

Communiqué No. 1/2020

of 24 April 2020

Areas of focus for the review of 2020 annual and interim financial statements

When reviewing financial statements for the 2020 financial year, SIX Exchange Regulation AG intends to focus in particular on compliance with the following IFRS and Swiss GAAP FER (FER) requirements (these also apply by analogy to US GAAP financial statements, where applicable):

1. Statement of Cash Flows (IAS 7/FER 4/FER 30)

The classification of cash flows by operating, investing and financing activities requested by IAS 7.10 and FER 4/1 will be critically assessed. Furthermore, the completeness of the disclosures regarding non-cash transactions will be examined. For acquisitions of subsidiaries, the correct presentation within the investing activities requested by IAS 7.39 and FER 30/29, the adequacy of respective disclosures in the notes as well as the correct disclosure of non-cash purchase price components are subject to review. In addition, it will be assessed whether the cash equivalents included in the fund "cash and cash equivalents" meet the definition according to IAS 7.7 and FER 4/4, respectively.

For IFRS financial statements, the appropriateness and comprehensibility of disclosures about changes in liabilities arising from financing activities (e.g. on the basis of the disclosed reconciliation) will be critically assessed (IAS 7.44A-44E). For further explanations, reference is made to margin numbers 18, 19, 24, 25 and 105 of the Financial Reporting Circular of 17 October 2019 ([Financial Reporting Circular](#)).

2. Income Taxes (IAS 12/FER 11/FER 31)

The reconciliation from the applicable to the effective tax rate (tax expense) as requested by IAS 12.81(c) will be subject to a critical review. If the applicable tax rate is a weighted average comprised of tax rates from different tax jurisdictions, it will be critically assessed whether such tax rate provides the most meaningful information to its recipients (IAS 12.85). In that regard, reference is made to margin number 31 of the [Financial Reporting Circular](#). Furthermore, the comprehensibility and plausibility of the reconciliation items and their description will be checked. The expectation is that material, unusual items are comprehensively explained.

When reviewing FER-financial statements, the disclosures required by FER 31/6 with regard to the applicable tax rate as well as the impact from variations in tax loss carry forwards will be checked. In addition, the disclosures required by FER 11/11 with regard to deferred income tax entitlements for unused tax loss carry forwards will be subject to a critical review. For further explanations, reference is made to margin number 107 of the [Financial Reporting Circular](#).

The [Communiqués published by SIX Exchange Regulation AG](#) are available on the internet in German, French and English.