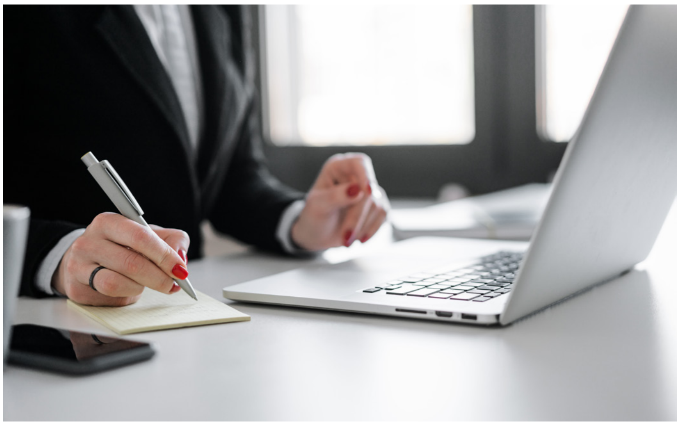
External reporting updates

CHANGES TO ANNUAL REPORTING FOR THE 2024 FINANCIAL STATEMENTS

The Dutch Accounting Standards Board (DASB) annually issues a new edition of the Dutch Accounting Standards. The annual edition for 2024 sets out the Accounting Standards applicable to reporting years beginning on or after 1 January 2024 ('the financial year 2024'). This particular edition mainly includes clarifications to existing Standards. Substantive changes are limited. Nationally as well as internationally, developments mainly focus on sustainability reporting.

October 2024 also saw the release of the annual edition for 2025. Although that edition applies to reporting years beginning on or after 1 January 2025 ('the financial year 2025'), it contains some clarifications and changes that may already be helpful and relevant for preparing the financial statements for the financial year 2024. This publication briefly outlines the most relevant changes and clarifications.

This publication outlines the key changes and clarifications for the financial statements 2024 of large and medium-sized legal entities. Changes in the rules for special sectors (such as not-for-profit organisations, healthcare institutions and financial institutions) are not covered in this publication. The changes to Accounting Standards for micro and small legal entities are addressed at the end of this publication.



Clarifications on going-concern reporting

The DASB has made several clarifications to the going-concern standard (Dutch Accounting Standard (DAS) 170 'Discontinuity and material uncertainty regarding going concern'), mainly in response to a comment letter from the Royal Netherlands Institute of Chartered Accountants (NBA). The three key clarifications are set out below. With these adjustments, the DASB did not intend to make any substantive changes to the Standard.

Assistance by stakeholders

A legal entity's continuity may depend on (additional) assistance provided by its stakeholders. Examples include continued financing by the bank if loan conditions are not met or a commitment by shareholder(s) to make additional payments if necessary (also known as a 'comfort letter'). Under the old Standard 170 (paragraph 302), material uncertainty (previously termed serious uncertainty) could be said to exist regarding the going-concern assumption 'as long as uncertainty remains about whether additional assistance from stakeholders will be obtained or will be sufficient'. The DASB has clarified how the necessary assistance from stakeholders will affect the assessment as to whether there is material uncertainty regarding going concern. Material uncertainty only exists if, at the date of preparation, the (additional) assistance needed from stake-holders is not yet sufficiently plausible (see example in box on the next page).

Rising commodity prices are putting severe pressure on a company's liquidity position. As a result, the loan conditions agreed with the bank are no longer met as at the balance sheet date 2024, giving the bank the right to demand immediate repayment of the financing. In this case, the company's discontinuity becomes inevitable. During the period of preparing the financial statements, the company owner has held talks with the bank's account manager, who said they were willing to continue the financing, subject to approval from an internal committee. As at the financial statements preparation date, no such approval had been received. Because the company is dependent on the bank's cooperation for its survival, there is an increased degree of uncertainty regarding its continuity. However, if the company owner considers that continuation of the loan is sufficiently plausible, this situation will not lead to material uncertainty regarding going concern. In that case, there will be no mandatory disclosure of the going-concern assumption. However, the DASB does stress that, under the true and fair view requirement, disclosure of substantial uncertainties and judgements may be necessary. In addition, the Dutch Auditing Standards applied by auditors (the 'NV COS') may still result in management being asked to include a note about the going concern-assumption in the financial statements.

In response to questions from practitioners as to what 'sufficiently plausible' means and what 'level of assurance' the DASB intends to ensure with this term, the DASB has clarified that the interpretation depends on the company's situation. The DASB goes on to state that 'if assistance from stakeholders is not entirely certain yet, the assessment needs to look at whether such assistance is probable to such a (high) degree that no material uncertainty regarding going concern remains'.

Sufficiently plausible

'Sufficiently plausible' is a new concept in the accounting standards. Based on the DASB's explanation of this concept, our impression is that the DASB intends to ensure (as a minimum) a level of assurance equal to 'highly probable/reasonably certain'. This level is associated with a perceived value of 80% (table taken from M.N. Hoogendoorn RA, 'De schaal van waarschijnlijkheid' (The scale of probability), Tijdschrift voor Jaarrekeningenrecht 2017, no. 6, pp. 153–154). This is not of course a firm mathematical limit, but rather a line of thinking.

The scale of probability	
Inevitable	100%
Virtually certain	95%
Highly probable/Reasonably certain	80%
Probable	>50%
Possible	30%
Serious uncertainty/Reasonable doubt/Real chance	10%
Highly improbable	5%

Clarification of material uncertainty regarding going concern

If there is material uncertainty regarding going concern, there is a legal disclosure obligation (Section 384(3) of Book 2 of the Dutch Civil Code). The Standards required that, in such a situation, the notes must provide an adequate rendition of the circumstances in which the legal entity finds itself. They did not impose the legal requirement to specifically disclose that there is material uncertainty regarding going concern. The DASB has adjusted the relevant standard (DAS 170.305) accordingly.

DAS 170.305 now reads as follows:
'If there is material uncertainty regarding going concern, this must be disclosed in the notes pursuant to Section 384(3) of Book 2 of the Dutch Civil Code. The legal entity must also provide in the notes an adequate rendition of the circumstances in which the legal entity finds itself'.

Overview of scenarios and sample texts

Because the DASB is aware that there has been some unclarity in practice about the various going-concern scenarios, the correlation between them and the associated reporting requirements, the DASB has included a summary chart as an annex to DAS 170. As shown in the chart, the DASB identifies four going-concern scenarios, with the corresponding bases and disclosure requirements (if any):

The various going-concern scenarios

Scenario		Basis	Disclosure
#1	No uncertainty about going concern	Going concern	No disclosure required
#2	Concerns about going concern, but no material uncertainty	Going concern	If necessary for the required insight: disclosure of significant judgements, estimates and uncertainties (DAS 110.129 and DAS 135.203)
#3	Material uncertainty about going concern	Going concern	Disclosure required (Section 384(3) of Book 2 DCC/DAS 170.305)
#4	Inevitable discontinuity	Liquidation basis	Disclosure required (Section 384(3) of Book 2 DCC/DAS 170.208)

Taken from Annex 1 'Going-concern scenarios and relevant reporting requirements' to DAS 170, annual edition for 2024

A legal entity may be set up for a specified period of time or discontinue its operations of its own accord. In those cases, the entity's business operations will not continue on a long-term basis. But if the legal entity is expected to be able to meet its obligations, the regular (going-concern) principles will continue to apply. However, specific disclosure requirements do apply (see DAS 170.104).

Tip!
In the draft DASB Guideline proposing the changes (DASB Guideline 2023-3), the DASB also gives specific examples of the different going-concern scenarios and the disclosures required to be made. Those examples are not, however, included in the Standard or the annexes to the Standard. It is therefore recommended to refer to DASB Guideline 2023-3 (see www.rjnet.nl) as and when appropriate.

Intercompany transactions

Transactions may take place between group companies. To the extent that these transactions result in an asset in the hands of the recipient, the transferor must assess to what extent the gain or loss on the transaction can be classified as realised or is to be eliminated in its consolidated and/or separate financial statements. DAS 260 'Accounting for gains or losses on intercompany transactions in financial statements', which sets outs the reporting requirements in this regard, has been fully restructured in the annual edition for 2024 to improve its readability and accessibility. Without any substantive changes having been made, the Standard is now structured according to the measurement basis for the investee: equity method or cost/current value.

Apart from its revised structure, the Standard contains some clarifications on substantive points, as discussed below, with the parent company's financial statements being used as a starting point.

Losses on intercompany transactions

The transferring legal entity may incur a loss on an intercompany transaction ('IC transaction'). The DASB has clarified that the normal method of elimination also applies to such transactions, meaning that losses on IC transactions also need to be eliminated (proportionally). The DASB does stress, however, that a loss may be an indication of impairment of the asset in question. This will then need to be analysed further and accounted for on the basis of the Standards on impairment (in the case of fixed assets) or lower net realisable value (in the case of inventories).

Example: elimination of losses
A parent company transfers real estate to its 90% subsidiary at market value. The market value is lower than the book value at which the property is carried on the parent company's balance sheet. In its own separate financial statements, the parent company eliminates 90% of the loss (DAS 260.208). After all, 10% of the loss is borne by the 10% shareholder. In its consolidated financial statements, the parent company eliminates the entire loss (and the entire transaction) because the 90% subsidiary is consolidated (DAS 260.401). This treatment will, incidentally, create a difference between the equity and profit or loss as shown in the consolidated statements and separate statements, which pursuant to Section 389(10) of Book 2 DCC will need to be explained.

The loss on the transaction may be an indication of impairment of the interest still owned directly or indirectly in the property after the sale. If the property's value in use still exceeds its carrying value, impairment will not be an issue.

Elimination in the event of a negative net asset value

If the net asset value of an investee has become negative, for example due to continued losses, the investee must be valued at nil (DAS 214.418). The Standards did not discuss the situation in which the investor company sells an asset to the 'negative investee' at a profit. Should this gain also be eliminated? On the one hand, it could be argued that the investor company will not incur any further losses on the asset. Even if the asset were lost, no further losses would be recognised on the interest in the investee, which had already been valued at nil. On the other hand, the investor company would still have an indirect beneficial interest in the asset. In the revised Standard, the DASB has clarified that, even then, the unrealised gain should be eliminated.

Presentation of elimination entries

The Standards only briefly discussed how eliminated gains or losses on IC transactions should be presented in the financial statements. The revised Standard addresses this in more detail, providing a new alternative for presentation in the balance sheet in the case of an upstream sale. As regards presentation in the profit and loss statement in the event of a downstream sale, one accounting method has been dropped.

Presentation in:	Balance sheet	Profit and loss statement
Downstream	As accrual or to be recognised in value of investee	To be recognised in item that includes the IC transaction (e.g. turnover or other income) *The possibility of processing the elimination in the share of profit or loss in investees has been dropped*
Upstream	As accrual or to be recognised in value of investee or *(new)* value of acquired asset	To be recognised in share of profit or loss in investee
Sidestream	As accrual or to be recognised in value of investee	To be recognised in share of profit or loss in investee

Of course, if the net asset value of an investee has become negative, it will not be possible to process elimination of the unrealised gain or loss on the IC transaction in the investee's value.

Processing the elimination entry by increasing or reducing the value of the asset acquired (the new alternative for an upstream sale) has the advantage that, in the case of a wholly-owned subsidiary, the IC transaction will not lead to a difference between the asset's carrying amount in the separate financial statements and its carrying amount in the consolidated financial statements.

Example: presentation of elimination entries

A parent company acquires real estate from its wholly-owned subsidiary. The subsidiary makes a book profit of 100, which it fully recognises in its own financial statements (DAS 260.502). The parent company should eliminate the unrealised IC profit of 100 in its own separate financial statements (DAS 260.209). It should also eliminate the entire transaction in its consolidated financial statements. In its (separate) balance sheet, the parent company may recognise the elimination entry of 100 as an accrual, as part of the value of the property acquired or as part of the value of the investee. In the (separate) profit and loss statement, the share of profit or loss in investees should be adjusted for the relevant amount.

Classification of financial instrument in separate financial statements

For purposes of recognition in the financial statements, the focus is on the economic reality of the transaction, rather than its legal form. An actual exception to this 'substance over form' principle is the classification of financial instruments in the separate financial statements. A key objective of the separate financial statements is to provide an insight into the legal entity's freely distributable equity. Accordingly, equity has traditionally been recognised in the separate financial statements on the basis of its legal form. This 'difference' in guiding principle may result in a financial instrument, such as a share, having the legal form of equity, being recognised as equity in the separate financial statements, whereas the same instrument is presented as debt capital in the consolidated financial statements. This will be the case if the share qualifies as a financial liability from the perspective of economic reality.

Example

Buyer A acquires company X from Seller B. As part of the purchase price, Buyer A issues shares. It agrees with Seller B that Seller B will have the right to transfer the shares back to Buyer A after a period of one year at their then current value. In legal terms, the instrument constitutes equity (because it involves shares). However, because Buyer A has an obligation to repurchase the shares if Seller B exercises its right, the economic reality is that the instrument represents a liability for Buyer A. In its consolidated financial statements, Buyer A will need to classify the shares as a financial liability. In its company financial statements, it will have the choice of classifying the shares as equity or as a financial liability (see further on the next page).

With effect from the financial year 2019, entities are permitted to use economic reality as a basis for classifying a financial instrument either as equity or as debt capital in the company financial statements (DAS 240.207). This will ensure reconciliation between equity in the consolidated statements and equity in the company statements. Partly in response to comments received and case law, the DASB has clarified the reporting requirements for the presentation and classification of financial instruments on a number of points.

Presentation in the balance sheet

Using an example in a new annex to DAS 240, among other things, the DASB has clarified that, if a financial instrument is presented as equity in the separate financial statements based on its legal form, whereas it qualifies as debt capital in economic reality, the amount of the instrument should be presented as a separate item in equity (DAS 240.207). This will show that some of the equity is, in substance, a liability.

Example of presentation of equity in the separate financial statements

Equity may be presented in the separate financial statements as follows if the classification of financial instruments is based on their legal form and economic reality differs from that:

Shareholders' equity	
Issued capital	1,000,000
Other reserves	1,500,000
Reserve with the economic reality of debt capital	500,000
Total	3,000,000

If there are different types of financial instruments, each such type of financial instrument may be presented separately in the balance sheet under equity. In line with the example, if the aggregate amount of these instruments is presented as a separate item in the balance sheet under equity, the notes should specify the amount for each individual type of instrument.

In the notes, the (aggregate) amount of the 'reserve with the economic reality of debt capital' should be subdivided into the categories of equity referred to in Section 373(1) of Book 2 of the Dutch Civil Code (issued capital, other reserves, etc.). The notes should also describe the main terms of the financial instrument.

Profit-dependent payments

As regards the classification of financial instruments with profit-dependent payments, these may be recognised in the consolidated financial statements either as equity or as debt capital. The DASB has clarified when a situation involves profit-dependent financial instruments and how the term 'profit-dependent payments' should be interpreted (DAS 290.810).

Profit-dependent payments exist when there is no obligation to repay the financial instrument and the non-discretionary payments arising from the instrument are conditional on sufficient profit being available to make the payment (or part of the payment) for that year.

An example of a profit-dependent payment is the cumulative preference dividend that is contractually payable to the holders of cumulative preference shares. If payment of this dividend depends on the availability of sufficient profit in any year and there is no obligation to repurchase the shares, this is a financial instrument with profit-dependent payments. The legal entity will then have the choice of accounting for this instrument as equity or as a financial liability.

Negative bank balances and the cash flow statement

In practice, the treatment of negative bank balances in the cash flow statement appears diffuse. The existing Standard on cash flow statements (DAS 360) provided that 'credit balances in bank accounts' are part of cash equivalents whose movements during the financial year should be disclosed in the cash flow statement. Taken literally, this means that debit balances (negative bank balances) are not covered by the term 'cash equivalents' because they are not 'credit balances'. The DASB has clarified in what situations negative bank balances should be included in cash equivalents in the cash flow statement. This will be the case when these current-account positions with a bank (1) are immediately payable on demand and (2) form an integral part of the legal entity's cash management. These current-account positions are often characterised by frequent fluctuations between a credit and debit balance. The DASB stresses that this characteristic is an indicator, not a requirement.

The DASB provides no further interpretation of the phrase 'forms an integral part of the legal entity's cash management'. If there is a bank account with a debit balance that is used mostly for working capital transactions (such as paying creditors or receiving payments from debtors), the bank account will usually qualify as a cash equivalent in the cash flow statement.

The situation may arise that a bank account shows a credit balance at the balance sheet date but has been in the red for the full financial year or the best part of the financial year. In practice, the bank balance at the balance sheet date will presumably be used to assess whether or not the bank account should be part of cash equivalents in the cash flow statement.

Pillar Two income taxes

December 2023 saw the adoption of the Minimum Taxation Act 2024 in the Netherlands. This is the Dutch implementation of the Organisation for Economic Cooperation and Development's (OECD) Pillar Two framework. The aim of this international piece of legislation is to ensure that multinational and domestic groups with a (consolidated) group turnover of more than EUR 750 million pay a minimum 15% tax on their profits in the jurisdictions where they operate.

The Dutch Minimum Taxation Act 2024 came into force on 31 December 2023 and is applicable for the first time to reporting years beginning on or after 31 December 2023. In the wake of this legislation, the DASB made changes to Standard 272 'Taxes on profits' with effect from the financial year 2023. It has clarified that Pillar Two income taxes fall within the scope of that Standard. In addition, a mandatory temporary exception was introduced for the recognition of deferred taxes related to Pillar Two income taxes. This is because it is still too uncertain how any additional levy will relate to the measurement of deferred tax items in the financial statements 2024 and whether or not this will lead to any additional tax-commercial differences for which a deferred tax item should be recognised.

As a result of the changes to Standard 272, the following disclosures need to be included in the financial statements:

- the fact that use has been made of the mandatory exception regarding recognition of deferred tax assets and liabilities related to Pillar Two income taxes;
- the Pillar Two tax expense (or income), including any Pillar Two charging on, included in the tax expense or income; and
- the charging-on method, if income taxes are charged on within the Pillar Two group.

The Introduction to DASB Guideline 2023-14 notes that the above disclosures should be made by legal entities that fall within the scope of Pillar Two legislation. However, this restriction in terms of scope has not been included as such in the Standard, though it seems obvious to us.

Because the Dutch Minimum Taxation Act 2024 was passed after publication of the annual edition for 2024, the edition applicable to the financial year 2024 does not include these additional disclosure requirements. However, they are included in DASB Guideline 2024-3, published in February 2024 and effective as of 1 January 2023.

Clarification on how to apply the effective interest method to measure financial instruments at amortised costs

Amortised cost is a measurement basis for certain financial assets and financial liabilities, such as loans acquired or issued. Measurement at amortised cost is characterised by the fact that it includes the transaction costs that are directly attributable to the acquisition or issuance of the instrument. Any premium or discount is also factored into the measurement of the instrument. There is a premium if the payment or interest rate agreed for the receivable or debt exceeds the market rate prevailing at the time. If, on the other hand, the payment or interest rate is lower than the market rate, a discount arises. By including the premium or discount in the instrument's measurement and applying what is known as the effective interest method, the profit and loss statement will annually show an amount in interest income or expense that is consistent with the market rate.

Example of amortised cost and the effective interest method

A company receives an interest-free five-year loan of EUR 2,000 from one of its shareholders. The agreed interest rate is 4% per annum. The prevailing market rate is 5%. The interest rate is lower than the market rate, and the resulting discount is factored into the instrument on initial recognition. On initial recognition, the loan is measured at its fair value, i.e. the present value of the repayments and interest payments using a discount rate of 5% (the market rate). Accordingly, the loan is measured initially at EUR 1,913 ($80/1.05^1 + 80/1.05^2 + (\dots) + 2{,}080/1{,}05^5$).

By applying the effective interest method, an interest expense is recognised annually on the outstanding carrying amount of the loan equal to the market interest rate (5%):

	Amortised cost at 1 Jan	Interest expense (5%)	Interest payment (4%)	Amortised cost at 31 Dec
Year 1	1,913	96	80	1,929
Year 2	1,929	96	80	1,945
Year 3	1,945	97	80	1,962
Year 4	1,962	98	80	1,980
Year 5	1,980	100	80	2,000

At the end of Year 5, the carrying amount of the loan is EUR 2,000, this being the amount to be repaid.

There turned out to be some confusion in practice about how to apply the effective interest method when measuring financial instruments at amortised cost. In particular, it was unclear how a modification of the contractual terms of an instrument should be recognised. For example, if changes are made to the agreed interest rate during the contract due to certain circumstances affecting the entity. Or if changes are made to the term of the contract or the security provided. The DASB has clarified that, if a modification of the contractual terms does not result in a substantial change in economic reality, the instrument should continue to be carried on the balance sheet. However, in that situation, a difference will arise that will need to be accounted for if the modification leads to a change in contractual cash flows. The legal entity will then have the choice:

a) either to recognise this effect directly in profit or loss; or
b) to spread this effect over the remaining expected term by adjusting the effective interest rate.

Annex 1 to Standard 290 'Financial instruments' provides an example of both accounting methods.

The DASB does not say what it means by a 'substantial change' in economic reality or address the accounting treatment if such a change occurs. It merely builds on the general provision set out in DAS 115.109: an asset or a liability should continue to be carried on the balance sheet if a transaction does not lead to a significant change in economic reality as regards the asset or liability. Under IFRS, the method described in point (a) should be used, so that the effect of a non-substantial change is recognised directly in profit or loss. IFRS uses a standard of 10%: if the present value of the new cash flows using the original effective interest rate is at least 10% different from the present value of the cash flows of the original financial liability, there has been a 'substantial modification', and that modification should be recognised as if the old loan was repaid and new financing obtained. Although the DASB does not use this 10% standard, it is not usual for this rule of thumb to be applied in Dutch practice.

Several relevant clarifications in the annual edition for 2025

In the annual edition for 2025, the DASB has included several clarifications that may also be helpful when preparing the financial statements for 2024 and therefore may be adopted earlier. The two most relevant clarifications are briefly highlighted below.

Employee benefits with or without accrual of rights

Schemes may be available entitling employees to continued pay when absent, provided that certain conditions are met. An example in point is a vitality scheme, which is generally subject to a length of service requirement (i.e. a minimum number of years that an employee will have to have been employed). The current Standard 271 'Employee benefits' does not specifically refer to these schemes and only discusses in general terms the distinction between benefits with and benefits without accrual of rights. The revised Standard specifically refers to vitality schemes, clarifying how to assess whether, in the period during which the conditions for the scheme are not yet met, there have been benefits:

- with accrual of rights, in which case a liability should be recognised at the balance sheet date that will accrue over the years (of service); or
- without accrual of rights, in which case no liability should be recognised at the balance sheet date, with the expense being recognised in the period for which the benefit is due.

The DASB clarifies that, if there is a length of service requirement, the scheme should generally be considered a scheme with accrual of rights, unless this requirement has little or no economic significance.

For example, if the right to continued pay is acquired after five years of service, the reserve will usually be accrued over these five years. This is to ensure that staff costs are allocated to the period in which work is performed.

If, on the other hand, the right to continued pay is acquired on reaching a certain age, provided that at that point the employee has been employed for at least three months, the length of service requirement seems to have little or no economic significance, and the scheme may be one without accrual of rights. In that case, employee benefits should be recognised in the year for which the benefits are due. That means the expense is not matched to the employment period.

The DASB has also inserted a new section in Standard 271 (Section 4) dealing with the accounting treatment of early retirement schemes. These schemes are intended to bridge the period until the start date of the state or other pension, with no work being performed during that period. The DASB discusses the circumstances under which a liability should be recognised for these schemes and how that liability should be measured. The guiding principle here is that the expected expenses should be accounted for in the period during which the right to pension payments is actually accrued.

Classification of debts with loan conditions

Amounts falling due within 12 months of the balance sheet date should be presented as current liabilities in the balance sheet (DAS 254.303). There are several rules-based exceptions to this main principle, such as a short-term loan at the balance sheet date that has been refinanced in the period during which the financial statements were prepared (DAS 254.305), or a loan whose financing conditions are not met at the balance sheet date but for which a grace period is agreed no later than during the preparation period, as a result of which the loan will not fall due within 12 months of the balance sheet date (DAS 254.307). In such situations, the option exists to continue to present the debt as non-current.

Under IFRS, the question arose as to how to deal with a loan the financing covenants for which are expected to be breached after the balance sheet date, at the time of the next measurement. Because there is no obligation at the balance sheet date to repay the loan within 12 months of the balance sheet date, the IASB has clarified that such loans should remain classified as non-current. The DASB has decided to follow this lead but, by way of an alternative, will allow the loan to be classified as current in the balance sheet.

At the balance sheet date, the company observes that it meets the financing conditions agreed with its principal banker under a long-term financing arrangement. However, it expects that, at some point within 12 months of the balance sheet date, it will be unable to meet the financial covenants, causing the financing to become repayable on demand. Under the added paragraph DAS 254.307a, the main principle is that the relevant debt should remain classified as non-current. That is because the situation at the balance sheet date was that the loan would not fall due within 12 months. However, by way of an alternative, the DASB allows the debt to be classified as current on the grounds that this may improve transparency in terms of the legal entity's liquidity. The notes will need to state that use is being made of this alternative.

Changes in annual reporting for micro and small legal entities

The DASB issues a separate edition of the Dutch Accounting Standards for micro and small legal entities, covering issues and situations frequently encountered by this category of legal entities. If certain issues or situations are not covered by this specific edition, it has generally been common practice for micro and small legal entities to apply the accounting standards as set out in the DASB's edition for large and medium-sized legal entities.

The clarifications described in this publication regarding negative bank balances and the cash flow statement do not apply to micro or small legal entities because of certain exemptions. Moreover, for small legal entities, the disclosure provisions regarding Pillar Two income taxes are limited to the accounting policies and do not require them to assess the economic reality of a financial instrument if, in the (separate) financial statements, they base the instrument's classification on its legal form. Micro legal entities are exempt from the disclosure requirements set out in this publication. However, the other changes and clarifications included in this publication do apply (in full) to micro and small legal entities. For ease of reference, this publication only includes references to the DASB edition for large and medium-sized entities.

WANT MORE INFORMATION?

If you have any questions, please feel free to contact your accountant at BDO.

01/2025 – FA2525