CHANGES IN REPORTING STANDARDS

A) RECENTLY IMPLEMENTED ACCOUNTING STANDARDS AFFECTING THE GROUP IN FINANCIAL YEAR 2018

On January 1, 2018, ProSiebenSat.1 Group is adopted the following standards, as issued by the IASB and endorsed by the into European Commission, for the first time:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenues from Contracts with Customers"
- IFRS 16 "Leases"

The effects of the first-time application of these provisions on the Consolidated Financial Statements of ProSiebenSat.1 Group are presented below.

IFRS 9 "Financial Instruments"

The IASB published the final version of IFRS 9 "Financial Instruments" in July 2014. This version replaces the previous standard IAS 39 "Financial Instruments: Recognition and Measurement" as well as all previous versions of IFRS 9 and was adopted into European law on November 29, 2016.

ProSiebenSat.1 Group applied IFRS 9 "Financial Instruments" for the first time in the reporting year. The first-time application led to changes in the accounting principles and methodology as well as to adjustments in the carrying amounts of financial instruments in the Group's accounting. Pursuant to the transitional provisions in IFRS 9, use was made of the option not to adjust prior-year figures. IFRS 9 replaces the provisions of IAS 39 relating to the recognition, classification, measurement, derecognition and impairment of financial assets and financial liabilities and to hedge accounting.

In addition, the first-time application of IFRS 9 has resulted in changes to other provisions dealing with financial instruments, in particular IFRS 7 "Financial Instruments: Disclosures". In this context, we refer to → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

ProSiebenSat.1 Group classifies financial assets into the measurement categories at fair value through profit or loss and at amortized cost. Allocation to these categories is based on the Group's business model for managing financial assets and the contractual cash flow characteristics of the financial assets to be measured. Financial assets that qualify for the category measured at amortized cost are those that are held as part of a business model whose objective is the collection of the contractual cash flows ("business model criterion"). In addition, to be classified in this category, the contractual terms of the financial asset must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("solely-payments of principal and interest" or "SPPI" criterion). Financial assets that do not meet the SPPI criterion are measured at fair value.

On first-time application on January 1, 2018, ProSiebenSat.1 Group made an assessment of the business models used for managing the various financial assets it holds. The Group does not hold any debt instruments that would be required to be measured at fair value through equity on the basis of the business model and the SPPI criterion. In addition, no use was made of the option to measure equity instruments at fair value through other comprehensive income. Thus only two IFRS 9 categories are relevant for the Group's financial instruments: measured at fair value through profit or loss and measured at amortized cost.

In the comparative period, the classification rules of IAS 39 were applied and financial instruments were held as measured at fair value through profit or loss and as loans and receivables (ie measured at amortized cost). With the exception of a few financial instruments that were reclassified from loans and receivables to the fair value through profit or loss category as a result of the first-time application of IFRS 9, the classification and measurement of the financial instruments held by the Group under IFRS 9 has not changed.

The reclassification effects from the first-time application of IFRS 9 are hence minor and are shown together with the revaluation effects in the following table:

216 / **FINANCIAL ASSETS** in EUR m

	Carrying amount of IAS 39 12/31/2017	reclassification	remeasurement	IFRS 9 Categories			
				Fair Value through profit or loss		amortised cost	Hedge derivates
				as per classification criteria	designated at initial application	as per classification criteria	
Financial Assets							
financial asset at fair value through profit or loss	121	–/–	–/–	121	–/–	–/–	–/–
Fund units to finance pension obligations[1]	23	–/–	–/–	23	–/–	–/–	–/–
Other equity instruments	88	0	–/–	88	–/–	–/–	–/–
Derivatives (for which hedge accounting is not applied)	11	–/–	–/–	11	–/–	–/–	–/–
Hedge derivatives[2]	68	–/–	–/–	–/–	–/–	–/–	68
financial asset at amortised cost	2,091	–/–	–1	–/–	–/–	2,090	–/–
Loans and receivables	532	–/–	–1	–/–	–/–	531	–/–
Cash and cash equivalents	1,552	–/–	–/–	–/–	–/–	1,552	–/–
other financial assets at amortised cost	7	0	–/–	–/–	–/–	7	–/–

[1] Under IAS 39 these financial instruments were measured at fair value through profit or loss under the fair value option. Under IFRS 9, they must now be measured at fair value through profit or loss because they do not meet the SPPI criterion. Hence, the fair value option no longer applies nor is needed any longer.
[2] Hedge derivatives are accounted for according to the hedge accounting guidance in IAS 39 and hence are not assigned to any IFRS 9 category.

The classification of financial instruments in accordance with IFRS 9 did not affect the equity of ProSiebenSat.1 Group, with the exception of the increase in impairments on trade receivables due to the first-time application of the so-called expected loss model as described below. After the first-time application, newly acquired financial instruments are allocated to one of the IFRS 9 categories when they are first recognized.

In addition to the aforementioned financial instruments, ProSiebenSat.1 Group also uses interest rate and currency derivatives, which are used for hedging purposes and are designated as cash flow hedges in a hedge relationship. Although these instruments meet the definition of financial assets or financial liabilities, they do not constitute a separate IFRS 9 category nor are they assigned to any of the categories of the standard. For further information, we refer to → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 provides that expected credit losses must be recognized for all instruments within the scope of the impairment provisions (so-called "expected loss model"). The amount of expected losses as well as the amount of interest recognized on a specific financial instrument generally will depend on its credit quality or the "stage of credit deterioration" to which it belongs:

Stage 1: In general, all financial instruments are assigned to Stage 1 at initial recognition. At the reporting date a loss allowance is recognized for the present value of "12-month expected credit losses", i.e. the present value of the portion of lifetime expected credit losses that represent the expected credit losses resulting from default events that are possible within the 12 months after the reporting date. Interest is recognized based on the gross carrying amount, i.e. interest is calculated based on the carrying amount before loss allowance.

Stage 2: Stage 2 applies to instruments for which credit risk has significantly increased since initial recognition. Expected losses to be recognized for these instruments at the reporting date reflect, on a present value basis, all cash shortfalls expected to occur during the full lifetime of the instrument ("lifetime expected credit losses"). Interest is recognized in the same way as for level 1.

Level 3: If a financial instrument is "credit-impaired", ie if there is objective evidence of impairment in addition to a significant increase in the default risk as at the reporting date, the allowance for losses on loans and advances is also measured based on the present value of the expected credit losses over the full lifetime of the instrument. However, interest income is henceforth to be recognized based on the net carrying amount, i.e. based on the carrying amount adjusted for the loss allowance.

At ProSiebenSat.1 Group, mainly cash and cash equivalents as well as trade receivables and contract assets from commissioned production are subject to the new impairment guidance.

Pursuant to internal risk management guidelines, cash and cash equivalents are only held with counterparties of investment grade rating. The expected credit losses from such instruments are hence not material, especially in light of the short terms not exceeding three months.

If financial assets exist vis-à-vis counterparties with an external investment grade credit rating, ProSiebenSat.1 Group makes use of the practical expedient in IFRS 9 of assuming that the credit risk has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

With respect to most trade receivables and contract assets from commissioned production, IFRS 9 provides the option of using a simplified model, under which loss allowances are always measured at an amount equal to lifetime credit losses, irrespective of the credit quality. Accordingly, in the simplified model, trade receivables and contract assets are assigned to Stage 2, immediately upon initial recognition. However, as in the general model, a transfer to Stage 3 is required if there is objective evidence of impairment.

In the context of the first-time application of IFRS 9, the Group has revised its impairment methodology. In principle, the new model results in impairments being recognized earlier than before.

Accordingly, on first application the loss allowance for trade receivables increased by EUR 1 million to reach EUR 37 million. For cash and cash equivalents, the amount of credit loss adjustment was insignificant. The effect on first-time adoption was recognized directly in equity as of January 1, 2018.

The new approach for determining impairments is explained in more detail in → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" and in → section "Summary of key accounting principles".

HEDGE ACCOUNTING

As permitted by IFRS 9, ProSiebenSat.1 Group will continue to apply the hedge accounting requirements of IAS 39 upon adoption of IFRS 9. The relevant accounting policies are set out in → section "Summary of key accounting principles".

IFRS 15 "Revenues from Contracts with Customers"

Given the publication of IFRS 15 "Revenues from Contracts with Customers" in May 2014, the IASB will in the future provide new rules as to when and to what extent revenues are to be recognized. The standard replaces the previous provisions of IAS 18 "Revenues", IAS 11 "Construction Contracts" as well a number of revenue-related interpretations. The scope of IFRS 15 excludes leases, financial instruments and insurance contracts.

According to IFRS 15, the recognition of revenues should reflect the transfer of promised goods or services to the customer in the amount corresponding to the consideration that the company expects to receive in exchange for such goods or services. Revenues are realized once the customer obtains the power of disposal of the goods or services.

In April 2016, the IASB published clarifying amendments to IFRS 15, which are also to be applied for financial years commencing on or after January 1, 2018. In addition to clarifying various provisions of the standard, the amendments also include further transitional relief. The clarifying amendments to IFRS 15 were implemented into European law took on November 9, 2017.

The standard has based revenue recognition on a "five-step model", which the company first has to apply to identify whether or not a contract with a customer within the meaning of the standard has been concluded. The company's performance obligations, which have been defined explicitly or implicitly in the contract, have to be identified separately and the transaction price to be received from the customer has to be distributed among such performance obligations. Upon the transfer of the power of disposal, revenues have to be realized either in relative to time or period.

The provisions of IFRS 15 are applied as of January 1, 2018 based on a modified retrospective approach. The previous-year figures are not adjusted in line with the standard's transitional provisions. ProSiebenSat.1 Group uses the exemption under IFRS 15.C7 and does not reevaluate any contracts that were performed prior to the date of first-time application (January 1, 2018).

ProSiebenSat.1 Group has analyzed the impact of the first-time application of IFRS 15 in a Group-wide project, including existing processes, systems and contracts. With the exception of the adjustment described below, the first-time application of IFRS 15 has not had any effects on the earnings, financial position and performance of the Group.

As for license revenues, IFRS 15 distinguishes between "rights to access" and "rights to use". For the former, the customer regularly has a right or expectation from the licensor to undertake significant activities that affect the form and functionality of the underlying rights during the contract period. As a result, the recognition of revenues is period-related. On the other hand, revenues are recognized time-related when the rights of use are granted.

Accordingly, in contrast to the previous accounting treatment under IAS 18, certain license revenues of ProSiebenSat.1 Group must be recognized on a period-related basis. The first-time accounting according to IFRS 15 as of January 1 resulted in an increase in passive contract balances by EUR 5 million (EUR 2 million thereof long-term) and in deferred tax assets by EUR 1 million and correspondingly in a reduction in Group equity by EUR 4 million as of the initial day of application on January 1, 2018. As a result of the reversal of passive contract balances, revenues in financial year 2018 increased by EUR 2 million compared with the previous accounting treatment in accordance with IAS 18. The net effect on earnings, taking deferred taxes into account, amounted to EUR 2 million. The passive contract balances are reported in the balance sheet item of other liabilities.

IFRS 16 "Leases"

In January 2016, the IASB published the accounting standard IFRS 16 "Leases", which was implemented into European law on November 9, 2017. The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Assessing the substance of transactions in the legal form of leases".

IFRS 16 provides that in general, all leases and the associated contractual rights and duties must be reflected in the lessee's balance sheet, unless the term does not exceed 12 months or it constitutes a low-value asset. This classification required under IAS 17 into operating or finance leases therefore does not apply to the lessee. As for leases, the lessee recognizes a liability for lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which in principle is equivalent to the present value of the future lease payments plus directly attributable costs and is amortized over the useful life.

IFRS 16 is required to be applied for the first time for financial years commencing on or after January 1, 2019. ProSiebenSat.1 Group has exercised the option of early adoption of the standard and has applied IFRS 16 for the first time as of January 1, 2018, using the modified retrospective approach. First-time application within ProSiebenSat.1 Group to date has affected leases that previously had been classified as operating leases. Short-term leases with a term not exceeding 12 months (and no purchase option) as well as leases where the underlying asset is of minor value, were not accounted for according to the option under IFRS 16.5 and not under IFRS 16. In addition, the ProSiebenSat.1 Group is using the option under IFRS 16.15 and recognizes all lease and non-lease components according to IFRS 16. Moreover, the Group has applied the relief provisions of IFRS 16.C3(b) when transitioning to IFRS 16, and has not reviewed contracts, which pursuant to IAS 17 "Leases" in conjunction with IFRIC 4 "Determining whether an Arrangement contains a Lease" are not classified as leases, based on the definition of a lease in IFRS 16.

For the first-time application of IFRS 16 on operating leases, the right to use the leased asset was in principle valued at the amount of the lease liability, using the interest rate at the time of the first-time application (IFRS 16. C8 (b) (i)). The average interest rate as of January 1, 2018 was approx. 2%. In case of short-term lease liabilities, the right of use was adjusted pursuant to IFRS 16.C10 (c) (ii) by the relevant amount. For the valuation of the right of use at the time of first-time application, the initial direct costs according to IFRS 16.C10 (d) were not taken into account. The financial information for the financial year 2017 were not adjusted in financial year 2018 pursuant to IFRS 16.C7.

ProSiebenSat.1 Group has analyzed the impact of the first-time application of IFRS 16 in a Group-wide project, including existing processes, systems and contracts. The following categories of leases were identified, where as a consequence of the change to IFRS 16 as of January 1, 2018, contracts that previously had been recognized as operating leases, now qualify as leases within the meaning of the new standard: real estate, technical equipment, vehicles and others leased assets. The first-time application resulted in recording usage rights in the amount of EUR 107 million and lease liabilities in the amount of EUR 109 million in the Consolidated Balance Sheet as of and for the period ended January 1, 2018; the difference in the amount of EUR 2 million between the two balance sheet items relates to the adjustment of current lease liabilities pursuant to IFRS 16.C10 (c) (ii).

The off-balance sheet lease obligations as of December 31, 2017 are reconciled as follows to the recognized lease liabilities as of January 1, 2018:

217 / **TRANSITION LEASE LIABILITIES** in EUR m

	01/01/2018
Off-balance lease obligation as of December 31, 2017	**107**
Current leases with a lease term of 12 months or less (short-term leases)	– 1
Leases of low-value-assets (low-value leases)	0
Variable lease payments	– 14
Other	– 2
Operating lease obligations as of January 1, 2018 (gross, without discounting)	89
Operating lease obligations as of January 1, 2018 (net, discounted)	**84**
Reasonably certain extension or termination options	24
Residual value guarantees	0
Non-lease-components	1
Lease liabilities due to initial application of IFRS 16 as of January 1, 2018	**109**
Lease liabilities from finance leases as of January 1, 2018	65
Total lease liabilities as of January 1, 2018	**174**

The quantitative impact of the first-time application of IFRS 9, 15 and 16 on the consolidated balance sheet as of December 31, 2017 or January 1, 2018 is shown in the following table:

218 / **BALANCE SHEET** in EUR m

		Prospective application		Modified retrospective application		
Item	**12/31/2017 before application of new IFRS**	**Adjustments IFRS 9 (Class & Meas)**	**Adjustments IFRS 9 (Impairment)**	**Adjustments IFRS 15**	**Adjustments IFRS 16**	**01/01/2018 after application of new IFRS**
Property, plant and equipment	205	–/–	–/–	–/–	107	311
Deferred tax assets	34	–/–	0	1	–/–	36
Trade receivables	501	–/–	– 1	–/–	–/–	500
Other financial liabilities (current and non-current)	618	–/–	–/–	–/–	109	727
Accrued lease liabilities	2	–/–	–/–	–/–	– 2	–/–
Contract liabilities	0	–/–	–/–	5	–/–	5
Consolidated equity generated	**79**	**–/–**	**– 1**	**– 4**	**0**	**74**

The impact of the application of the new IFRS standards on the Income Statement in financial year 2018 is illustrated below:

219 / **INCOME STATEMENT** in EUR m

	2018 before application of new IFRS	Adjustments IFRS 9	Adjustments IFRS 15	Adjustments IFRS 16	2018 after application of new IFRS
Revenues	4,006	–/–	2	–/–	4,009
Operating costs[1]	– 3,058	0	–/–	31	– 3,027
Adjusted EBITDA	982	–/–	–/–	31	1,013
EBITDA	539	–/–	–/–	31	570
Depreciation, amortization and impairments	– 192	–/–	–/–	– 30	– 222
Financial Result	– 6	4	–/–	– 2	– 4
Income Taxes	– 93	– 1	– 1	–/–	– 94
Adjusted net income	537	3	2	– 1	541
Net result	**246**	**3**	**2**	**– 1**	**250**

[1] Operating costs comprise cost of sales, selling expenses, administrative expenses and other operating expenses less adjustments for depreciation and amortization.

The adjustment from the first-time application of IFRS 9 to the other financial result of EUR 4 million and to the tax result of minus EUR 1 million reflects the effects of the extension of non-current financial debt in March 2018 to be recognized in profit or loss in accordance with IFRS 9.B5.4.5ff. (→ see also note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"). The effects of the first-time application of the new impairment model of IFRS 9 in financial year 2018, however, were not material.

Due to the period-related recognition of certain license revenues, revenues increased by EUR 2 million in financial year 2018; the net effect after tax effects also amounted to EUR 2 million.

Pursuant to IAS 17, the expenses for leases classified as operating leases were reported as functional costs. In contrast, rights of use under leases are depreciated on schedule pursuant to IFRS 16. The interest expense related to lease liabilities is reported in the financial result. This change in reporting resulted in a reduction of EUR 31 million in adjusted EBITDA and EBITDA in financial year 2018.

The impact of the application of the new IFRS standards on the Group Balance Sheet as of and for the period ended December 31, 2018 is illustrated below:

220 / **BALANCE SHEET** in EUR m

		Prospective application		Modified retrospective application		
Item	**12/31/2018 before application of new IFRS**	**Adjustments IFRS 9 (Class & Meas)**	**Adjustments IFRS 9 (Impairment)**	**Adjustments IFRS 15**	**Adjustments IFRS 16**	**12/31/2018 after application of new IFRS**
Property, plant and equipment	215	–/–	–/–	–/–	111	327
Deferred tax assets	96	–/–	0	– 1	–/–	95
Trade receivables	529	–/–	– 1	–/–	–/–	529
Non-current financial debt	3,193	– 4	–/–	–/–	–/–	3,189
Other financial liabilities (current and non-current)	426	–/–	–/–	–/–	122	548
Provisions for taxes	108	1	–/–	–/–	–/–	109
Accrued lease liabilities	11	–/–	–/–	–/–	– 11	0
Contract liabilities[1]	5	–/–	–/–	– 2	–/–	3
Consolidated equity generated	**– 123**	**3**	**– 1**	**2**	**0**	**– 119**

[1] The value of the contractual liabilities as of December 31, 2018 prior to the application of new IFRS represents the amount recognized on the date of the first-time adoption of IFRS 15 (January 1, 2018). In financial year 2018, EUR 2 million were realized from this item as revenues pursuant to IFRS 15.

The adjustment due to the first-time application of the provisions regarding classification and measurement of financial instruments under IFRS 9 can be attributed to the extension by one year until April 2023 of the funds from the syndicated loan agreement in the amount of EUR 2.1 billion reported under non-current financial debt, as was carried out in March. Pursuant to IFRS 9.B5.4.5ff., the effects of such transactions must be recognized in profit or loss. The counter entry was made in the other financial result. Moreover, the first-time application of IFRS 9 has not had any significant effects on the earnings, financial position and performance of the Group.

The recognition of certain license revenues pursuant to IFRS 15, which now is period-related, resulted in a decrease in passive contract balances of EUR 2 million and, after taking into account deferred taxes of EUR 1 million, in an increase in the Group's generated equity in the amount of EUR 2 million.

The increase in property, plant and equipment and other financial debt reflects the first-time application of IFRS 16 to leases that under previous legislation had been classified as operating leases. The difference in the amount of EUR 11 million between the two items in the financial statements relates to the adjustment of current lease liabilities and is attributable on the one hand to the first-time application of IFRS 16 as of January 1, 2019 and on the other to the first-time consolidation of eHarmony Group as of October 31, 2018.

Because of the first-time application of IFRS 9, 15 and 16, the consolidated net income used as the starting value for determining the cash flow from operating activities based on the indirect method changed by EUR 4 million in financial year 2018 in the statement of cash flows.

The payments from the repayment of lease liabilities shown in cash flow from financing activities increased by EUR 29 million as a result of the introduction of IFRS 16 in financial year 2018. Other than the described effects, the application of the new IFRS standards did not have any significant impact on the Group's earnings, financial position and performance.

B) RECENTLY IMPLEMENTED ACCOUNTING STANDARDS NOT AFFECTING THE GROUP

The changes to accounting principles and interpretations described below are applicable for the first time in the financial year ended December 31, 2018 and were applied by ProSiebenSat.1 Group for the first time. The implementation had no effect on the Group's earnings, financial position & performance.

IFRS 2 Classification and Measurement of Share-based Payment Transactions
The changes deal with individual issues relating to the accounting treatment of cash-settled share-based payments. The most significant change is the introduction of new rules for determining the fair value of obligations arising from share-based payments. The changes were implemented into European law on February 27, 2018.

IFRS 4: Application of IFRS 9 "Financing Instruments", together with IFRS 4 "Insurance Contracts"
The aim of the changes is to reduce the effects of different dates of first-time adoption of IFRS 9 and the future standard on accounting for insurance contracts (IFRS 17 "Insurance Contracts"), especially for companies with extensive insurance activities. The changes were implemented into European law on November 9, 2018.

IFRIC 22: Foreign Currency Transactions and Consideration Paid or Received in Advance
This interpretation regulates the accounting treatment of transactions involving the receipt or payment of consideration in foreign currencies. The interpretation was implemented in European law on April 3, 2018.

IAS 40: Transfers of Investment Properties
The changes mainly clarify whether real properties under construction or in development which initially were classified as inventories can be reclassified as "investment properties" if there has been an obvious change in use. The changes were implemented into European law on March 15, 2018. The Group currently does not have any investment properties within the meaning of IAS 40.

Annual Improvement Project 2014 – 2016: Changes to IAS 28
The changes make clear that the option to measure an investment in an associated company or in a joint venture held by a venture capital company or other qualifying entity at fair value through profit or loss is available individually for each such investment upon first-time recognition. The changes were implemented into European law on February 8, 2018. The Group accounts for its investments in associate companies and joint ventures at-equity.

C) ACCOUNTING STANDARDS YET TO BE IMPLEMENTED

The changes to accounting standards and interpretations issued by the IASB as described below are not applicable in financial year 2018 and were not applied early by the Group. ProSiebenSat.1 Group is currently analyzing the possible effects, but does not at this time expect any material effects on the Group's earnings, financial position & performance.

IFRIC 23: Uncertainty regarding Income Tax Treatment
IFRIC 23 clarifies the accounting treatment of uncertainties relating to income taxes within the meaning of IAS 12. Companies have to make a judgment call as to whether tax uncertainties are assessed individually for each issue or collectively for more than one. Here it must be expected that the competent tax authorities will exercise their right to review reported tax amounts and have full knowledge of all relevant information.

If it is probable that the tax authorities will accept the tax treatment chosen by the company, it must determine the tax amounts based on the amounts reported in the tax return. If the company concludes that the tax authorities will not accept the tax treatment, the resulting tax amounts must be recognized at the most probable amount or at the one expected.

The interpretation was implemented in European law on October 24, 2018 and is applicable to financial years beginning on or after January 1, 2019.

IAS 28: Long-term Shares in Associated Companies and Joint Ventures
The changes make it clear that companies are obligated to apply IFRS 9, including its impairment provisions, to non-current investments in associated companies or in joint ventures which are substantially part of the net investment in the associated company or joint venture and are not accounted for using the equity method. The changes are applicable to financial years beginning on or after January 1, 2019. The amendements were endorsed by the European Commission on February 11, 2019. ProSiebenSat.1 Group reports all shares in associated companies and joint ventures using the equity method.

IFRS 9: Early Repayment Arrangements with Negative Compensation Payment
The changes relate to financial assets with so-called symmetrical termination rights in order to enable them to be measured at amortized cost or at fair value with no effect on income. In addition, the changes clarify how modifications to financial debt that does not result in derecognition should be accounted for. The changes are applicable to financial years beginning on or after January 1, 2019 and were implemented in European law on March 26, 2018.

Annual Improvement Project 2015 – 2017: Changes to IFRS 3, IFRS 11, IAS 12 and IAS 23
The changes to IFRS 3 make clear that a company upon gaining control of a joint venture business reassesses its shares held previously in such business. The changes to IFRS 11 make clear that a company upon gaining joint control of a joint venture business does not reassess its shares held previously in such business.

The changes to IAS 12 make it clear that the provisions in the previous margin number 52B (Recognition of Income Tax Effects of Dividends, where the transactions and events giving rise to the distributed profits are recognized as well) apply to all income tax effects of dividends due to the next margin number 52A, which pertains only to situations with different interest rates for distributed and undistributed profits.

The changes to IAS 23 make it clear that when an asset is ready for its intended use or sale, a company treats any remaining borrowings that have been specifically taken out to maintain such asset, are treated as part of the generally incurred borrowing when calculating the general borrowing capitalization rate.

The changes are applicable to financial years beginning on or after January 1, 2019. They have yet to be implemented into European law.

IAS 19: Plan Changes, Reductions, or Settlement
As a result of said changes, in future, it will be mandatory to recalculate current service cost and net interest for the remainder of the financial year when a performance-based benefit plan is changed, reduced or settled, using the current actuarial assumptions that were used to reassess the net liability (asset). Similarly, it is also made clear how such matters affect the so-called asset ceiling. The changes are applicable to financial years beginning on or after January 1, 2019. They have yet to be implemented into European law.

IFRS 3: Definition of Business
The change adapts the definition of a business as this frequently was problematic in practice and since this decision has accounting consequences for the recognition of assets, goodwill and deferred taxes. The changes are applicable to financial years beginning on or after January 1, 2020. They have yet to be implemented into European law.

IAS 1 and IAS 8: Definition of Materiality
These are limited changes to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", intended to clarify and standardize the definition of materiality. The changes are applicable to financial years beginning on or after January 1, 2020. They have yet to be implemented into European law.

IFRS 17: Insurance Contracts
IFRS 17 regulates the accounting of insurance contracts anew and will replace the previously valid standard IFRS 4 "Insurance Contracts". According to IFRS 17, as a rule, insurance contracts are valued according to a general model. The initial recognition of a group of insurance contracts is based on the settlement value and contractual service margin. The reference value of the underlying parameters determines the subsequent balancing. The standard is applicable to financial years beginning on or after January 1, 2021. They have yet to be implemented into European law.