	Under DAS the result of the discontinued operation can be disclosed either in the income statement or in the notes. There are no specific requirements with regards to non-current assets held for sale and disposal groups for the income statement. *DAS 345.403*	IFRS contains detailed requirements regarding the presentation of a discontinued operation in the income statement. A discontinued operation is presented as a single amount on the face of the income statement that includes: • post tax profit or loss from discontinued operations; • the post-tax gain or loss recognised in the measurement to fair value less costs to sell; and • when realised, the post-tax gain or loss on disposal of the discontinued operation. This single amount is analysed and disclosed in the notes or on the face of the income statement into: • the revenue, expenses and pre-tax profit or loss of the discontinued operation; • tax attributable to the profit or loss of the operation; • the gain or loss on remeasurement to fair value less costs to sell or the gain or loss on disposal of a discontinued operation; and • tax attributable to the gain or loss on remeasurement or disposal. As under Dutch GAAP, there are no specific requirements with regards to non-current assets held for sale and disposal groups for the income statement. *IFRS 5.33b*
Cash flow statement presentation	Under DAS the cash flows of the discontinued operation can be disclosed either in the cash flow statement or in the notes. There are no specific requirements regarding the presentation of cash flows from assets held for sale or disposal groups. *DAS 345.403*	IFRS requires that the net cash flows, classified as operating, investing and financing, attributable to a discontinued operation for the current and comparative period are disclosed on the face of the cash flow statement or in the notes. These disclosures are not required for disposal groups that are newly acquired subsidiaries that meet the criteria for classification as held for sale on acquisition. As under Dutch GAAP, there are no specific requirements with regards to non-current assets held for sale and disposal groups for the cash flow statement. *IFRS 5.33c*

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8.5 Segment reporting

Segment guidance under IFRS requires an entity to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the business activities and the economic environments through the eyes of management ('management approach'). Dutch GAAP is less comprehensive although there is a legal requirement to provide certain minimum disclosures. The following comparison has been made based on the Dutch Civil Code and DAS 350 'Segment information' (Dutch GAAP) and IFRS 8 'Operation segments' (IFRS).

	Dutch GAAP	IFRS
Scope	The Dutch law requirements on Segment Information are applicable to large entities only; small and medium sized entities are exempt from providing this information. *Article 2:380, DAS 350.204*	IFRS 8 'Operating segments' applies to entities whose equity or debt instruments are publicly traded (or that are in the process of issuing equity or debt instruments in a public market). *IFRS 8.2*
Information to be disclosed	Dutch law requires that the following minimum disclosures are provided: • An overview of the revenue per line of business of the entity; and • An overview of the revenue per geographical area. The provided disclosures should reconcile to the income statement. Furthermore the entity provides information about • the classification of its employees; • the number of employees working outside the Netherlands. DAS 350 provides guidance for additional voluntary disclosures with regard to segments. Such disclosures should be based on the internal management information. The voluntary additional information includes information on the result, the assets, the provisions and the liabilities of the reportable segments. This information could comprise the following amounts: • Net revenues • Intercompany revenues from other segments • Depreciation, amortisation and impairments • Items recognised in the income statement which are exceptional by nature • The operating profit for the period • Investments in non-current asset *Article 2:380, 2:382, DAS 350.201-202, 350.207, 350.301-314*	IFRS 8's objective is set out in a core principle, which requires an entity to disclose information that enables users of the financial statements to evaluate the nature and financial effects of the business activities and the economic environments through the eyes of management ('management approach'). Amounts required to be disclosed are: • A measure of profit or loss. • A measure of total assets, if such an amount is regularly provided to the Chief Operating Decision Maker (CODM). • A measure of liabilities (if such an amount is regularly provided to the CODM). • Each of the following if it is included in the measure of profit or loss reported to the CODM or is regularly provided to the CODM, even if not included in that measure of segment profit or loss. • Revenue from external customers. • Revenue from transactions with the entity's other operating segments (inter-segment revenue). • Interest revenue. • Interest expense. • Depreciation and amortisation. • Material items of income and expense separately disclosed under IAS 1 paragraph 97 ('exceptional items'). • Share of results of associates and joint ventures accounted for using the equity method. • Income tax. • Material non – cash items other than depreciation and amortisation. *IFRS 8.1, 8.23-24*

8.6 Interim Financial Reporting

Both Dutch GAAP and IFRS do not require to prepare interim financial statements. However, if and when an entity prepares interim financial statements, the standards give guidance on the content of such interim financial statements. The following comparisons have been made based on DAS 394 'Tussentijdse berichten' (Dutch GAAP) and IAS 34 'Interim financial reporting' (IFRS).

	Dutch GAAP	IFRS
Scope	There is no Dutch GAAP requirement for an entity to prepare and to publish interim financial statements. DAS 394 'Interim financial reporting' applies where an entity decides to publish interim financial statements in accordance with Dutch GAAP. The standard sets out the minimum content that an interim financial report should contain and the principles that should be used in recognizing and measuring the transactions and balances included in that report. Entities prepare at least condensed financial statements. Entities generally use the same accounting policies at interim dates as those to be used in the current year annual financial statements. However, there are special measurement requirements for certain costs that can only be determined on an annual basis and for the use of estimates in the interim financial statements. *DAS 394.101 -301*	There is no IFRS requirement for an entity to prepare and to publish interim financial statements. IAS 34 'Interim financial reporting' applies where an entity decides to publish interim financial statements in accordance with IFRS. The standard sets out the minimum content that an interim financial report should contain and the principles that should be used in recognizing and measuring the transactions and balances included in that report. Entities may choose to either prepare full IFRS financial statements or condensed financial statements, whereby condensed reporting is the more common approach. Entities generally use the same accounting policies at interim dates as those to be used in the current year annual financial statements. However, there are special measurement requirements for certain costs that can only be determined on an annual basis and for the use of estimates in the interim financial statements. *IAS 34.8 , (IAS34.28) , (IAS34.39), (IAS34.41).*
Definition	An interim financial report is a financial report that contains a set of condensed financial statements for an interim period. An interim period is a financial reporting period shorter than a full financial year. *DAS 940*	An interim financial report is a financial report that contains either a complete set of financial statements or a set of condensed financial statements for an interim period. An interim period is a financial reporting period shorter than a full financial year. *(IAS34.4).*
Components of an interim financial report	As a minimum, condensed current period and comparative figures are disclosed as follows: • Balance sheet – as of the current interim period end with comparatives for the immediately preceding year end. • Statement of comprehensive income (and, if presented separately, income statement) – current interim period, financial year to date and comparatives for the same preceding periods (interim and year to date). • Cash flow statement and statement of changes in equity – financial year to date with comparatives for the same year to date period of the preceding year. • Explanatory notes. DAS 394 sets out criteria to determine what information should be disclosed in the interim financial statements. These include: • Materiality to the overall interim financial statements. • Unusual or irregular items. • Changes since previous reporting periods that have a significant effect on the interim financial statements. • Relevance to the understanding of estimates used. The selected explanatory notes to the interim report should explain significant events and transactions that have occurred during the interim period and update the relevant information presented in the most recent annual financial report. *DAS 394.301, 303, 306, 401*	As a minimum, current period and comparative figures (condensed or complete) are disclosed as follows: • Balance sheet – as of the current interim period end with comparatives for the immediately preceding year end. • Statement of comprehensive income (and, if presented separately, income statement) – current interim period, financial year to date and comparatives for the same preceding periods (interim and year to date). • Cash flow statement and statement of changes in equity – financial year to date with comparatives for the same year to date period of the preceding year. • Explanatory notes. IAS 34 sets out criteria to determine what information should be disclosed in the interim financial statements. These include: • Materiality to the overall interim financial statements. • Unusual or irregular items. • Changes since previous reporting periods that have a significant effect on the interim financial statements. • Relevance to the understanding of estimates used. The selected explanatory notes to the interim report should explain significant events and transactions that have occurred during the interim period and update the relevant information presented in the most recent annual financial report. *(IAS34.8, 20)*

8.7 Insurance Companies/Contracts

Insurance contracts are contracts where an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if the insured event adversely affects the policyholder. The risk transferred in the contract must be insurance risk, which is any risk except for financial risk. An important difference between Dutch GAAP and IFRS concerns that Dutch GAAP contains accounting and reporting requirements for insurance companies which is different from IFRS that contains accounting and reporting requirements for all insurance contracts whether issued by an insurer or another entity.

The following comparison is made based on the Dutch Civil Code (especially section 15 'Provisions for insurance companies') and DAS 605 'Insurance companies' (Dutch GAAP) and IFRS 4 'Insurance contracts' and IFRS 17 'Insurance contracts' (IFRS).

Developments

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17 'Insurance Contracts', and is applicable for annual periods beginning on or after 1 January 2021. IFRS 17 replaces IFRS 4 'Insurance Contracts', IFRS 4 was a temporary standard and permitting insurers to apply different accounting policies to similar insurance contracts. This meant the insurers in the Netherlands might apply different measurement principles to similar insurance contracts issued in other countries. The IASB believes that IFRS 17 will improve comparability across countries because insurers will apply consistent accounting principles for all insurance contracts, and that the new standard will improve transparency and provide more useful information.

Under IFRS 17 insurers need to aggregate contracts at inception in groups for recognition,

Dutch GAAP	IFRS
If an entity meets the specific requirements of an insurance company in the Dutch law, the detailed requirements of especially section 15 of the Dutch Civil Code 'Provisions for insurance companies' and DAS 605 'Insurance companies' applies when the financial statements are prepared. These requirements include among others: • the presentation and measurement of assets and liabilities in the balance sheet, as investments; • receivables; • property, plant and equipment; • derivatives; • industry-specific provisions and deferred items; • solvency; • the presentation and measurement of income and expense items in the profit-and-loss-account, as industry-specific and non-industry-specific items, recognised premium income, incurred claims, operating expenses, investment income and related expenses, profit sharing and discounts; and • the cash-flow statement. *Article 2:427-446, DAS 605.101-808*	Different from Dutch GAAP, the requirements of IFRS 4, 'Insurance contracts', apply to all issuers of insurance contracts whether or not the entity is legally an insurance company. The current version of IFRS 4 is an interim standard until the IASB's comprehensive project on insurance contracts (IFRS 17; see below) will be effective. It allows entities to continue with their existing accounting policies for insurance contracts if those policies meet certain minimum criteria. One of the minimum criteria is that the amount of the insurance liability is subject to a liability adequacy test. This test considers current estimates of all contractual and related cash flows. If the liability adequacy test identifies that the insurance liability is inadequate, the entire deficiency is recognised in the income statement. The standard requires detailed disclosures that provide information that identifies and explains the amounts in its financial statements arising from insurance contracts and that enables users of its financial statements to evaluate the nature and extent of risks arising from insurance contracts risk. *IFRS 4.1, IFRS 4.5, IFRS 4.15, IFRS 4.36, IFRS 4.38*

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measurement, presentation and disclosure. This refers to as the level of aggregation, where insurers should initially identify portfolios of insurance contracts and then further disaggregate the portfolios into groups of insurance contracts. IFRS 17 defines portfolios and provides requirements for the disaggregation into groups. It is expected that the level of aggregation will drive some complexity while implementing IFRS 17.

IFRS 17 introduces a general measurement model, an approach for measuring insurance contracts that requires insurers to measure the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin at initial recognition. The contractual service margin is a new concept in IFRS 17 and represents the unearned profit in an insurance contract that an insurer recognises over the coverage period.

The new standard also provides for an election to apply a simplified approach to measure eligible contracts, typically insurance contracts with a coverage period of one year or less. This simplified approach is known as the 'premium allocation approach'.

For insurance contracts with direct participation features, the 'variable fee approach' applies. The variable fee approach defines when an insurance contract has direct participating features and, if present, the insurer must apply the variable fee approach. The accounting of the contractual service margin under the variable fee approach differs from the general measurement model.

The presentation requirements of revenue change under IFRS 17, where insurance revenue reflects the consideration to which the insurer expects to be entitled to in exchange for the provision of coverage and other services. In IFRS 17, gross premium is not revenue and this important change could affect key performance measurements of insurers.
On transition, an insurer should apply IFRS 17 retrospectively unless it is impracticable to do so, in such cases an insurer will apply either a modified retrospective approach or the fair value approach to a group of insurance contracts. Insurers will need to assess the availability of information before applying the transition approach.

8.8 Earnings per Share

Earnings per share (EPS) is a ratio that is widely used by financial analysts, investors and others to gauge an entity's profitability and to value its shares. EPS is normally calculated in the context of ordinary shares of the entity. Earnings attributable to ordinary shareholders are therefore determined by deducting from net income the earnings attributable to holders of more senior equity instruments. The following comparison has been made based on the Dutch Civil Code and DAS 340 'Earnings per share' (Dutch GAAP) and IAS 33 'Earnings per share' (IFRS).

	Dutch GAAP	IFRS
Scope	DAS 340 is only applicable to entities which present earnings per share in their financial statements. As listed entities normally apply IFRS this standard is in practice only applicable to Dutch non-listed entities that voluntarily present earning per share in their financial statements. *DAS 340.101*	The objective of IAS 33, 'Earnings per share', is to prescribe principles for determining and presenting earnings per share (EPS) to improve comparison between different entities in the same period and between different accounting periods for the same entity. The standard applies to entities whose ordinary shares are listed on a recognised stock exchange, or are otherwise publicly traded and to entities that are in the process of issuing such shares in public markets. The standard also applies to other entities that give EPS information voluntarily. *IAS 33.1-3*
Calculation of basic earnings per share	Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares is calculated as the number outstanding at the beginning of the period (less treasury shares), adjusted by the timeweighted effect of increases and decreases in ordinary shares (and treasury shares) issued or bought back in the period. *DAS 340.201, 204*	Similar to Dutch GAAP. However IFRS is more specific with regards to adjustments on the profit used in the calculation. *IAS 33.10, 19-20*
Calculation of diluted earnings per share	Diluted EPS are measured in a similar way to basic EPS except that the profit and the weighted average number of ordinary shares is adjusted for the effects of all dilutive potential ordinary shares. A potential ordinary share is a financial instrument or other contract that may entitle its holder to ordinary shares. Diluted earnings means the profit or loss adjusted for the effects of changes in income, expenses, interest and dividends that would have occurred had the dilutive potential ordinary shares been converted into ordinary shares. Potential ordinary shares are treated as dilutive only if their conversion into ordinary shares would decrease earnings from normal (ordinary) operations ('gewone bedrijfsuitoefening'). Dutch GAAP does not require separate presentation of the EPS for discontinued operations. *DAS 340.211, 213-214, 221-222*	Similar to Dutch GAAP although there are small differences in the treatment of dilutive potential ordinary shares. Potential ordinary shares are treated as dilutive only if their conversion into ordinary shares would decrease earnings per share or increase loss per share from 'continuing operations'. IFRS requires that separate EPS figures for discontinued operations are disclosed in the statement of comprehensive income or in the notes. *IAS 33.5, 31-33*

	Dutch GAAP	IFRS
Restatement of earnings per share of prior periods	Basic and diluted EPS for prior periods should be restated for bonus issues, share splits and other similar events. In addition, if such changes occur after the reporting period, but before the financial statements are issued, the basic and diluted EPS figures for the year and for prior periods should be presented on the basis of the new number of shares. EPS calculations should also be adjusted for the effects of errors and changes in accounting policies accounted for retrospectively. *DAS 340.301*	Similar to Dutch GAAP. *IAS 33.64*
Presentation	Basic and diluted EPS are presented on the same page as the income statement. *DAS 340.401*	Similar to Dutch GAAP with more specific guidance on the figures to be presented. *IAS 33.66*

8.9 Service concessions

In respect of service concessions some guidance on the operator's accounting is given both in Dutch GAAP (chapters 221.5 and 940) and in IFRS (IFRIC Interpretation 12).

	Dutch GAAP	IFRS
Definition	A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop, operate and maintain infrastructure assets such as roads, prisons and hospitals. *DAS 940*	Similar to Dutch GAAP. *IFRIC 12.2*
Scope	The paragraphs are applicable to both infrastructure that the operator constructs or acquires from a third party for the purpose of the service arrangement; and existing infrastructure to which the grantor gives the operator access for the purpose of the service arrangement. *DAS 221.502*	Similar to Dutch GAAP. *IFRIC 12.7*
Recognition and measurement	The operator recognizes and measures revenue in accordance with the paragraphs 221.1-4 and 270.115-123 for the services it performs. The operator receives a financial asset or an intangible asset. The financial asset is recognised to the extent that the operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The intangible asset is recognised to the extent that the operator receives a right (or license) to charge users of the public services. The financial and intangible assets are initially measured at fair value. They are subsequently measured in accordance with the applicable standards for financial instruments and intangibles respectively. *DAS 221.505-515*	Similar to Dutch GAAP. *IFRIC 12.12-18*

8.10 Foreign currencies

Many entities do business with overseas suppliers or customers, or have overseas operations. This gives rise to two main accounting issues:

- Some transactions (for example, those with overseas suppliers or customers) may be denominated in foreign currencies. These transactions are expressed in the entity's own currency ('functional currency') for financial reporting purposes.
- A parent entity may have foreign operations such as overseas subsidiaries, branches or associates. The functional currency of these foreign operations may be different from the parent entity's functional currency and therefore the accounting records may be maintained in different currencies. In order to combine in one set of financial statements the foreign operations measured in different currencies, the foreign operation's results and financial position are translated into a single currency, namely that in which the group's consolidated financial statements are reported ('presentation currency').

The following comparisons have been made based on the Dutch Civil Code, DAS 122 'Foreign currencies', DAS 940 'Definitions' (Dutch GAAP) and IAS 21 'The effects of changes in foreign exchange rates' (IFRS).

	Dutch GAAP	IFRS
Functional currency	Currency of the primary economic environment in which the entity operates. *DAS 122.105-111, DAS 940*	Similar to Dutch GAAP. *IAS 21.8*
Presentation currency	Currency in which the financial statements are presented. *DAS 122.301, DAS 940*	Similar to Dutch GAAP. *IAS 21.8*
Monetary item	The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. Conversely, the essential feature of a non-monetary item is the absence of a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. Foreign exchange derivatives are considered to be non-monetary items. *DAS 940, DAS 122.113*	Similar to Dutch GAAP except that all derivatives (including FX derivatives) are recognised and measured at fair value through profit and loss and considered to be monetary items. *IAS 21.16*

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	Dutch GAAP	IFRS
General	All items of the financial statements are measured in the functional currency. All transactions entered into in currencies other than the functional currency are treated as transactions in a foreign currency. An entity considers the following factors in determining its functional currency: • The currency that mainly influences sales prices for goods and services. • The currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. • The currency that mainly influences labour, material and other cost of providing goods or services. The following factors may also provide evidence of an entity's functional currency: • The currency in which funds from financing activities are generated. • The currency in which receipts from operating activities are usually retained. *DAS 122.105 - 111*	Similar to Dutch GAAP. *IAS 21.9-10*
Foreign currencies transactions	A transaction in a foreign currency is recorded in the functional currency using the exchange rate at the date of transaction (average rates may be used if they do not fluctuate significantly). At the end of each reporting period, foreign currency monetary balances are translated using the exchange rate at the closing date. Non-monetary balances denominated in a foreign currency are reported: • if carried at cost: using the exchange rate at the date of the transaction. • if carried at fair value: using the exchange rate at the date when the fair values were determined. *DAS 122.201-206*	Similar to Dutch GAAP. *IAS 21.21-22*
Recognition of exchange differences	Exchange differences on monetary items are recognised in the income statement for the period except for those differences arising on a monetary item that forms part of an entity's net investment in a foreign entity (subject to strict criteria of what qualifies as net investment). In the financial statements, such exchange differences are recognised as a separate component in equity. Cumulative exchange differences on foreign operations initially recognised in equity as a currency translation adjustment (CTA) are recommended to be recycled to the income statement upon disposal of the foreign operation. The alternative is transfer to the other reserves. The CTA is a non-distributable legal reserve. *Article 2:389.8, DAS 122.207-213, 122.311*	Similar to Dutch GAAP. IAS 21.21-22 Similar to Dutch GAAP, except that the cumulative amount of the exchange differences related to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to the income statement when the gain or loss on (partial) disposal is recognised. The CTA is not a legal reserve. *IAS 21.28, 21.30, 21.32, 21.39-40, 21.48*

	Dutch GAAP	IFRS
Change in functional currency	A change is justified only if there are changes in underlying transactions, events and conditions that are relevant to the entity. The effect of a change in functional currency is accounted for prospectively from the date of the change. *DAS 122.110, 122.214*	Similar to Dutch GAAP. *IAS 21.35-37*
General	An entity may choose to present its financial statements in any currency if this is justified by its operations or its international group structure. If the presentation currency differs from the functional currency, an entity translates its results and financial position into the presentation currency. *DAS 122.301, article 2:362.7*	An entity may present its financial statements in any currency. If the presentation currency differs from the entity's functional currency, it translates its results and financial position into the presentation currency. *IAS 21.38*
Translation to the presentation currency	The assets and liabilities are translated at the closing rate of the date of the balance sheet; income and expenses are translated using the exchange rates at the dates of the transactions (average rates may be used if they do not fluctuate significantly). All resulting exchange differences are recognised in equity (CTA). *Article 2:389.8, DAS 122.302-306*	Similar to Dutch GAAP. *IAS 21.39-41*
Translation of a foreign operation	Entities in the group may have different functional currencies. When preparing consolidated financial statements, the financial statements of all entities are translated into the reporting entity's presentation currency. Cumulative translation differences on foreign operations, initially recognised in equity, are recommended to be recycled to the income statement upon disposal of the foreign operation. The alternative is transfer to the other reserves. *Article 2:389.8, DAS 122.302, 307-311*	Similar to Dutch GAAP, except that cumulative translation differences on foreign operations initially recognised in other comprehensive income are recycled to the income statement (via OCI) upon (partial) disposal of the foreign operation. *IAS 21.48*

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8.11 Hyperinflation

If an entity's functional currency is the currency of a hyper-inflationary economy, its financial statements are restated prior to translation into a different presentation currency. This is because the effects of hyper-inflation would otherwise reduce the comparability of prior period information and therefore its use. DAS 122 and IAS 29 require such an entity's financial statements to be restated in terms of the measuring unit current at the end of the reporting period. This measuring unit is calculated by applying a general price index.

The following comparisons have been made based on the Dutch Civil Code and DAS 122 'Foreign currencies' (Dutch GAAP) and IAS 21 'The effects of changes in foreign exchange rates' and IAS 29 'Financial reporting in hyper-inflationary economies' (IFRS).

	Dutch GAAP	IFRS
Definition	Hyperinflation is defined as a cumulative inflation rate over three years which equals or exceeds 100%. This definition is less detailed than the definition under IFRS. *DAS 122.312*	Hyperinflation is indicated by characteristics of the economic environment of a country which include, but are not limited to, the following: • the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power; • the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency; • sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short; • interest rates, wages and prices are linked to a price index; and • the cumulative inflation rate over three years is approaching, or exceeds, 100%. *IAS 29.3*
Presentation	Where an entity's functional currency is the currency of a hyperinflationary economy, the financial statements are stated in terms of the measuring unit current at the end of the reporting period. The gain or loss on the net monetary position is included in the income statement and separately disclosed. *DAS 122.312*	Similar to Dutch GAAP. *IAS 21.43, IAS 29.8-9*
Economies ceasing to hyperinflationary	When an economy ceases to be hyperinflationary and the entity discontinues the preparation and presentation of financial statements prepared in accordance with the DAS 122 hyperinflation provisions, it treats the amounts expressed in the measuring unit current at the end of the previous reporting period as the basis for the carrying amounts in its subsequent financial statements. *DAS 122.313*	Similar to Dutch GAAP. *IAS 21.43, IAS 29.38*

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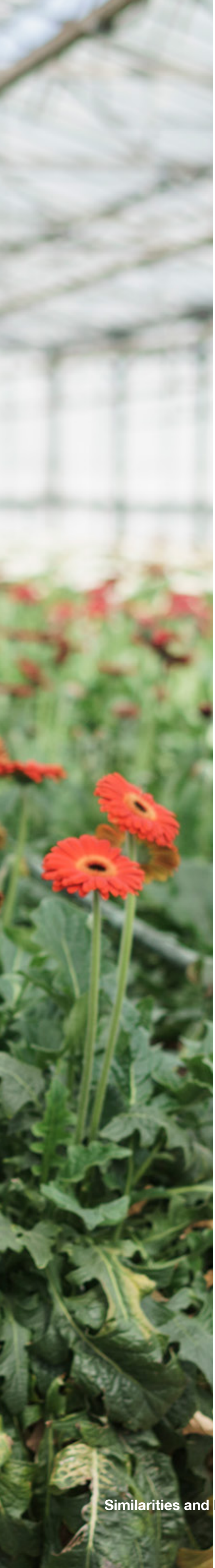

9. IFRS only

9.1 Agriculture (IAS 41)

Definition

Agriculture activity is the management by an entity of the biological transformation and harvest of living animals or plants (biological assets) for sale, into agricultural produce, or into additional biological assets. A biological asset is a living animal or plant (for example: a sheep) and agricultural produce is the harvested product of biological assets (for example: wool). However, bearer plants are not biological assets. A bearer plant is a living plant that a) is used in the production or supply of agricultural produce, b) is expected to bear produce for more than one period, and c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants are in the scope of IAS 16 *(IAS 41.4,IAS 41.5, IAS 41.5A, IAS 41.5B, IAS 41.5C)*.

Recognition and measurement

A biological asset or agricultural produce is recognised when the entity controls the asset, it is probable that future economic benefits associated with the asset will flow to the entity, and the fair value or cost of the asset can be measured reliably *(IAS 41.10)*.

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case where the fair value cannot be measured reliably. This is the case for biological assets for which market-determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable. In such cases, biological assets are measured at cost *(IAS 41.12, 41.30)*.

The agricultural produce harvested from biological assets is measured at fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying IAS 2 Inventories or another applicable standard *(IAS 41.13)*.

A gain or loss arising on initial recognition of a biological asset at fair value less cost to sell and from a change in fair value less cost to sell of a biological asset is included in the income statement for the period in which it arises (IAS 41.26). A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in the income statement for the period in which it arises *(IAS 41.28)*.

9.2 Exploration for and Evaluation of Mineral Resources (IFRS 6)

Scope

IFRS 6, 'Exploration for and evaluation of mineral resources', addresses the financial reporting for the exploration for and evaluation of mineral resources *(IFRS 6.1)*. It does not address other aspects of accounting by entities engaged in the exploration for and evaluation of mineral reserves *(IFRS 6.4)*. Activities outside the scope of IFRS 6 are accounted for according to the applicable standards. The accounting policy adopted for the recognition of exploration and evaluation assets should result in information that is relevant and reliable. As a concession, certain further rules of IAS 8, 'Accounting policies, changes in accounting estimates and errors', need not be applied. This permits entities to continue to apply policies that were followed under national GAAP that would not comply with the requirements of IFRS. The accounting policy may be changed only if the change makes the financial statements more relevant and no less reliable, or more reliable and no less relevant.

Classification and measurement

Exploration and evaluation assets are initially measured at cost *(IFRS 6.8)* and classified as either tangible or intangible assets. After recognition, management applies either the cost model or the revaluation model, based on IAS 16, 'Property, plant and equipment', or IAS 38, 'Intangible assets', according to nature of the assets *(IFRS 6.12)*. As soon as technical feasibility and commercial viability are determined, the assets are no longer classified as exploration and evaluation assets *(IFRS 6.17)*.

Impairment

The exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amounts may not be recovered *(IFRS 6.18)*. The assets are also tested for impairment before reclassification out of exploration and evaluation.

Stripping costs

IFRIC 20, 'Stripping costs in the production phase of a surface mine', applies to waste removal costs incurred in surface mining activity during the production phase *(IFRIC 20.1)*. It specifies that an entity should recognize a stripping activity asset if it can identify the component of the ore body to which the stripping activity has improved access, if the associated costs can be measured reliably and if it is probable that there will be future economic benefit *(IFRIC 20.9)*. It these criteria are not met, the costs should be expensed to the income statement. The stripping activity asset is accounted for as an addition to the existing mine asset and is initially measured at cost *(IFRIC 20.12)*. After recognition the asset is carried at cost or revalued amount less depreciation and amortization and less impairment losses as part of the existing asset *(IFRIC 20.14)*.

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10. Dutch GAAP only

10.1 Intercompany transactions

An intercompany transaction concerns a transaction between the entity and its subsidiary or associate (group entity), or mutually between subsidiaries or associates of the entity. The recognition of results from intercompany transactions depends on:

- The character of the financial statements: consolidated or separate;
- The nature of the transaction: a so-called downstream-, upstream- or side stream transaction; and
- The measurement principle of the group entity that is party in the transaction (either at cost or current value or at net asset value).

DAS 260 contains more comprehensive guidance for the recognition and measurement of intercompany transactions in comparison with IFRS. Certain elements of DAS 260 are also applicable for IFRS financial statements.
According to IFRS consolidated financial statements eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows resulting from transactions between entities of the group. Dutch GAAP has a similar requirement: results of intercompany transactions between group entities are eliminated in the consolidated financial statements for the part they are not yet realized by subsequent transactions with a third party.

Other relevant topics dealt with in DAS 260 include amongst others the following. Gains from a downstream sale to or a side stream sale between non-consolidated associates measured at net asset value are recognised in proportion to the interest of third parties. Gains from an upstream sale by a non-consolidated associate to the parent entity are recognised only when the underlying has been (re) sold to a third party or when the asset or liability has been realized as a result of own depreciation by the acquiring entity. Losses from such transactions are fully recognised. The entity recognizes the results from intercompany transactions in the entity financial statements on a proportional basis, in accordance with the net asset value method.
When the entity measures the non-consolidated group entity at cost or current value, the result from a downstream sale to the non-consolidated group entity is recognised fully unless the gain is in substance unrealized. Any impairment losses of the non-consolidated associate are to be examined as well. The entity recognizes any gains from an upstream sale to the group entity and from a side stream sale between group entities measured at cost or current value only when the gain is in substance realized and the group entity has declared dividend to the entity.

(DAS 260, IFRS 10.B86, IAS 28.28)

10.2 Threshold and size criteria of entities

Opposite to IFRS, Dutch law distinguishes entities based on size criteria which affects the preparation of the financial statements and the filing thereof. Entities are classified as 'micro, small, medium-sized or large' on the basis of three criteria, being total assets, net turnover and the average number of employees (Articles 2:396 and 2:397). The criteria are summarized in the table below:

	Micro	Small	Medium-sized	Large
Total assets	≤ € 350,000	≤ € 6,000,000	≤ € 20,000,000	> € 20,000,000
Net turnover	≤ € 700,000	≤ € 12,000,000	≤ € 40,000,000	> € 40,000,000
Average number of employees	< 10	< 50	< 250	≥ 250

An entity is classified as micro, small, medium-sized or large where it satisfies at least two out of three criteria for that size, and satisfies those criteria for two consecutive years. Newly formed entities are classified in accordance with the criteria met in its first year. Thereafter, the two consecutive year rule is applied.

Micro, small and medium-sized entities have specific exemptions and releases from the preparation and filing requirements. For example, a medium-sized entity is allowed to begin the income statement with 'gross margin' instead of 'net turnover'. For small entities separate standards are issued by the Dutch Accounting Standards Board. These standards, Dutch Accounting Standards for small entities, include numerous exemptions for presentation and disclosure, and sometimes also for measurement. Nevertheless small entities need, as a minimum, to comply with the Dutch Civil Code, Book 2 Part 9. However, some entities are not allowed to use the exemptions that are applicable for the micro, small and medium-sized entities. These are investment entities (according to article 2:401) and public interest entities.

Net turnover

Net turnover is defined as the income from the supply of goods and services from the business of the entity, after deduction of rebates and similar discounts and of turnover tax. For accounting periods longer or shorter than one year, the turnover figure is adjusted proportionately.

Total assets

Total assets are defined as the total of all assets consolidated without deduction of any liabilities. The assets should be measured on a historical cost basis, being the cost of acquisition or production excluding any revaluations.

Average number of employees

The calculation of the average number of employees is based on persons with a contract of employment with the entity or group entities, whether part-time or full-time, recalculated on a fulltime basis.

(Article 2:395a, 2:396, 2:397, DAS 315, Dutch Accounting Standards for small entities)

10.3 Directors' report

Dutch entities that are large or medium-sized have the legal obligation to prepare an annual directors' report in addition to the financial statements. The directors' report is prepared by the managing board on an annual basis. This report:

- does not form part of the financial statements;
- presents a fair view of the financial position, results and future plans of the entity;
- is consistent with the financial statements; and
- may be prepared in a language other than Dutch, subject to such resolution of the general meeting of
- shareholders.

The contents of the directors' report (Article 2:391) include, amongst others:

- a true and fair view of the financial position at the balance sheet date, developments during the year and the results for the year;
- a full and balanced analysis of above mentioned aspects; this analysis addresses non-financial and financial performance indicators, results and developments, including environmental and personnel matters;
- primary risks and uncertainties under which the entity operates including the entity's risk appetite in this respect such as risk control measures taken, expected impact on results and/or position, main impact of risks and uncertainties during the year and any improvements of risk management system;
- future developments;
- details of research and development;
- details of any significant post balance sheet events not reflected in the financial statements;
- the use of financial instruments by the entity and the results, objectives and policy of the entity for the financial risk management;
- if the entity is a public limited entity, the policy of management and supervisory board remuneration;
- if the entity is a large entity and the seats of the board of directors or the supervisory board are not evenly (> 30%) distributed among men and women, the reasons why the seats are not evenly distributed, how the entity has tried to reach a balanced distribution and how the entity aims to reach a balanced distribution in the future;
- if the entity is quoted at a security market, a statement on certain specified items in respect of the entity's internal control system, management board, supervisory board and shareholders meeting;
- if the entity is quoted at a security market and its balance sheet total amounts more than € 500 million, a statement on the entity's compliance with certain corporate governance principles and best practices as specified in the Code Corporate Governance or an explanation why not;
- if the entity is both a large and a public interest entity and has more than 500 employees, a non-financial information statement on certain specified items.

Where the directors' report is included in a set of consolidated financial statements, the report covers the activities and developments of the group as a whole. If and when the entity meet certain specific criteria, some more disclosures in the directors' report may be required.

10.4 Public sector accounting

Entities within the public sector are normally not within the scope of Part 9 of Book 2 of the Dutch Civil Code because of their legal status. In addition to specific public sector laws and regulations, the Dutch Accounting Standards Board established additional public sector financial reporting standards. These standards mainly include provisions that give substance to the specific nature of the relevant organizations and in most circumstances specific formats exist for the balance sheet and the statement of income and expenses.

The current Dutch accounting standards for the public sector are:

- Charities (DAS 640);
- Housing corporations (DAS 645);
- Fundraising institutions (DAS 650);
- Health care institutions (DAS 655);
- Educational institutions (DAS 660).

Commercial foundations and associations however are always directly within the scope of Part 9 of Book 2 of the Dutch Civil Code. A foundation or association is commercial when the net turnover exceeds a certain threshold.