

Because we are systematically and progressively committed to the general economic and social interests of Germany with regard to standardisation.

With passion and efficiency.

For 25 years.

25

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In the magazine section, we review the past 25 years of the ASCG and share impressions from our gala event in Berlin on 6 July 2023. Crucial developments in financial reporting have determined our journey, outstanding personalities have shaped our work. And now it is political and social changes that are driving our vision and expertise as we embark on the next generation of corporate reporting.		Collaboration with other standard-setters	45	General Assembly	76
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Ladies and gentlemen, dear ASCG members,

As in previous years, the ASCG's work in 2023 was heavily influenced by the latest developments in the area of financial reporting, but above all in the field of sustainability reporting. The ASCG contributed to the development and enhancement of corporate reporting not only in its role as a national standard setter, but also as part of its work to represent the general economic interest and through its technical expertise at European and international levels. The past year showed once again that the technical and strategic profile that the ASCG has built up in recent years has proven its worth, allowing us to look back on a successful year.

When the Corporate Sustainability Reporting Directive (CSRD) came into force on 5 January 2023, the need for a large number of companies in Europe to publish information on their sustainability in addition to their financial reporting in accordance with standardised European rules already emerged at the beginning of last year. Although this has already applied since the beginning of this year to public-interest entities that were covered by the Non-Financial Reporting Directive (NFRD), a large number of other companies will have to prepare for first-time obligatory application in the coming years. This is the case not only for large companies as defined by the Accounting Directive, but also for publicly traded small and medium-sized enterprises (SMEs) and certain third-country companies. Compared with the scope of the NFRD, the number of preparers for sustainability reporting has therefore widened significantly.

The European Financial Reporting Advisory Group (EFRAG) has assumed the mandate to develop a standardised rulebook on sustainability reporting at the European level under the terms of the specific structure of the CSRD. The ASCG has been actively involved in shaping the European Sustainability Reporting Standards (ESRS) from the outset through its membership of EFRAG's technical bodies. In its role as Europe's largest national standard setter, it not only made a significant technical contribution, but also ensured that the interests of German companies and associations were appropriately reflected.

Following the completion of all consultations and selected amendments to the draft standards developed by EFRAG, the European Commission adopted the first set of twelve cross-cutting ESRS on 31 July 2023. The compulsory application of the ESRS by German companies still formally requires the transposition of the CSRD into German law by the middle of this year. We can assume that the German lawmakers will honour this formal requirement in good time, so we are eagerly anticipating the first year of application of the standards for many German companies!

Last year, the ASCG invited its members to six Preparer Forums to discuss various problems and challenges relating to the implementation of the ESRS. The high number of attendees and the lively discussion at the events showed how important it is for companies and associations to exchange views on the implementation of the ESRS. At the same time, this format gave attendees an opportunity to address application issues and problems, which the ASCG subsequently contributed to the development of implementation guidance at EFRAG. In November 2023, the ASCG submitted initial

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questions and potential solutions to the 'EFRAG ESRS Q&A Platform', which went live in October. This platform, which is designed to collect and address application issues relating to the ESRS, is part of the ongoing process established by EFRAG to support preparers. In addition, we factored the feedback from the Preparer Forums into the ASCG's comment letters on the guidance documents on the focus topics of 'materiality assessment', 'value chain' and 'data points', which were published for consultation in December 2023. EFRAG wants to provide further support for the application of the ESRS through these guidance documents and other planned guidelines.

EFRAG has postponed work on the sector-specific sustainability standards so that it can prioritise implementation issues for the first set of the ESRS. In general, however, it can be assumed in this case that developing the corresponding exposure drafts and their consultation alone will take several years.

The first set of the ESRS is primarily aimed at public-interest entities subject to reporting requirements this year and to other large companies required to start reporting from 2025. EFRAG has developed separate, interlinked standards for listed SMEs that are also covered by the CSRD from the following year, and for unlisted SMEs, which are encouraged to publish voluntary sustainability reports. The drafts of the LSME ESRS (listed SMEs) and the VSME ESRS, which can be applied voluntarily by other SMEs, were published in January 2024. In parallel to the public consultation, the exposure drafts will be trialled in practice by means of field tests.



▲ 'Passing the baton' to Marco Swoboda, the new Chairman of the Administrative Board

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The ASCG established a pilot group in cooperation with the German Council for Sustainable Development (RNE) to support the preparation of SMEs in the use of sustainability reporting. As part of this, SME sustainability reporting will be discussed from a forward-looking perspective. In addition, the pilot group will evaluate the exposure drafts published by EFRAG so that the ASCG, representing the interests of the SMEs they affect, can comment on them.

European lawmakers have also pushed ahead with the establishment of a European access portal for centralised access to publicly available information relevant to financial services, capital markets and sustainability, known as the European Single Access Point (ESAP). It will be operated by the European Securities and Markets Authority (ESMA), and is scheduled to start working in the second quarter of 2027. The relevant company information will be collated in the ESAP via national data collection centres. Ideally, companies should therefore only have to file the information once at national level ('file only once' principle).

The ISSB was also active at the international level last year. In June, the Board published IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, two industry-independent sustainability reporting standards. However, there are currently no plans to adopt them into European law. Nevertheless, the ISSB and the European lawmakers are striving for a certain degree of harmonisation of the requirements in the sense of interoperability in order to provide a uniform framework for sustainability reporting worldwide.

In addition to all of these developments in the field of sustainability reporting that the ASCG was involved in during 2023, the ASCG also demonstrated its proven ability to be a driving force and an expert and agile point of contact for its members when it comes to the continued development of financial reporting. In the past year, for example, we updated certain aspects of GAS 20 *Group Management Report* and GAS 21 *Cash Flow Statements*. At the national level, the ASCG also contributed actively to the legislative process for the transposition of the Directive on ensuring a global minimum level of taxation.

Moreover, the ASCG again took part in all EFRAG and IASB consultations. Our comments on the IASB's 'Primary Financial Statements' project and the post-implementation review of IFRS 15 *Revenue from Contracts with Customers*, as well as consultations in the course of the currently highly topical issue of accounting for power purchase agreements under IFRS 9, deserve mention in this context. In doing so, the ASCG constantly seeks direct dialogue with its members and other organisations and companies through Preparer Forums and other outreach events.

I would particularly like to mention the ASCG's evaluation of the application of IFRSs in Germany, the first phase of which has now been completed. It aims to analyse the effectiveness and efficiency of international financial reporting and, where appropriate, to derive recommendations for action that are targeted at specific groups. The ASCG conducted broad-based interviews with many stakeholder groups and published a feedback statement in

this context in 2023. For 2024, we are looking forward to the second phase, when we will conduct more detailed empirical surveys of companies and other stakeholders.

The growth in the ASCG's membership base continues to be very encouraging. Last year, we had the pleasure of welcoming eight new members, in the shape of Accenture GmbH, Baker Tilly GmbH & Co. KG WPG, BANSBACH GmbH WPG StBG, Barmenia Krankenversicherung AG, Bundesanzeiger Verlag GmbH, ETL AG WPG StBG, Sartorius AG and Wintershall Dea AG. DVS Technology AG and Stakeholder Reporting GmbH left the ASCG.

The regular elections to the Administrative Board were held in 2023. In this context, we said farewell to Georg Baur (VÖB), Marc Oliver Heß (Aareal Bank AG), Robert Köthner (Mercedes-Benz Group AG), Klaus-Peter Naumann (IDW), Daniel Quinten (BVR), Dr Sven Schneider (Infineon Technologies AG) and Ute Wolf (Evonik Industries AG), whose terms of office ended, as scheduled, at the General Assembly on 13 July 2023. At the same time, Anke Daßler (Evonik Industries AG), Thomas Messerle (Infineon Technologies AG), Melanie Sack (IDW), Andrea Schriber (Deutsche Bank AG), Karolin Schriever (DSGV), Harald Wilhelm (Mercedes-Benz Group AG) and Dr Hilmar Zettler (BdB) were elected as new members of the Administrative Board for a three-year term of office.

The members of the Nomination Committee was also newly elected. Since summer 2023, it has consisted of Santokh Advani (Marquard & Bahls AG), Prof. Dr Alexander Bassen (University of Hamburg), Andreas Dörschell (WPK), Prof. Dr Rolf Uwe Fülbier (University of Bayreuth), Prof. Dr Joachim Hennrichs (University of Cologne), Gerhard Hofmann (BVR), Joachim Kölschbach

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(KPMG) and Jonathan Townend (BMW AG) as the new Chair. Prof. Dr Hans-Joachim Böcking (University of Frankfurt), Rolf Friedhofen (Private Practice), Prof. Dr Bernhard Pellens (Ruhr University Bochum), Hans-Jürgen Säglitz (GDV), Dr. Thomas Wittig (BMW AG), Gerhard Ziegler (WPK) and Yvonne Zwick (B.A.U.M. e. V.) left the Nomination Committee.

I would like to express my sincere thanks to all of the former members of ASCG bodies for their commitment and many years of dedication and, at the same time, I am looking forward to working with my new colleagues on these two key ASCG bodies.

However, my particular thanks go to Dr Nicolas Peter, who led the Administrative Board so outstandingly until 31 December 2023 and played a key role in shaping the positive development of the ASCG in recent years. I was delighted to be able to take over from him as Chair on 1 January 2024. He was succeeded on the Supervisory Board by Walter Mertl (BMW AG) at the turn of the year. Dr Peter will bid you farewell in a separate message in the magazine section of this report.

There were also individual changes in the ASCG's financial reporting body in the shape of the two technical committees. As at 1 December 2023, the term of office of Cedric von Osterroht (EDEKA Minden-Hanover) with the profile 'Preparation of annual and consolidated financial statements by non-publicly-traded commercial and industrial entities' was extended by three years. Dr Patrick Bosch (Allianz SE) was newly appointed to the committee for three years with the profile 'Preparation of annual and consolidated financial statements of insurance undertakings', following the departure of Andreas Thiele (also Allianz SE) from the committee. At the same time, Dr Rupini Rajagopalan (Berenberg Wealth & Asset Management) was elected to the Sustainability Reporting Technical Committee for a three-year term with the profile 'Data users', replacing Dr Robin Braun (DWS Group).

I would also like to take this opportunity to thank the members of our technical committees and working groups for their successful work, and look forward to the consistently informed discussions during the challenging deliberations.

The fact that we can once again look back on successful and forward-looking results of the ASCG's work is due largely to the commitment of the ASCG's Executive Committee and staff. I would therefore like to express my special thanks on behalf of my colleagues on the Administrative Board to Mr Lanfermann and Mr Morich and the staff of the ASCG for their constructive cooperation and commitment. I would like to wish you continued success in fulfilling the many tasks of the ASCG!

The ASCG's Administrative Board and staff will continue to act on your behalf and address the emerging challenges in the economic and political environment, and drive forward financial and sustainability reporting in equal measure. In future, we will continue to support the further development of globally standardised reporting requirements in keeping with our guiding principles, involve stakeholder interests in the dialogue process and, at the same time, emphasise the proportionality of reporting obligations and company size.

Sincerely,

Marco Swoboda

Chairman of the Administrative Board

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Dear ASCG members and corporate reporting stakeholders,

The ASCG celebrated its 25th anniversary in 2023. A quarter of a century of standardisation work in the field of corporate reporting makes us proud and is also an incentive to lead the ASCG successfully into the future. 2023 was again marked by an unchanged high level of activity. The new EU sustainability reporting standards, the European Sustainability Reporting Standards (ESRS), were finally published by the European Commission in summer 2023 and could then be consulted in all the official languages of the EU in the Official Journal of the European Union at the end of the year. These finalised versions were urgently needed by reporting entities in practice. This was also demonstrated by an ASCG survey from summer 2023 that revealed the in-depth involvement of DAX40 companies with the ESRS in the course of specific implementation projects. In September 2023, the ASCG launched the ESRS Preparer Forums, which were very well received by the membership. Only the legal framework, i. e. the German implementing legislation, was a long time coming. The government draft was only published shortly before Easter 2024 – albeit with one significant improvement: the proposal to abolish reporting in accordance with the German Supply Chain Due Diligence Act. The ASCG closely monitored this development – including with conference formats together with prominent partners.

Integrated perspective on corporate reporting as a starting point for the development of the ASCG standard on management reporting

The transposition of the CSRD into national law as well as the application of the ESRS as a delegated act on the basis of the CSRD also results in the German environment in the need to adapt GAS 20 on (group) management reporting. Initial preparatory work on this has been taking place since summer 2023 in the ‘Management Reporting’ working group and has meanwhile also led to the first important decisions on the procedure for revising GAS 20. In the first step, the interfaces between the separate sustainability report in the management report and the general section of the management report, which is more financial in nature, will be analysed in greater detail. The ESRS permit specific ‘incorporation by reference’ disclosures in the general section of the management report to enable reporting entities to provide an integrated presentation. For example, this includes information on business models, strategies or risk management systems, which the ESRS require the entity to report from a sustainability perspective. The revision of GAS 20 therefore focuses on including disclosures like these in the general section of the management report – the counterpart, so to speak, to the incorporation by reference options under the ESRS. This is designed to support entities in the integrated presentation of this type of information, something that is particularly important for investors. The subsequent second step in the revision of GAS 20 will examine in particular the question of the extent to which overarching reporting principles apply. This relates directly to the true and fair view principle that is also laid down in the EU Accounting

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▲ Prof. Dr. Sven Morich (left)
Georg Lanfermann (right)
Executive Committee

Directive, but also to supplementary reporting principles that have been developed in the past for the general section of the management report, such as the principles of clarity and transparency.

Another important area of activity at the interface between financial and sustainability reporting is the implementation of the CSRD reporting obligation relating to intangible assets. The ASCG had already set up a working group to examine this issue at the end of 2021 and discussed key aspects with a view to potential reporting. The ASCG conducted a study project together with the Bertelsmann Stiftung (foundation) in light of the emerging EU reporting obligation relating to intangible assets in the management report. The study was presented to the public at a well-attended event in Berlin in October 2023. It analysed the status quo of the current reporting requirements. In particular, the concepts already developed in the past by German and international academics and practitioners were brought together to form the basis for a national initiative of the ASCG. The particular objective of the ASCG's activities is to provide practical support, as even national legislation is unlikely to make the rather abstract EU requirements any more accessible to practitioners.

ASCG as a key catalyst for EFRAG; SME reporting as a new focus

As one of the major national standard-setters in the EU, the ASCG was again prominently and effectively represented across the entire structure of EFRAG in 2023. Participation in the development of EFRAG's overall strategy 2024 to 2027 was a highlight in the work of the Administrative Board, on which the ASCG President serves as

Vice-President. Following initial activities to develop sector-specific ESRS standards, the work of the Sustainability Reporting Standards Board (SRB) and the Technical Expert Group (SR TEG) focused strongly on the development of support materials, specifically three guidance documents on materiality analysis, the value chain and ESRS data points. The ASCG was represented on the SRB by Hamburg University Professor Prof. Dr Kerstin Lopatta, who continues to hold the role of Deputy Chair. She concentrated in particular on EFRAG's relations with the ISSB with a view to an interoperability agreement and with the EU Platform on Sustainable Finance. The ASCG additionally supported EFRAG with creating a Q&A platform on the application of ESRS, and also developed initial submissions on the occasion of the ASCG Preparer Forum on ESRS. In combination with the ASCG's personal representation on the EFRAG technical bodies, where corresponding clarifications on the questions submitted are adopted, the ASCG Preparer Forums therefore offer a particularly effective opportunity to place technical questions regarding uncertainties in the EFRAG context.

In the second half of 2023, EFRAG stepped up its work in the area of sustainability reporting with the development of standards for small and medium-sized enterprises (SMEs), which are not required to apply the first set of the ESRS. A corresponding consultation on two draft standards was launched in January 2024. The ASCG had already agreed to cooperate on SME reporting in 2022, not least because of the great importance of SME reporting in the supply chain. As part of a joint pilot group with SME representatives and the users of their data, an interim report on the needs of users of SME sustainability data was published in summer 2023 under the leadership of Prof. Dr Alexander Bassen from

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the University of Hamburg. The results of the work were fed into EFRAG's development process for the SME standards. The same applies to a report by the pilot group on the relevance and feasibility of Principle Adverse Impact indicators, as these are particularly relevant for financial market entities due to the EU Disclosure Regulation.

In the same way, the ASCG proactively supported the creation of a digital ESRS taxonomy by EFRAG. An evaluation method for the draft taxonomy was also developed here in the working group established at the end of 2022 together with XBRL Germany – consisting of company representatives, software providers and auditors. This served as advance preparation for the consultation on the digital taxonomy that EFRAG conducted in spring 2024.

Institutional symbioses with EFRAG and IASB

In the area of financial reporting, the ASCG Vice-President, as a member of the Financial Reporting Board (FRB), can always count on a good understanding of German concerns in the EFRAG technical bodies. There is an ongoing close dialogue with the Chair of the EFRAG FRB. Furthermore, as a member of the Financial Reporting Technical Committee, Jens Berger continues to be Deputy Chair of the EFRAG Financial Reporting Technical Expert Group (FR TEG).

In addition, dialogue between the staff of the two organisations has been stepped up. The aim is to organise technical discussions at European level through joint activities in order to ensure that EFRAG's resources are used more efficiently. At the

same time, it gives the ASCG an opportunity to better highlight national accounting issues. Examples from the past year in this context include outreach events on the IASB's emerging standard-setting activities for rate-regulated activities and the revision of the distinction between equity and liabilities under IAS 32.

We are also successfully continuing our dialogue with the work of the IFRS Interpretations Committee. This is demonstrated not only by our feedback on outreach requests and agenda decisions, but also by the close involvement of the German members of the committee in the Financial Reporting Technical Committee.

In the IFRS Foundation's Accounting Standards Advisory Forum (ASAF), the ASCG is able to directly influence the IASB's current standard-setting activities through its Vice President.

Forward-looking design of financial reporting by the ASCG

The ASCG strives to implement potential improvements that have been identified or brought to our attention in the area of consolidated financial reporting under German GAAP. In 2023, the Financial Reporting Technical Committee adopted GAAS 13, with amendments to GAS 20 Group Management Report and GAS 21 Cash Flow Statements. Additionally, the ASCG successfully lobbied for the practical introduction of an exception in the HGB relating to the accounting for deferred taxes from minimum tax laws, similar to IAS 12.

Beyond this, the Technical Committee prioritised the further development of international financial reporting. One highlight was certainly the discussions surrounding the IASB's 'Primary Financial Statements' project, in which a new IFRS will include disclosure

requirements for entity-specific management performance measures in the notes, in addition to a restructured income statement.

However, 2023 was also the year which saw major post-implementation reviews (PIR) being continued. Among other things, the Technical Committee commented on Part 2 of the PIR on IFRS 9 *Financial Instruments* in the area of impairment losses and IFRS 15 *Revenue from Contracts with Customers*. For the latter PIR, the ASCG made use of the existing Preparer Forum for this important standard. Meanwhile, Part 1 of the PIR on IFRS 9 resulted in a consultation document in the area of 'Classification and Measurement', on which the ASCG has also issued a clear position.

When addressing the draft amendments to existing IFRSs, we consistently maintained a close eye on the impact of economic and regulatory developments on financial accounting and reporting at German entities. We paid particular attention in this context to the accounting for physical and virtual power purchase agreements under IFRS 9. The IASB has now dedicated a separate project to this topic and is considering standardisation activities. We closely monitored these developments together with affected preparers and offered affected entities opportunities for dialogue; we will continue to do so in 2024.

We should also mention that the European Commission published a new version of the consolidated IAS endorsement regulation (EU) 1126/2008 in spring 2023. This was preceded by a revision of the German version, which the ASCG supported together with the BMJ.

The Financial Reporting Technical Committee discussed in detail and commented on the draft of the third version of the IFRS for SMEs. Although the standard is not directly binding for the

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German jurisdiction, the definition of the scope of application and its content do have a spill-over effect. Internationally, the German standard setter is also expected to be able to represent the interests of non-publicly traded entities.

Even for globally operating German entities, the draft IFRS for subsidiaries without public accountability published in the previous year and the recently added need to prepare disaggregated IFRS data as part of the implementation of minimum tax laws have led to increased attention being paid to IFRSs at the single-entity financial statement level. This once again clearly emphasises the motivation behind the evaluation of the application of IFRSs in Germany that began in the previous year. Phase 1 of the study, which received a lot of attention, has now been completed. We identified a total of 19 stakeholder groups and interviewed more than 60 participants. We were able to show that a user-specific approach is essential in order to determine the costs and benefits of international financial reporting. The aim for 2024 is to leverage this feedback in Phase 2 of the study and establish an empirical basis.

Interoperability of EFRAG and ISSB climate standards is making progress

To further reinforce cooperation with the ISSB, the ASCG entered into a cooperation agreement with the Goethe University at the beginning of 2023 in order to address specific projects for strengthening internationally consistent standard-setting and, at the same time, to establish a stronger institutional framework with ties to

the Frankfurt location. This approach was continued in March 2024 with the signature of a more extensive cooperation agreement between the ISSB and the Goethe University. In future, the House of Finance, the Sustainability & Biodiversity profile area and the Faculties of Economics and Biological Sciences in particular will provide academic support for the development of the ISSB standards. The ASCG is involved as an associate partner alongside the Leibniz Institute for Financial Research SAFE, the Senckenberg Society for Nature Research, the Institute for Social-Ecological Research (ISOE) and the Helmholtz Centre for Environmental Research.

The negotiation of an interoperability table between the EFRAG E1 climate standard and the ISSB S2 counterpart also made slow but steady progress. EFRAG and the ISSB were ultimately able to present a final work product to the public in May 2024. The ASCG will hold workshops with interested entities in September 2024 to provide a detailed comparison.

ASCG leverages its accounting expertise to support the implementation of minimum taxation

There are specific challenges relating to the minimum taxation rules in international group structures with revenue of more than EUR 750 million under the OECD's Pillar Two model rules. Questions arise for the ASCG as a result of the implementation of minimum taxation when it comes to the accounting by large companies whose consolidated accounting – whether IFRSs or German GAAP – is also connected at the level of individual companies. The high practical

relevance has prompted the ASCG to establish a new 'Taxes' Working Group in order to take a deep dive into the complex interaction of financial accounting and reporting with the minimum taxation principles, and to provide guidance to practitioners. As a result, the ASCG prepared three well-received comment letters in 2023 in connection with the German legislative implementation of the Pillar Two model rules, and is actively communicating with the relevant federal ministries to enable them to benefit from the ASCG's accounting expertise, particularly in the area of IFRSs.

This shows that, even after 25 years, the practical relevance of the ASCG's activities for the business community continues to grow. New areas of activity such as SME sustainability reporting or the massive accounting-related challenges in connection with global minimum taxation mean that the ASCG is attracting increased interest from the wider German corporate sector and society at large. It still holds true that your own commitment to the German standard-setter is worthwhile!

Sincerely,

Georg Lanfermann
President

Sven Morich
Vice-President

25 Years of the ASCG

2023, an anniversary year, was a special year for the ASCG.

We celebrated our 25th anniversary on 6 July 2023 with a gala event at the Allianz Forum on Berlin's Pariser Platz, with more than 200 invited guests from business, academia, politics and society. A quarter of a century is a proud age. Reason enough to use this year's annual report to take a look at the work, highlights and significance of the ASCG from the perspective of various stakeholder groups. In a separate magazine section, we review the past 25 years of the ASCG in pictures and words, and present the highlights of the gala event in Berlin.

We are proud of what we have achieved. Over the past 25 years, the ASCG has been able to establish an outstanding position as an internationally recognised national standard-setter by virtue of its technical excellence. The tasks facing the ASCG are not getting any fewer, nor are they getting any easier. However, we are well positioned to face up to this challenge, and we are looking forward to a continued lively, productive dialogue with you.

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Buschmann. The welcoming address by Federal Minister of Justice Dr Marco Buschmann spanned the years from the ASCG's early days as a national standard-setter, through its role as a representative of German interests at the IASB and EFRAG, down to its present focus on the development of sustainability reporting standards.

The ASCG has always been at the forefront of the debate

Dear Mr Peter, Dear Mr Lanfermann, Dear Professor Morich, Ladies and Gentlemen,

I would like to thank you for inviting me to your event today. I would have loved to be able to join you in person, but unfortunately I can only attend virtually because I am currently in Japan at the G-7 Meeting of Justice Ministers. But that shouldn't stop me from saying one thing above all: congratulations on 25 years of the ASCG!

High-quality, reliable corporate accounting is of crucial importance for the functioning of our social market economy, as it creates transparency about companies' situations and development. This enables informed decisions to be made in a competitive environment. By enabling the ASCG to set standards in the field of corporate financial reporting for 25 years, you, Ladies and Gentlemen, have made an important contribution to the functioning of our community.

Yes, Accounting Standards Committee of Germany – I would like to explore this word for word with you on this wonderful occasion.

For a businessperson, **preparing the accounting** means first of all recording and reporting their assets and liabilities as well as their income and expenses in a clear and structured way. They do this in accordance with German Generally Accepted Accounting Principles or the international standards. The ASCG's expertise was, is and will continue to be, of great value for the further development and design of these principles and standards. The ASCG is also an important independent adviser for my ministry.

And yet accounting today is more than that. Accounting law has evolved into corporate reporting law. Calculating the numbers is still a central component of this. But then there is the business of explaining. Companies must explain the course of business and their situation and comment on significant risks and opportunities. But not only that. In future, companies will also have to provide information on the impact of their activities on sustainability issues, because the transformation of our lives and business that we are talking about today must succeed.

You develop standards

You are also setting standards

The ASCG was early to recognise this development. Through events, discussion papers and the study on sustainability reporting commissioned by my ministry, you accompanied these debates effectively in the public eye.

And now we come to the second word in your organisation's name: you develop standards for consolidated accounting. And I would like to say that you are also setting standards. The large number of recommendations for consolidated financial reporting that the ASCG has developed over the past 25 years and that the Federal Ministry of Justice has subsequently published is, in my opinion, impressive proof of this. These standards don't just relate to traditional financial accounting and reporting. You have also set international benchmarks with German Accounting Standard 20 for group management reports. You have presented guidance for the application of non-financial reporting, which was newly introduced in 2017, and you have also successfully supported the development of standards for sustainability reporting at EU level. The ASCG has always been at the forefront of the debate and has always made its voice heard. I would like to take this opportunity to thank everyone involved – the Executive Committee, the staff and the members of the Technical Committees.

Let's now look at the word 'Germany' in your organisation's name: you are the German voice in the international and European standard-setting concert. Mr Lanfermann is Vice-President of the EFRAG Administrative Board, but you are also very prominently represented on other international bodies. For example, your former President, Prof. Andreas Barckow, took over the chair of the prestigious International Accounting Standards Board two years ago. This is how you provide important input and, conversely, ensure that the German financial reporting community is always at the forefront of major international developments.

One word is still missing –

'committee': you have always understood how to adapt to new developments and also how to restructure your organisation to match. Because you don't just have a single committee any longer. Early on, in 2021, you reorganised yourself to reflect the increased importance of sustainability reporting. Your accounting body now consists of two technical committees: one for financial reporting and one for sustainability reporting. And the Joint Technical Committee addresses issues of an overarching nature. This allows you to ensure coherent, consistent outcomes.

Ladies and Gentlemen, according to the programme for today's event, you want to reflect on the contribution of reporting to transformation and resilience at companies. The speed of the transformation process is currently the subject of heated debate, as is the exact path we want to take towards decarbonisation,

but one thing is clear: change must come and, above all, it must be fact-based. And that's why we need sustainability reporting to get these facts. However, we must ensure that the reporting obligations are coherent. And they must not lead to our companies losing time for the urgently needed transformation itself – I would like to say their operational transformation – due to everything they have to do for the reporting.

I therefore wish you an insightful event. And thank you very much for your outstanding work.



Leading, building, and thinking ahead



Peter. Dr Nicolas Peter was Chairman of the ASCG's Administrative Board until 31 December 2023. 'I've been really looking forward to today! Celebrations should be celebrated as they happen: it therefore seems only right for us at the ASCG to mark our 25th anniversary with a gala event.'

A continually high pace in the area of corporate reporting

The ASCG was established by the German business community on 17 March 1998 as an independent, non-profit association based in Berlin. At that time, nobody could have guessed how rapidly corporate reporting would evolve over the next two and a half decades. This applies to financial reporting, but also – and in particular – to sustainability reporting.

Internationally, the establishment of the International Sustainability Standards Board (ISSB) by the IFRS Foundation was an important milestone. The ASCG was one of the initiators of the German consortium that successfully supported Germany as the location of the ISSB's headquarters.

We also established the ASCG Liaison Hub in cooperation with Goethe University Frankfurt, thereby sending a visible signal of our support for international standard-setting activities.

ASCG as an expert adviser

Over the past decades, the ASCG has established itself as an expert adviser to international standard-setters and regulators. It therefore plays an important role for Germany as a business location. We are a highly respected key stakeholder – both in Europe and globally. As the largest national standard-setter in the EU, the ASCG is represented in all of the technical bodies of the European Financial Reporting Advisory Group (EFRAG). This allows us to contribute the German perspective at an early stage at all levels and to offer constructive support during the development process. This important role fills us with pride; at the same time, it is an obligation.

Well equipped for the future

We want to continue supporting the further development of financial reporting and sustainability reporting in the future. Our expertise and the trust that the ASCG has earned are the best basis for this. Our realignment, our new technical committees for financial reporting and sustainability reporting, and our new mission statement mean that we have the ideal structure for contributing to the key political and regulatory debates. Close dialogue and active participation in standard-setting are more important today than ever before.

I am confident that the ASCG will continue playing an important role in corporate reporting for the next 25 years. It deserves a big thank you for the first 25 years!

25 Years

Accounting Standards Committee of Germany

1998

Section 342 added to the HGB, ASCG founded, conclusion of the Standardisation Agreement with the Federal Ministry of Justice, establishment of the German Accounting Standards Board (GASB)

2000

First German Accounting Standard

2001

Start of collaboration with EFRAG

2003

First public discussion, establishment of the Accounting Interpretations Committee (AIC), Prof. Dr Klaus Pohle becomes President of the GASB

2005

First ASCG Interpretation (IFRS)

2006

Prof. Dr Harald Wiedmann becomes President of the GASB

2007

Dr h. c. Liesel Knorr becomes President of the GASB

2009

Expansion of the statutory duties in accordance with section 342(1) of the HGB; first German GAAP Implementation Guidance

2011

Reorganisation of the ASCG, establishment of the IFRS and German GAAP Technical Committees, President and Vice-President instead of President and Secretary General, Dr h. c. Liesel Knorr becomes President of the ASCG

2012

First ASCG Implementation Guidance (IFRS), first CAO Call, adoption of the principles and guidelines for the work of the ASCG

2013

ASCG becomes a member of the ASAF

2014

ASCG becomes a member of EFRAG

2015

First ASCG Preparer Forum, Prof. Dr Andreas Barckow becomes President of the ASCG

2016

ASCG President Prof. Dr Andreas Barckow becomes Vice-President of the EFRAG Board

2017

New website, Executive Director instead of Vice-President

2018

Establishment of the Joint Technical Committee, ASCG becomes a member of the IFRS Advisory Council

2020

Implementation of the study on CSR reporting by German companies on behalf of the BMJV

2021

Georg Lanfermann becomes President of the ASCG, structural reform of the ASCG, establishment of the Financial Reporting and Sustainability Reporting Technical Committees, expansion of the ASCG's remit to include sustainability reporting and digital transformation of corporate reporting, new ASCG mission statement

2022

ASCG's President Georg Lanfermann becomes Vice-President of the EFRAG Administrative Board, cooperation agreements with the German Council for Sustainable Development (RNE) and with XBRL Germany, ASCG becomes a permanent observer to the German federal government's Sustainable Finance Advisory Committee

2023

ASCG opens Liaison Hub at Goethe University Frankfurt, launch of evaluation of the application of IFRSs in Germany

ASCG



Pohle. Prof. Dr Klaus Pohle was President of the German Accounting Standards Board from 1 May 2003 to 31 December 2005. The main thrust of the ASCG's activities changed significantly during his presidency.

Relevance and pressure to act

You were the first President and those were the formative years for the ASCG. What were the most important developments during this period?

I took over as President after the office had been vacant for more than six months. Thanks to the tremendous dedication of the General Secretary, Ms Liesel Knorr, the day-to-day work had been carried out smoothly. The most important priorities during my presidency were as follows: the primary focus of the ASCG's activities evolved. Whereas previously work had been based on the ideas of the founding president Herbert Bienert – namely to align German GAAP with the fundamental principles of IFRSs – the focus of our work should now be on preparing comments on the IASB's exposure drafts with the active involvement of reporting entities in Germany and, through increased cooperation with EFRAG, to give greater weight to the arguments in the German comments. However, greater attention was also paid to the future structure of consolidated reporting in accordance with the HGB.

Whereas previously only one representative of the ASCG attended EFRAG meetings and reported on them at the meetings of the ASCG, it was agreed that the three presidents of the three major standard-setting bodies in the UK, France and Germany would attend EFRAG meetings ex officio, initially without voting rights. This also enabled the German working groups to collaborate with the EFRAG working groups by integrating the working group on revenue recognition under Prof. Jens Wüstemann into the work of EFRAG.

At the request of the Chairman of the ASCG's Administrative Board, we were also involved in the establishment of a private-sector Financial Reporting Enforcement Panel.

The ASCG started being the sole source for the German comments on the IASB's exposure drafts, as other organisations and entities had previously submitted comments directly to the IASB.

So much momentum and change in such a short space of time! Was this followed by a period of stability for the ASCG?

Many of these approaches could only be fully implemented in the following years, as not enough staff and resources were available during this phase. For this reason, various concepts were developed with Mr Jochen Neubürger, the Chairman of the Administrative Board, to restructure the organisation and financing basis of the ASCG, although these were only brought to fruition in subsequent periods.



Technical work underpinned by the commitment of German companies

Wiedmann. Prof. Dr Harald Wiedmann led the GASB from 2006 to 2007. From 2003 to 2005, he chaired the Executive Board of the ASCG. His leadership saw German representation in the international accounting bodies become stronger.

What was the focus of your work during these years?

The EU Regulation on the mandatory application of IASs/IFRSs in the consolidated financial statements of publicly traded entities in the EU in 2002 placed IFRS financial reporting and the convergence of the various accounting systems at the heart of the ASCG's work in the years 2003 – 2005.

The development of recommendations on the application of the principles of consolidated financial reporting under German GAAP was largely completed with the publication in 2004 of GAS 15 Management Reporting. In this respect, it was a period that saw a shift in emphasis from national to international financial reporting under IFRSs and US GAAP. At the same time, efforts were being made to converge the various financial reporting systems in a process of close dialogue and cooperation with the various international financial reporting organisations.

Was the ASCG well equipped to master this shift in emphasis?

The ASCG was organised as an association under private law with membership on a voluntary basis. Without the commitment and willingness of some companies to provide the ASCG with additional financial resources, the entire technical work would not have been possible at that time. The representatives of these companies and the other member companies were actively involved in a large number of international financial reporting organisations, the IASB's Board of Trustees, the IASB's Standards Advisory Council and the EFRAG Technical Expert Group. At national level, the ASCG was recognised as a financial reporting body on the basis of the first standardisation agreement with the Federal Ministry of Justice in 1998 and exercised this function through the German Accounting Standards Board and the Accounting Interpretations Committee.

At the same time, technical dialogue with the Federal Ministry of Justice, both with the department responsible for financial reporting and with the political level, was stepped up during these years. As a result of the 2002 IAS Regulation, interest in IFRSs had also grown among small and medium-sized companies; at the same time, however, there were reservations among medium-sized companies, primarily because of the controversy surrounding the way equity was required to be presented. Due to the fundamental ability of partnerships to call equity, presentation as equity was only possible to a very limited extent (statement by an IASB member: 'If you have to write a cheque, it's a liability.'). The involvement of small and medium-sized entities in national and international technical work was primarily designed to underpin the discussion in subsequent years until the standardisation agreement was suspended in 2010.

What was your experience of working together with the ASCG?

The ASCG's work always focuses on the public interest, in particular the general economic interest. We are therefore the forum where all stakeholder groups can work together. We can only do justice to our tasks by working together. These are some of the voices from the worlds of business, politics and standard-setting, talking about cooperation with the ASCG.



Dörschell



Bortenlänger



Herkenhoff



Güntzler



Faber



Russwurm



Liikanen

Committed. Established. Trustworthy.

Dörschell. WP/StB Andreas Dörschell, President of the Chamber of Public Accountants (WPK): The ASCG's standards on consolidated financial reporting published by the Federal Ministry of Justice are crucial for the continued development of financial reporting in the interests of the German economy as a whole. In terms of professional law, they have the same significance as generally accepted accounting principles for consolidated accounting under the German Commercial Code (HGB). The WPK can look back on 25 years of excellent cooperation with the ASCG as the national standard-setter for consolidated financial reporting and wishes it every success in meeting the challenges of our time, especially in the area of sustainability reporting.

Faber. Emmanuel Faber, Chair of the IFRS Foundation's International Sustainability Standards Board: The International Sustainability Standards Board thanks ASCG for its significant partnership, supporting the ISSB's work to develop comparable, decision-useful sustainability-related disclosures for global capital markets. We appreciate the insightful feedback shared through consultations on the development of our inaugural Standards and on our future work plan. Furthermore, we thank ASCG for its strong support in establishing the ISSB's Frankfurt office and in providing advocacy and awareness of our work, including through our planned joint conference in June 2024.

Güntzler. Fritz Güntzler, Member of the German Bundestag: In my role as a member of the German Bundestag, the Accounting Standards Committee of Germany is always a reliable point of contact for me when it comes to complex financial reporting issues. The ASCG's interpretations contribute to the continued development of financial accounting and reporting in Germany. The ASCG is an indispensable resource for expertise and authoritative advice, both for political decision-makers and for companies and specialists.

Bortenlänger. Dr Christine Bortenlänger, Chief Executive and Member of the Board of Deutsches Aktieninstitut: Financial accounting and reporting are more than just numbers. They are an art that requires accuracy and responsibility. Nobody has mastered this art as well as the Accounting Standards Committee of Germany, which has been setting standards for 25 years. Deutsches Aktieninstitut would like to congratulate you on your anniversary! We look forward to continuing our dialogue with the ASCG in a spirit of mutual trust! Whether it's sustainability reporting, the establishment of the ISSB in Frankfurt or other challenges – we know that we can rely on your expertise and commitment. We wish you every success for the next 25 years!

Russwurm. Prof. Dr-Ing Siegfried Russwurm, President of the Federation of German Industries (BDI): For 25 years, the ASCG has been pooling German accounting expertise and representing the interests of the German economy at the international and European levels. For the BDI, the independent ASCG, with its transparent standard-setting process that involves all stakeholders, is a byword for high-quality standard-setting, for both financial and sustainability reporting. Thanks to the long-standing commitment of its staff and presidents, the ASCG has established itself as a recognized German standard-setter at the European and international levels.

Herkenhoff. Heiner Herkenhoff, Chief Executive Officer, Association of German Banks: The Association of German Banks has maintained close contact with the ASCG since the beginning. Particularly valuable for us: the wide range of opportunities offered by the ASCG for discussing relevant accounting topics. It is how the various stakeholder groups, such as preparers, auditors, users and academics, regularly come together at the same table. I am referring in particular to the Preparer Forums. The ASCG also organises public discussions on all important consultations on draft standards. For the Association of German Banks, this is another opportunity to make a contribution to current issues.

Liikanen. Erkki Liikanen, Chair of the IFRS Foundation Trustees: ASCG is our trusted partner and advocate for global standards on the EU and global stage. This includes ASCG hosting the IFRS Foundation Trustees meeting in 2019; former ASCG President Andreas Barckow's 2021 appointment as IASB Chair; ASCG support for the establishment of the ISSB Frankfurt office in 2022; and benefiting from ASCG advice via our Accounting Standards Advisory Forum. In June 2024, our joint conference on the implementation of the ISSB Standards will further advance our collective effort to establish a global baseline of sustainability-related disclosures for capital markets.

‘We know that we can rely on your expertise and commitment.’



Resilience in times of change



Knorr. When Dr h.c. Liesel Knorr became President of the German Accounting Standards Board in the summer of 2007, there was nothing standing in the way of concentrated technical work. The ASCG was well positioned. The dual nature of consolidated financial reporting in Germany meant, on the one hand, participating in the updating of IFRSs and, on the other, reforming German GAAP.

And then financial market crisis happened. What impact did this have on financial reporting?

The financial market crisis raised doubts about the IFRS requirements and the way they were created. The density of the requirements left little room for a favourable interpretation, especially in the case of financial instruments, and their revision and creation were delegated to supranational organisations, which seemed to preclude quick relief or fixes. The technical discussion was exposed to strong political pressure at all levels; solutions were found in tedious debates so as to avoid individual regional or national approaches and preserve the global platform. The – relative – autonomy of national requirements gained new respect.

What were the consequences for the work of the standard-setters, and specifically the ASCG?

The processes and organisational structures were challenged at international, European and national level. For the IASB, several steps resulted in the establishment of a monitoring body and the increased involvement of users, as well as the integration of national standard-setters, via the Accounting Standards Advisory Forum. At EFRAG, national-standard setters became one of two main pillars.

For the ASCG, this resulted in an enhanced direct and indirect obligation to participate in and contribute to the new structures, as well as to evaluate its financial resources. The competition between the IASB, EFRAG and ASCG for increased funding in times of financial turmoil led to the termination of the standardisation agreement with the Federal Ministry of Justice on 31 December 2010 with a view to enabling the reorganisation of the way opinions are formed and the representation of German interests, as well as to secure their future funding. The adoption of a new constitution and the signing of a new standardisation agreement in December 2011 marked the end of several years of discussion, allowing us to focus again on our technical work.

‘Change is the only constant’: standard-setters never run out of topics, not least because new forms of economic activity are emerging all the time. Processes and structures will always be called into question, but the ASCG has so far proven to be resilient.

For reliable, comparable and relevant information

The relevance of sustainability reporting is growing rapidly. An expert discussion on the future prospects for corporate reporting in Germany gets to the heart of the matter: the call for uniform reporting standards is loud.

‘Corporate reporting is currently on a journey that requires a lot of openness from all political and economic players. Because transformation can only succeed if we work together.’

‘Sustainability reporting has to be more than just a compliance obligation. It is essential to integrate sustainability performance indicators into corporate management.’

‘The current state of sustainability reporting is marked by a large number of different requirements. This means that a clear, consistent basis for reliable, comparable and relevant information is well overdue. With the revision of the Accounting Directive by the CSRD, political incentives towards a more sustainable economy are now also clearly visible.’

‘Companies’ supervisory boards are currently faced with the challenge of keeping an eye on a wide variety of topics and regulatory requirements within the three pillars of sustainability – economic, environmental and social. At the same time, new challenges mean new opportunities to drive forward social progress together.’

‘The greatest possible degree of coherence and interoperability between European and global reporting standards is very important from the perspective of both preparers and users.’

‘An overarching general standard for sustainability reporting requirements should be developed to support companies in their reporting and reduce the burdens.’



Beck (1)

Katharina Beck, Member of the Bundestag, Deputy Chair of the Finance Committee of the Deutscher Bundestag.

Krieger (4)

Alexandra Krieger, Head of Financial Control and Compliance, Industriegewerkschaft Bergbau, Chemie, Energie (German Mining, Chemical and Energy Industrial Union – IGBCE).

(2) Sack

Melanie Sack, Chief Executive Officer, Institute of Public Auditors in Germany.

(3) Sauer

Dr Roman Sauer, Head of Group Accounting & Reporting, Allianz SE.



(1)

Jones (1)

Richard R. Jones, Chair of the Financial Accounting Standards Board.



(2)

(2) Kawanishi

Yasunobu Kawanishi, Chair of the Accounting Standards Board of Japan and Sustainability Standards Board of Japan.



(4)

Gentner (4)

Sven Gentner, Head of Unit for Corporate Reporting, Audit and Credit Rating Agencies in the DG FISMA, European Commission.



(3)

(3) Barckow

Prof. Dr. Andreas Barckow, Chair of the International Accounting Standards Board.

A task that impacts the environment and society

On the journey towards internationally consistent corporate reporting, the standard-setters also view their challenges as a task for society as a whole. The stakeholder groups are broad-based and expect transparency and reliable data.

‘Sustainability issues may not be considered separately from financial reporting; they are already and will remain an integral part of financial reporting. Opportunities and risks resulting from the sustainability factors are also relevant for financial reporting and must be reflected in the financial statements if they are material.’

‘International and US sustainability reporting standards are primarily geared towards the information needs of investors. They not only focus on purely financial indicators, but also on ESG components that have a short or medium-term impact on the long-term success of a business model. Investors’ needs for reliable data and greater transparency pose new challenges and tasks for standard setters.’

‘The information to be reported under the ESRS covers a broad spectrum of stakeholder groups: employees, suppliers, environmental protection organisations and society as a whole.’

‘The interlinking and consistency of disclosures and assumptions relating to sustainability and financial information is an important aspect. It is intended to enable the various stakeholders to obtain an overall picture of a company’s development and its impact on the environment and society, depending on the focus of their interest.’

‘In developing the European reporting standards, both the political timetable and the proportionality and practicability of the reporting requirements should be observed.’

‘A high degree of interoperability of the ESRS with the international standards should prevent the need for duplicate reporting obligations and reduce undue complexity.’

Barckow. The presidency of Prof. Dr Andreas Barckow (2015 to 2021) was also shaped by a large number of changes: changes in corporate reporting, in our membership base, in our staff and in the ASCG's bodies and committees, as well as organisational changes such as our relocation to new premises. And then along came the Covid pandemic, which forced us to work remotely and via video conferencing, something we had never done before.

All
good things
come
in threes



Did any of these many changes stand out as particular highlights for you?

Actually, pretty much every day was a highlight of my tenure. However, if I had to name three significant events during my presidency, I would cite the successful implementation of the CSR study, the ASCG's move to its new premises in the heart of the former West Berlin and the initiation of the reorganisation of the technical committees at the end of my term of office.

At the top of my list is the empirical study on the implementation of the CSR Directive in Germany, which the Federal Ministry of Justice commissioned the ASCG to conduct in the spring of 2020. It was the most comprehensive survey we had performed ourselves to date. We successfully completed this study in just nine months, and doing this was undoubtedly a major accomplishment. I know that I expected a lot from everyone involved – especially our staff and our two technical committees. By combining forces, we were able to finalise the study and hand it over to the Ministry in January 2021. Definitely one, if not the, highlight of my term as President.

The second major event was the relocation of our office. For me, the Zimmerstrasse address was inextricably linked with the ASCG, so we were all the more incredulous when we received notice to quit. However, the ASCG managed to secure the current premises in Joachimsthaler Strasse thanks to the tireless efforts of Vice-President Sven Morich. But it's just a shame that we were never able to use the meeting room for meetings of the technical committees: at first, because of Covid, and then because of the expansion of the committees.

I was only able to kick off the third highlight: the reorganisation of the technical committees, with the merger of the German GAAP and IFRS technical committees, and the creation of a new technical committee for sustainability reporting. It was the right step at the right time to get the ASCG ready for the new challenges.

How would you describe your time at the ASCG?



Bogajewskaja.

Prof. Dr Janina Bogajewskaja: Every beginning has its magic... Back then, the ASCG was a young organisation that emerged in a dynamic environment. Interesting technical content, creative freedom and stimulating personal encounters. The latter have also resulted in some wonderful friendships. And there were magnificent offices with a view of the Gendarmenmarkt. I have very fond memories of my time at the ASCG.

Leveraging creative freedom



Schmotz.

Dr Thomas Schmotz: I've been involved in the ongoing development of the ASCG since 2014 and can always find new challenges to take on. What began for me around ten years ago with purely financial topics – such as share-based payments – has evolved via group management reports to sustainability reporting. Over the past two years, I have been privileged to be part of EFRAG's Sustainability Reporting TEG as a country liaison member, for which I am very thankful.

Actively shaping development

Werner. Frank Werner: I've always been interested in the development and improvement of accounting standards. And working at the ASCG was the perfect place to be! I enjoyed the professional interaction in the committees with people from different countries and from different industries, but I also have pleasant memories of working with my colleagues at the ASCG. And that's way I am grateful for an interesting and enjoyable time at the ASCG.



Buchheim.

Prof. Dr Regine Buchheim: When I started in 2001, there were only a few of us in the office at the lovely Gendarmenmarkt. The EU's IAS Regulation had only just been adopted, and the focus was still on the GASs and tracking the entirely new IFRSs. Later, I particularly enjoyed working on the IASB's Management Commentary and the BilMoG... and Liesel Knorr's costumes before she flew to Cologne for Carnival and Cornelia Bahrmann's laughter.

Kutter. Dr Denny Kutter:
As if it were yesterday: my first day at work was 1 March 2023. Right from the start, working at the ASCG has been very exciting and varied for me. My knowledgeable, helpful colleagues made it very easy for me to get started. I am delighted to be part of this amazing team and to be able to keep track of current developments in corporate reporting so closely!



Liepe. Marco Liepe:
I have been able to learn a lot about sustainability reporting during my time at the ASCG. The dialogue with our member companies in particular has sensitised me to the complexity of the issues. The large number of new legal requirements and their interdependencies represent a particular challenge for me, but this is also what makes my work so appealing.

A ringside
seat on
reporting



Haussmann.
Kai Haussmann: I joined the ASCG right in the middle of the 2008 financial crisis. It was a varied and challenging job as part of a highly skilled team. The dialogue with national and international financial reporting stakeholders was exciting, not least through regular visits to EFRAG in Brussels. Looking back, it was a marvellous time in Berlin.

The rewards
of being
in a team



Bognár. Erika Bognár:
My time at the ASCG has been extremely rewarding. Working on sustainability reporting issues at the ASCG allows me to actively participate in current developments and debates, which means that my work at the ASCG and my research mutually enrich each other. I feel at home, not only professionally, but also as part of the ASCG family. Despite the physical distance between Frankfurt and Berlin, I was warmly welcomed right from the start and feel like a fully integrated member of the team.

Sustainability moves in

Lanfermann. When Georg Lanfermann became the new President of the ASCG on 1 March 2021, one thing quickly became clear at the start of his term of office: the ASCG's mandate would become broader in future.

How did the ASCG respond to the evolving times?

The 2015 Paris Climate Agreement also signalled a gradual paradigm shift in corporate reporting, as it led to growing global interest in corporate sustainability data. Regulatory initiatives centred around the topic of sustainable finance were intended in particular to accelerate the redirection of investments into sustainable economic activities in the European Union and hence contribute to the transformation of the European economy. To ensure the supply of company data, the Corporate Sustainability Reporting Directive (CSRD) introduced a comprehensive reporting obligation for sustainability data – in Germany alone, this affects approximately 15,000 companies.

The ASCG adapted to this new environment at an early stage. A reform of the constitution supported by the Federal Ministry of Justice permitted a new structure for our technical work in 2021, with a technical committee for sustainability reporting being placed on an equal footing with one for financial reporting. At the same time, a new ASCG mission statement was developed that reflected these new realities and, in particular, emphasised issues such as the proportionality of reporting obligations in the sense of applicability in practice. This is how the ASCG was proactively involved in standard-setting activities at the European and international levels. The ASCG played a role in the establishment of the International Sustainability Standards Board (ISSB) under the umbrella of the IFRS

Foundation, as well as in the institutional expansion of EFRAG's activities relating to the development of the European Sustainability Reporting Standards (ESRS). A key focus here was on ensuring the compatibility of European and international reporting requirements; this is something the ASCG has systematically called for time and again.

And what is the ASCG expecting to happen in the near future?

We already have a clear indication of the next challenges: firstly, we need to support the ongoing implementation of the ESRS requirements. Secondly, conceptual challenges are emerging from the convergence of financial and sustainability reporting (keyword: interconnectivity), and these have not yet been resolved. Finally, the rapid development of the ESRS requires additional analysis of how to organise the reporting requirements efficiently. So, there's still a lot to do!



How did you experience the event?



Kaufhold. Diana Kaufhold, firesys GmbH: The festive event was not only a fitting occasion, but a true gift for all participants. The ASCG team once again shone with its outstanding organisation, impressive hosting and enriching conversations at the evening event. The high-calibre experts on the panels provided plenty of food for thought and rounded off the event perfectly. Thank you for this special day!



Winter. Anna Maria Winter, German Savings Bank Association (DSGV): A successful event! I was particularly impressed by the stimulating high-profile discussions on the outlook for corporate reporting in Germany and the exciting question of the interaction between traditional financial reporting and sustainability reporting.



Klinz. Dr. Wolf Klinz, EFRAG Financial Reporting Board: The ASCG is well aware of its national and international role. That is why even its German name uses the English word “Committee”. And it is indeed all about influencing international financial reporting standards in such a way that national and international interests are given equal weight. This is one of the reasons why President Georg Lanfermann and Vice-President Sven Morich are so successfully involved in EFRAG’s governing bodies. In their perfectly crafted presentations, both of them described how the ASCG masters its challenges, including the increasingly important topic of sustainability. Here, the ASCG is striving to shape the requirements for German small and medium-sized companies in such a way that does not threaten their international competitiveness. I would like to wish the ASCG all the best and every success for the next 25 years.



Botosan. Christine A. Botosan, Financial

Accounting Standards Board: As a standard-setter and former academic, I appreciated the opportunity to both learn and celebrate the ASCG's 25th anniversary. I found the standard setters' panel on the journey towards international convergence particularly thought-provoking, and the evening reception offered a wonderful opportunity to connect with existing and new friends in the standard-setting community.

Von Keitz. Prof. Dr. Isabel von Keitz, FH Münster University of Applied Sciences: The celebration of the ASCG's 25th anniversary was a valuable meeting of the accounting community, where the achievements were appropriately honoured in welcome addresses. However, the primary focus of the event was on future challenges in the area of sustainability reporting. Technical and political aspects were addressed in fascinating discussions with representatives of various interest groups, which also highlighted the important role of the ASCG as a mediator between different stakeholders.

Weber. Dr. Christoph Weber, Helaba Landesbank Hessen-Thüringen: It was a wonderful 25th anniversary celebration with many stakeholders who have accompanied the ASCG for part of this time. In addition to welcome addresses, there were interesting presentations and panel discussions with exciting speakers, a perfect mix of policymakers, companies, standard-setters and auditors. In terms of content, the focus was on the future. My personal highlight was the many conversations before and after the event with colleagues and allies, as well as making new contacts. The conversations continued well into the balmy summer evening with an amazing backdrop at the Brandenburg Gate. I'm already looking forward to the 30th anniversary celebrations!

‘An inspiring mix of high-profile guests and players.’
‘With topics of both national and international significance.’

A portrait of Dr. Sabine Mauderer, a woman with short, wavy, reddish-brown hair, smiling. She is wearing a dark blue pinstriped blazer over a white top. The background is a blurred office setting with a window and blinds.

Reporting in an era of transformation

Mauderer. For Dr Sabine Mauderer, Member of the Executive Board of Deutsche Bundesbank, 25 years of the ASCG is a proud anniversary. A good time to take stock, to celebrate successes and to prepare for the challenges of the next 25 years – and these will be huge.

The ASCG has been involved in the continued development of financial reporting standards for 25 years, and not only in Germany. It is an established, important institution in Germany. Two years ago, the Dresden University of Technology conducted a study. This revealed that the ASCG is the most active national standard-setter in Europe when it comes to participating in consultations. I think that's worth a round of applause!

Structural change in Germany presents us with major challenges. Many companies, large and small, are having to reinvent themselves in the face of these challenges. But change is also always an opportunity.

What role does reporting play in the transformation of the economy?

Reporting is far more than just a tedious duty. It is much more about providing all stakeholders, and especially investors, with information and data. Investors will be taking a much closer look in the coming years and will be interested in completely different data than in the past. They will want to know whether a company will be able to withstand all the new challenges.

And these challenges are enormous. This is especially the case when it comes to sustainability. After all, both climate change and a dysfunctional ecosystem can severely impact companies' business models.

Investors will scrutinise closely how well companies are prepared for this. This requires transparency and it requires data in reporting. Reporting offers two main advantages: firstly, it forces companies to strategically address the challenges and opportunities of transformation. Secondly, it provides investors with valuable information on whether and how companies are equipped for transformation. This means there are plenty of incentives for companies to disclose sustainability-related information!

What needs to be borne in mind when it comes to the standards?

Reporting needs a kind of yardstick – in other words, consistent standards. They ensure comparability and make progress measurable in the first place. This already exists for financial reporting in the narrower sense, such as IFRSs. We still have some way to go in terms of sustainability reporting.

The EU is a pioneer in this area. The CSRD will make reporting mandatory for significantly more companies in Europe. Around 15,000 new companies are expected to be added from Germany alone. Not all small companies will be covered by the reporting obligation. And that's a good thing. Overall, it is important for all companies that the reporting obligations are practicable and viable.

Many companies in Germany and Europe operate globally. They need globally accepted standards. The ISSB is currently working on this.

We need the greatest possible degree of convergence between standards at the European and international levels. Mutual recognition or interoperability of standards is particularly important for Germany as an export nation.

Looking ahead

High-quality, compelling sustainability reporting creates transparency and supports transformation – and hence the competitiveness and resilience of Germany as a business location. The ASCG is doing very important work here. Keep at it. For the next 25 years, too. There's plenty to do!



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I. Financial Reporting

In accordance with our [Articles of Association](#), one of our core objectives is promoting the continued development of accounting and financial reporting. As the national standard-setter, the ASCG is recognised by the German federal government and represents the interests of German industry as a whole on the global stage. This includes representing the Federal Republic of Germany on international standard-setting bodies.

Our standard-setting duties are set forth in section 342q(1) nos. 1 to 4 of the HGB. In addition to providing advice in the legislative process and representing the Federal Republic of Germany on international standard-setting bodies, these duties include developing recommendations on the application of German proper accounting principles for consolidated financial reporting (German Accounting Standards – GASs), and elaborating interpretations of international financial reporting standards. As well as issuing GASs and interpretations, the technical committees may also issue other pronouncements on specific issues relating to national and international financial reporting, such as implementation guidance.

As Germany's representative on international standard-setting bodies, we work with the organisations and bodies concerned at all levels. This includes cooperating with the IASB and the IFRS Interpretations Committee, the European Commission, the European Supervisory Authorities, EFRAG, the national standard-setters in other countries, and other international, European and national institutions that are active in the field of corporate reporting.

The focal points of our financial reporting work are determined by our Financial Reporting Technical Committee.

Overarching issues with equal relevance for financial and sustainability reporting are decided on by our Joint Technical Committee, which is composed of the Financial Reporting Technical Committee and the Sustainability Reporting Technical Committee.

In addition, the ASCG's Executive Committee and staff contribute directly to the committee work and working groups of other organisations. They also participate in a wide variety of national and international conferences and panel discussions, as well as publishing specialist papers and articles.

In this section, we report on our major projects and activities in the past year in the area of financial reporting.

THE ASCG'S OWN STANDARD-SETTING AND OTHER PROJECTS

In the context of our standard-setting duties under section 342q(1) no. 2 of the HGB, our Financial Reporting Technical Committee adopted GAAS 13 last year and thus completed the project to amend GAS 20 *Group Management Report* and GAS 21 *Cash Flow Statements*. We also launched a project last year to evaluate the application of IFRSs in Germany. Information on these two projects can be found on the following pages.

Finally, we should mention our activities in connection with the implementation of the OECD's Pillar Two Model Rules on minimum taxation. A great deal happened in this area in 2023, at both international and national levels. We report on the amendment to IAS 12 and provide information about our activities in connection with the German implementation of the Model Rules further down

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▲▲ Dr Marco Ebel
▲ Prof. Dr Brigitte Eierle

in this report. The German Minimum Taxation Directive Implementation Act (MinBestRL-UmsG), which was announced at the end of 2023, amended the requirements for recognising deferred taxes in accordance with German GAAP. We will therefore modify the requirements in GAS 18 *Deferred Taxes* to reflect the amended statutory provisions in the near term in our 'Tax' Working Group and Financial Reporting Technical Committee. The Draft German Accounting Amendment Standard was published for consultation at the end of February 2024.

GAAS 13 – Amendments to GAS 20 and GAS 21

The adoption of German Accounting Amendment Standard No. 13 (GAAS 13) by the Financial Reporting Technical Committee on 16 June 2023 and the announcement by the Federal Ministry of Justice in accordance with section 342q(2) of the HGB in the official section of the Federal Gazette on 27 July 2023 ([BAnz AT 27.07.2023 B3](#)) signalled completion of our project to amend GAS 20 *Group Management Report* and GAS 21 *Cash Flow Statements*.

The Amendment Standard is applicable for the first time for financial years beginning after 31 December 2022. Earlier application in full is permitted.

GAAS 13 addressed user questions regarding the presentation of proceeds from income-related and/or operating grants and subsidies received in the cash flow statement under GAS 21, as well as regarding the inclusion of cash pool liabilities in cash funds in accordance with GAS 21. Specifically, requirements covering the following areas were included in GAS 21:

- presentation of proceeds (or payments) from grants and subsidies received (or paid) in the cash flow statement of the recipient (and of the provider),
- inclusion of cash pool receivables (or cash pool liabilities) in cash funds in accordance with GAS 21, including the presentation of cash flows from the change in cash pool receivables (or cash pool liabilities), and
- presentation of cash flows related to changes in the basis of consolidation with regard to cash funds of the subsidiary acquired (or sold).

In addition, the scope of the sector-specific appendices to GAS 20 and GAS 21 was expanded to include investment firms, payment institutions and electronic money institutions, as well as pension funds, and thus formally brought into line with the legal situation.

Finally, a number of editorial amendments to these two standards were also made.

The adoption of GAAS 13 was preceded by a public consultation. The German version of [D-GAAS 13](#) was published for comment on 6 January 2023. Comments on this exposure draft could be submitted until 28 April 2023. We provided detailed information on the content of D-GAAS 13 on page 19 f. of our [2022 Annual Report](#).

We received a total of six comments on D-GAAS 13. At its meeting on 16 May 2023, the Financial Reporting Technical Committee discussed the remarks made in the comment letters received and in published specialist articles, and resolved a number of significant changes, which we made available to the public in an [overview document](#) following the adoption of GAAS 13.

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EFFECTIVE GASs, ASCG INTERPRETATIONS AND ASCG IMPLEMENTATION GUIDANCE

German Accounting Standards

GAS 13	Consistency Principle and Correction of Errors
GAS 16	Half-yearly Financial Reporting
GAS 17 (amended 2010)	Reporting on the Remuneration of Members of Governing Bodies
GAS 18	Deferred Taxes
GAS 19	Duty to Prepare Consolidated Financial Statements, Basis of Consolidation
GAS 20	Group Management Report
GAS 21	Cash Flow Statements
GAS 22	Group Equity
GAS 23	Accounting for Subsidiaries in Consolidated Financial Statements
GAS 24	Intangible Assets in Consolidated Financial Statements
GAS 25	Foreign Currency Translation in Consolidated Financial Statements
GAS 26	Associates
GAS 27	Proportionate Consolidation
GAS 28	Segment Reporting

ASCG Interpretations (IFRS)

ASCG Interpretation 2 (IFRS)	Obligation to Dispose of Electrical and Electronic Equipment
ASCG Interpretation 3 (IFRS)	Interpretation Issues relating to Puttable Financial Instruments in Accordance with IAS 32
ASCG Interpretation 4 (IFRS)	Accounting for Interest and Penalties Related to Income Taxes under IFRSs

ASCG Implementation Guidance (IFRS)

ASCG IG 1 (IFRS)	Specific Issues Relating to Accounting for Partial Retirement Arrangements in Accordance with IFRSs
ASCG IG 2 (IFRS)	Accounting for Costs of Registration in Accordance with the EU REACH Regulation
ASCG IG 3 (IFRS)	Selected IFRS Accounting Issues with a Particular Relevance to Macroeconomic and Entity-specific Crisis Situations
ASCG IG 4 (IFRS)	Equity-settled Share-based Payments with Net Settlement Features: Accounting for Cash Compensation

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ASCG study on the evaluation of the application of IFRSs in Germany

Although the ASCG's Technical Committees do at times also address the related requirements as a standard-setter through interpretations and application guidance, alongside regularly submitting comments on the IASB's standard-setting initiatives, the ASCG had not as yet conducted any systematic review of the nature and extent of voluntary IFRS application in Germany. There has also been an increase in issues and occasions in the recent past where information of this sort would be very useful.

In light of this, the ASCG agreed with representatives of the Federal Ministry of Justice in spring 2023 that an evaluation of the application of IFRSs in Germany would be an important and useful contribution by the ASCG. The aim of the study is to objectively record the various stakeholder perspectives on the application of IFRSs in Germany. In addition to the reasons for applying the standards and the associated challenges from the preparers' standpoint, the perspective of users and the conceptual interactions with the varied functions of financial reporting would also be included.

In a first step (phase 1), interested stakeholders from all areas (financial statement preparers, auditors, academics and users) were involved in interviews between March and September 2023. The group interviews were conducted as non-public video conferences. The objective was to better understand the initial situation, motivation and needs of the various stakeholders – in particular with regard to the cost-benefit analysis of IFRSs (consolidated and annual financial statements), conceptual challenges

for IFRS annual financial statements as well as the pros and cons of an option for an exempting application of IFRS in annual financial statements. Non-adopters of IFRS were also explicitly involved so as to obtain a full range of opinions.

Phase 1 of the study was therefore used for an in-depth examination of the status quo (based on the law as it stands) and a general, open-ended discussion of the application of IFRSs and German GAAP, in each case regarding the consolidated financial statements and the separate IFRS or single-entity (German GAAP) financial statements. It represented a review of the application of the two accounting systems and the identification of any potential need for improvement.

A number of key findings were drawn from the interviews with the stakeholders. For example, there is ample support for both accounting systems, aligned with the economic realities of the individual entities, and largely dependent on the composition of the stakeholders and the entity's area of activity. IFRS reporting was considered to be appropriate for groups that operate internationally. By contrast, German GAAP reporting was seen as appropriate for entities with exclusively regional or national operations and roots.

In conclusion, it can be said that the vast majority of the entities interviewed are happy with the current accounting framework. Entities that prepare their accounts in accordance with German GAAP want to continue to be able to do so. These entities have virtually no interest in the voluntary application of IFRSs in either their single-entity or their consolidated financial statements. There is a clear rejection of mandatory IFRS single-entity financial statements. By contrast, publicly traded entities are legally obliged to

use IFRSs for their consolidated financial statements, and this is considered appropriate by all stakeholders. At the same time, however, they are required to prepare their single-entity financial statements in accordance with German GAAP. For publicly traded entities, the parallel accounting for the German GAAP annual financial statements and the IFRS consolidated financial statements therefore results in significant additional effort, combined with the costs to reconcile German GAAP and IFRSs and the explanation of any differences. A large number of representatives of publicly traded entities across all sectors therefore expressed the wish to be able to apply IFRSs in their single-entity financial statements with exempting effect, allowing them to use a standardised accounting language throughout the group, avoiding additional costs and leveraging potential synergies.

Based on the findings of phase 1, only entities that themselves prepare IFRS consolidated financial statements or are included in IFRS consolidated financial statements are advocating a change in the legal framework. It was suggested that this group of entities should be granted an exempting option to apply IFRSs in their single-entity financial statements.

However, it also became clear in the interviews that German GAAP preparers reject an unconditional option to apply IFRSs in their single-entity financial statements, as they fear that such an unconditional option could put pressure on German GAAP preparers and lead to a de facto obligation to use IFRSs. These entities expressed the need to be protected from an option so that no de facto obligation to use IFRSs for their accounting can arise.

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The restriction of any option to entities that prepare IFRS consolidated financial statements themselves or are included in the IFRS consolidated financial statements of a higher-level parent entity was mentioned as a possible compromise. This would allow individual entities to benefit from an option without placing any burden on other entities.

Based on these findings, the ASCG developed a structured catalogue of questions subsequent to phase 1 that serves as an online survey for general public consultation and was published on 22 March 2024.

This phase 2 of the study will be used, on the one hand, to ascertain the level of interest in a conditional option for the exempting application of IFRSs in single-entity financial statements. On the other hand, the conditions or circumstances under which such a conditional option would be possible for the entities will be analysed, as the final assessment of the added value of such an option would probably depend on the reporting requirements that would actually no longer apply in this context or would have to be continued, in particular for the purposes of tax assessment and the calculation of dividend distributions.

As various preparers in phase 1 explicitly expressed the wish for a conditional option for the exempting application of IFRSs in single-entity financial statements, and the preparers, as stakeholders, would be particularly affected by the potential introduction

of such an option, the ASCG decided to conduct the public consultation in phase 2 sequentially and to start with a survey of preparers by using an online questionnaire.

The consultation of the other stakeholder groups (auditors, academics and users) will be prepared at the same time as the survey of the preparers and is expected to be published in the second quarter of 2024. This should enable a (further) questionnaire to be better tailored to the specific needs of these stakeholder groups and to address them more effectively.

Irrespective of whether and to what extent the results of the survey lead to recommendations for action to adapt the legal requirements in Germany, the results of the evaluation can also serve to strengthen the German voice in discussions on the scope of application of IFRSs in the European and global contexts.



▲▲ Olga Bultmann
▲ Cedric von Osterroth

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COLLABORATION WITH EFRAG

At European level, EFRAG in particular provides an excellent platform for us to contribute to the discussion on the development of corporate reporting. As a member organisation, the ASCG contributes to EFRAG's decisions not only at a technical level in the committees, but also at the level of company law as a governing body member.

The ASCG's role in its collaboration with EFRAG is to unite and represent the interests of German industry on the European stage. Within EFRAG's financial reporting pillar, the ASCG is represented on the Financial Reporting Board (EFRAG FR Board), which is the ultimate decision-making body, by its Vice-President Prof. Dr Sven Morich; his current term of office ends on 30 April 2024. ASCG Project Manager Dr Ilka Canitz was appointed to the German Country Liaison position in the Financial Reporting Technical Experts Group (FR TEG) in July 2021; her current period of office ends on 30 November 2024. In this role, which is reserved for the major standard-setters from Germany, France and Italy, we represent Germany's perspective in the general economic interest of German constituents.

We also maintain a close dialogue with the other German EFRAG FR TEG members, Jens Berger (Deloitte GmbH, who is also a member of the Financial Reporting Technical Committee and, since 1 April 2022, Vice Chair and, up to autumn 2023, Acting Chair of the EFRAG FR TEG) and Christoph Schauerte (Vonovia SE), who have both been members of the EFRAG FR TEG since the beginning of 2020. The regular briefings conducted before each TEG meeting

are particularly notable in this context. The aim of these briefings is to allow the German members to exchange views on the upcoming technical discussions in advance and coordinate the representation of these views at the TEG meetings. In March 2024, both members were re-appointed for further two-year terms beginning 1 April 2024.

Finally, we maintain close contact with Wolf Klinz, who was elected Chair of the EFRAG FR Board by the EFRAG General Assembly on 15 November 2022.

In addition to directly participating in the EFRAG bodies, our own committees, particularly the Financial Reporting Technical Committee, also address the issues on the EFRAG FR Board and EFRAG FR TEG agendas on an ongoing basis. The Technical Committee draws on the expertise of our working groups (in 2023, the 'Intangibles' and 'Tax' Working Groups in particular) for this. Among other things, this work provides technical support to staff members in the performance of their activities on the EFRAG bodies. Depending on the situation, the Financial Reporting Technical Committee itself directly submits comments to EFRAG during more extensive consultations, such as broader-based draft comment letters to the IASB, endorsement advice letters to the European Commission and proactive consultation and position papers.

In addition, we regularly comment on draft EFRAG's Draft Endorsement Advice to the European Commission regarding the endorsement/non-endorsement of the relevant IFRS requirements into European law (draft endorsement advice). Three IFRS amendments were endorsed in 2023, for each of which EFRAG published an endorsement advice recommending full endorsement:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (amendments to IAS 1 *Presentation of Financial Statements*),
- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12 *Income Taxes*) and
- Lease Liability in a Sale and Leaseback (amendments to IFRS 16 *Leases*).

In the area of financial reporting, our collaboration with EFRAG in 2023 was largely dominated by our involvement in the IASB's standard-setting activities. We also commented on the EFRAG discussion paper 'Accounting for Variable Consideration – from a Purchaser's Perspective'. We provide more detailed explanations in the following.

Please refer to section II for information on our cooperation with EFRAG with regard to sustainability reporting.

EFRAG consultation on accounting for variable consideration

EFRAG regularly undertakes research projects. It uses these projects to address issues that are likely to be of significance in the future, although they are not currently the subject of the international standard-setters' own agenda.

Only one of these projects was relevant in 2023. EFRAG launched a consultation on Accounting for Variable Consideration in September 2022 and published a [Discussion paper](#) (DP). The consultation was initially scheduled to run until May 2023 and was subsequently extended until November 2023. The DP addressed the

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▲▲ Gero Bothe
▲ Dr. Werner Rockel

accounting for variable consideration from the perspective of the purchaser. Specifically, the DP addresses alternative approaches to two questions: (1) When should a liability be recognised for a variable consideration? (2) Whether and when subsequent changes to the variable consideration will lead to an adjustment to the cost of the acquired asset. EFRAG believes that the accounting for variable consideration poses existing and potentially growing challenges. EFRAG is therefore of the opinion that the IASB should launch such a project in the near future and considers that its (preliminary) work in this area is useful.

We discussed the contents of this DP in the Financial Reporting Technical Committee at the beginning of 2023 and realised that the scope of the ‘Avacon’ issue is wide, and that the aspects to be considered are complex. Although EFRAG describes numerous details and aspects in the DP, its comments on the issue are not exhaustive. One specific aspect that is not addressed in full is that only the (timing of) recognition of liabilities is discussed, but not issues relating to their measurement, and that for assets, only their measurement is addressed, but not their recognition.

Due to the complexity of the issue, and in light of the earlier debates in the IFRS Interpretations Committee, which determined that this topic is very broad and requires more in-depth discussion, we do not recommend conducting any public discussion on the topic of ‘Avacon’ at the present time. Rather, the most important factor will be whether and when the IASB itself takes up this topic. As the IASB does not have (or no longer has) this topic on its agenda as a result of the most recent agenda consultation and other topics currently have priority for many stakeholders, we do not consider it appropriate to address the issue of ‘Avacon’ any further at this time.

We communicated this opinion to EFRAG in our [Comment letter](#) at the end of March 2023 – well before the end of the comment period. We do not yet know definitively what insights EFRAG has gained and what further steps it intends to take.

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COOPERATION WITH THE IFRS FOUNDATION

Cooperation with the IFRS Foundation committees and bodies was one of the mainstays of our work last year.

Regular contact with the IASB and its staff allows us to find out about and keep up-to-date on each other's activities, as well as current developments, trends and challenges. The dialogue with IASB Chair Prof. Dr Andreas Barckow, the former President of the ASCG, represents a special aspect of our cooperation with the IFRS Foundation. Thanks to this personal relationship, the ASCG Executive Committee has close contact with the IASB and various figures at the IFRS Foundation.

We also maintained a constant and in-depth dialogue with the two German members of the IFRS Interpretations Committee, Karsten Ganssauge and Dr Jens Freiberg. They are guests at many of our Technical Committee meetings and enrich our deliberations with their profound knowledge and direct observations from the meetings of the Interpretations Committee.

We should also mention our active involvement in ASAF, the IASB's technical advisory body. We report on this in the next section.

The following pages present the major IASB and IFRS Interpretations Committee projects that we followed closely last year through our deliberations in the Financial Reporting Technical Committee.

Participation in the ASAF

After a break of almost four years, the ASCG has again been a member of the IASB's Accounting Standards Advisory Forum (ASAF) since 2022, allowing us to contribute the practical experience of German constituents to the process of developing IFRSs.

The ASAF was established as the IASB's technical advisory committee with the aim of institutionalising and pooling cooperation with national and regional standard-setters, so as to obtain the broadest possible range of feedback on key technical application issues. The ASAF consists of a total of twelve national and regional standard-setters in the field of financial reporting (including at least three members from each of Europe, Asia and America, and one from Africa), each represented by designated individuals. The ASCG is represented in the ASAF by its Vice-President Prof. Dr Sven Morich.

The ASAF generally meets four times a year in London. Its meetings are public. They are chaired by IASB Chair Prof. Dr Andreas Barckow or IASB Vice-Chair Linda Mezon-Hutter, and IASB staff also attend. In its one- or two-day meetings, the ASAF addresses specific issues in connection with the IASB's work plan, but it may also discuss other issues that have major implications for the IASB's work.

In addition, the ASAF meetings also offer an opportunity for members to submit their own suggestions for topics. At the suggestion of the ASCG, in September 2023 the ASAF addressed the impact of the OECD Pillar Two Model Rules on minimum taxation and the implementation of the amendments to IAS 12 *Income Taxes*

published by the IASB in this context at the ASAF meeting in July 2023. The ASAF also addressed the accounting for power purchase agreements under IFRS 9 at its meeting in September 2023, again at the suggestion of the ASCG. In preparation for the ASAF's deliberations in 2023, we discussed the topics and issues with our Financial Reporting Technical Committee in advance of the ASAF meetings.

For us, the ASAF is therefore an important platform for entering into a multilateral exchange of views not only with the IASB, but also with the other national and regional standard-setting organisations.

Accounting for power purchase agreements under IFRS 9

Power purchase agreements and their accounting have recently become the subject of discussion because the structure of these agreements has changed. There are a number of reasons for this: on the one hand, entities were affected by external factors that changed their energy needs; these primarily involved production restrictions due to supply chain problems or economic sanctions. On the other, there were internal reasons at entities resulting in changes in energy needs; these include targeted energy savings (for example as a result of shortages or price increases) or a deliberate switch in energy sources (e.g. electricity instead of gas), or the way energy is procured (in particular renewable instead of fossil sources).

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Overall, questions arose about the accounting in accordance with IFRS 9 *Financial Instruments*: power purchase agreements in general and electricity purchase agreements in particular are often entered into for the entity's own use, i.e. the electricity/energy volume contracted and delivered is used and consumed within the entity. If this is the case, an exemption – the own-use exemption – is applicable in IFRS 9. Such agreements are not, therefore, recognised as executory contracts. If this exception were not to be applied, such an agreement would be recognised as a derivative and measured at fair value.

The challenge at this point is that this exception was often applicable in the past, but is now rarely or no longer applicable for agreements with different structures. The savings or the change in procurement mean that the purchased energy is either not fully needed or – in the case of electricity supplies – the amount of electricity generated and delivered by wind or solar farms fluctuates naturally and therefore covers the entity's own needs at best in the aggregate, but not at all times. Due to a lack of storage capacity, any surplus or shortfall arising must be sold or purchased. Ultimately, the condition of supply for own use is not always met for such agreements, and they are therefore subject to the mandatory accounting treatment. Environmentally responsible behaviour therefore has accounting consequences that are perceived as unfavourable.

This problem was first raised by EU industrial entities at the end of 2022. The issue was soon brought to the attention of the IASB and formally submitted to the IFRS Interpretations Committee.

Both bodies recognised the problem and immediately started discussing it in detail. The ASCG responded to the discussion at a very early stage, firstly by drawing it to the attention of entities in Germany and secondly by involving them in the discussion. We successively analysed the degree to which these entities were affected and, in some cases, surveyed the types and scope of agreements being used. This helped us to gradually provide clearer answers to the important questions of prevalence and relevant use cases.

Following initial consultation by the IFRS Interpretations Committee and the IASB in summer 2023, the topic was immediately added to the IASB's work programme. Over the course of 2023, the ASAF – in which we participate as the ASCG – and the IFRS Interpretations Committee provided the IASB with the feedback it asked for on multiple occasions. By the end of 2023, the IASB not only confirmed the strong relevance and urgency of the issue but had already decided on approaches for IFRS 9 amendments. Specifically, it determined that both the requirements for the own-use exemption and specific criteria for hedge accounting should be clarified or strengthened. This confirmed that the focus would be especially on power purchase agreements. Furthermore, it includes agreements where no direct physical delivery is possible due to market and infrastructure conditions, but only indirect settlement of the agreement (essentially virtual delivery) in the form of financial compensation.

The ASCG considers the international standard-setter's approach to be very swift and focused. We will closely monitor further progress, keep our stakeholders informed of current developments and continue to involve them as required.

Primary Financial Statements – General Presentation and Disclosures

The IASB finally completed its technical redeliberations on its '*Primary Financial Statements*' project in November 2023 – around four years after the publication of its exposure draft [ED/2019/7](#) General Presentation and Disclosures. The new standard IFRS 18 Presentation and Disclosure in Financial Statements was published on April 9, 2024.

At its core, IFRS 18, which supersedes IAS 1 *Presentation of Financial Statements*, introduces the following changes in particular:

- improvements to the structure and comparability of the statement of profit or loss (income statement) by introducing mandatory subtotals (for example, 'Operating profit or loss before financing and income tax') and categories ('operating', 'investing' and 'financing'),
- the introduction of additional guidance on the aggregation and disaggregation of line items,
- additional disclosures on the classification of certain operating expenses by the nature of the expense if an entity prepares its income statement using the function of expense (cost of sales) method, and
- disclosures on entity-specific key performance indicators ('management performance measures').

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We continued to monitor the IASB's deliberations closely in 2023 and actively tracked them in our Financial Reporting Technical Committee. Our activities focused on the IASB's tentative decisions on the following issues:

- subtotals in the statement of profit or loss (in particular the revised definition of the *'financing'* category),
- disclosures on management performance measures,
- additional disclosures on operating expenses by the nature of the expense and
- unusual income and expenses.

In cooperation with the ASAF members, the IASB conducted targeted outreach activities on these four topics between October and December 2022 in order to obtain feedback on its selected tentative decisions. As an ASAF member, the ASCG participated in these outreach activities and held a round table discussion in November 2022 in cooperation with the IASB and EFRAG. We submitted our comment letter to the IASB in January 2023 as a result of these outreach activities. We reported in detail on our outreach activities and our feedback to the IASB on page 30 f. of our [2022 Annual Report](#).

We will continue to actively support the IASB's further activities in connection with its *'Primary Financial Statements'* project in 2024. On the one hand, the IASB is expected to publish a significant number of accompanying training materials to support implementation of the new standard. On the other hand, the IASB intends to publish proposals for an IFRS accounting taxonomy

update – to reflect the new standard in the IFRS accounting taxonomy – for consultation in the second quarter of 2024. In addition, we will support EFRAG's activities in preparation for the endorsement of the new standard, including through our membership of EFRAG's technical committees.

Subsidiaries without Public Accountability: Disclosures

We also continued to actively track the IASB's deliberations in the course of its comprehensive disclosure initiatives project. The IASB published its exposure draft [IASB ED/2021/7 Subsidiaries without Public Accountability: Disclosures](#) for comment in July 2021 as a subproject. In this Exposure Draft, the IASB proposed that entities without public accountability (primarily entities that are not publicly traded and do not act in a fiduciary capacity) should be permitted to apply IFRSs with a reduced set of disclosure requirements for their separate financial statements (or subgroup financial statements), provided that they are included in the parent entity's consolidated financial statements prepared in accordance with IFRSs.

In 2023, we contributed to the IASB's ongoing deliberations on this project, in particular through our committee memberships – after prior discussion in the Financial Reporting Technical Committee. For example, the expected costs and benefits of the proposed new IFRS were most recently discussed at the ASAF meeting in March 2023. With regard to German subsidiaries, the applicability of the draft standard will be determined by whether

it is endorsed and by the implementation of the Member State options into national law under the IAS Adoption Regulation 1606/2002.

The IASB has almost completed its technical redeliberations on this project and currently expects to publish the final standard, IFRS 19, in the second quarter of 2024.

We will continue to closely monitor and actively support further developments in this project in 2024. On the one hand, the IASB is planning to issue an exposure draft amending the new IFRS for subsidiaries following its publication. The IASB's intention with this exposure draft is to reflect the amendments to the disclosure requirements in IFRSs in the new IFRS for subsidiaries that the IASB has made since the publication of its exposure draft [IASB ED/2021/7](#) and to propose reduced disclosure requirements. On the other, we will closely track EFRAG's activities in preparation for the possible endorsement of the new standard.

OECD Pillar Two Model Rules – amendment to IAS 12

The IASB published amendments to IAS 12 *Income Taxes* on 23 May 2023. The IASB's amendments to IAS 12 were published in response to stakeholder concerns about the potential impact of the [Pillar Two Model Rules](#) published by the Organisation for Economic Co-operation and Development (OECD) on the accounting for deferred taxes. The following specific requirements have been introduced:

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▲ Noura Rhemouga

▲▲ Georg Lanfermann
▲ Dr Stefan Wich

- A temporary exception from the recognition and disclosure of information about deferred taxes resulting from the implementation of the OECD global minimum taxation rules by the relevant countries. Entities are required to disclose that they have applied the exception.
- Targeted disclosure requirements that are aimed at helping users of financial statements better understand an entity's exposure to income taxes arising from the implementation of the Pillar Two rules, particularly in periods when the legislation implementing these rules is not yet in effect.

The related exposure draft [IASB/ED/2023/1 International Tax Reform – Pillar Two Model Rules \(Proposed amendments to IAS 12\)](#) was published on 9 January 2023, with a comment period until 10 March 2023. We discussed this exposure draft in great detail in our 'Tax' Working Group and in the IFRS Technical Committee and submitted our comment letter to the [IASB](#) on 27 February. We supported the IASB's proposal to introduce a mandatory exception from the recognition of deferred taxes resulting from implementation of the Pillar Two rules. However, we expressed significant doubts that the disclosure requirements proposed in the ED, which entities would already have to comply with before the Pillar Two legislation is in effect, would result in decision-useful information for users of financial statements. At the same time, these requirements would constitute considerable additional operational effort for preparers. We therefore suggested that these disclosure requirements should be reconsidered. A number of other stakeholders also raised similar concerns with the IASB. The IASB responded to this criticism and amended the disclosure requirements in the final standard.

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The IAS 12 amendments have now been endorsed, meaning that the new requirements are now mandatory for all entities that apply IFRS, as adopted by the EU.

To assist preparers, the 'Tax' Working Group prepared a paper on reporting obligations when applying the new IAS requirements. This paper was discussed by the Financial Reporting Technical Committee at its 20th meeting in September 2023. Due to the relevance and urgency of the issue, particularly for consolidated financial statements as at 30 September 2023 and interim reporting for the third quarter of 2023, we reproduced the content of the paper in the report on the results of the 20th meeting and thus made it available to the public in the [Meeting Report](#).

IASB Post-implementation Reviews

IFRS interpretation and maintenance activities include the systematic review of new standards that have been applied for a number of years. These post-implementation reviews (PIRs) are conducted to assess the impact of a new standard and to determine whether a standard can be applied as intended or the extent to which application difficulties, uncertainties or even inconsistent application arise.

Each PIR usually starts with a first phase of outreach and research. This is followed by a second phase, during which a public consultation is conducted in the form of a request for information (RfI). The IASB aims to use the responses to the RfI to determine whether further steps are required in terms of standard-setting or maintenance activities.

Work was conducted on two PIRs in 2023.

PIR on IFRS 9 *Financial Instruments*

The PIR of IFRS 9 is being carried out in several parts, with the two phases described above conducted for each of the parts.

The first part of the IFRS 9 PIR comprised the 'classification and measurement' subsection, with the first phase (outreach + research) beginning back in 2021. The second phase, in other words the public consultation, ran from autumn 2021 to the end of January 2022. We participated in this consultation. Following this, the IASB discussed the feedback, and resolved two follow-up measures in response to the insights gained.

The IASB then launched the second part of the PIR of IFRS 9 at the end of 2022. This part 2 addresses the requirements governing impairment. Its first phase again involved the bodies of the IFRS Foundation, such as the ASAF and the IFRS Interpretations Committee. The second phase, the public consultation, was launched in May 2023, when the IASB published an [RfI](#). This put forward for discussion the following aspects from the IFRS 9 requirements governing impairment:

- the general approach to recognising expected credit losses,
- determining significant increases in credit risk,
- measuring expected credit losses,
- a simplified approach for trade receivables, contract assets and lease receivables,
- purchased or originated credit-impaired financial assets,
- application of the IFRS 9 impairment requirements provisions together with other requirements,
- credit risk disclosures.

The ASCG discussed the contents of the RfI both in the Financial Reporting Technical Committee and in the 'Financial Instruments' Working Group and communicated the results of the discussion in a [Comment letter](#) submitted to the IASB on 27 September 2023. In our comment letter, we stated that the impairment requirements are principle-based and provide useful information. Although the costs incurred to implement the new impairment model were high in some cases, the recurring costs are assessed to be moderate and appear justifiable in light of the more useful financial information. Overall, the new impairment model works well in practice, and any application issues and challenges have been largely resolved following its introduction and almost five years of application. Accordingly, we only expressed a few specific points of criticism and made a few suggestions for improvements to the standard-setting process.

Finally, it should be noted that part 3 of the IFRS 9 PIR is intended to cover hedge accounting. However, it is currently our understanding that this part 3 will probably not begin until 2025.

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PIR of IFRS 15 *Revenue from Contracts with Customers*

The IFRS 15 PIR also began in autumn 2022, with the launch of phase 1, when the IFRS Foundation committees were consulted.

The IASB initiated phase 2 of this PIR with the publication of the [Rfi](#) on 29 June 2023, in which the IASB sought feedback from stakeholders on the following issues by 27 October 2023:

- overall assessment of IFRS 15 (e. g. achievement of objectives, clarity and suitability of the core principle of the standard and the five-step model for decision-making, cost/benefit ratio),
- identifying performance obligations in a contract,
- determining the transaction price,
- determining when to recognise revenue,
- principal versus agent considerations,
- accounting for licenses,
- disclosure requirements, including cost/benefit considerations,
- transition requirements,
- interaction with other IFRSs,
- convergence between IFRS 15 and the FASB's Topic 606,
- other matters.

On 27 October 2023, we submitted comment letters on the post-implementation review of IFRS 15 to the [IASB](#) and to [EFRAG](#) on its [Draft comment letter](#) dated 24 July 2023.

In our comments to the IASB, we expressed the view that IFRS 15 is a principle-based, well-structured and understandable standard that is generally working well in practice. Overall, we believe that the core principle and the supporting five-step revenue recognition model provide useful information about an entity's revenue from contracts with customers.

Although various aspects of IFRS 15 were challenging during the implementation phase of the standard, pragmatic, workable solutions were found in practice over time. We therefore believed that stability should be the primary objective of the PIR, and that fundamental conceptual discussions and standard changes to the standard should be avoided. Accordingly, we only expressed specific points of criticism and made suggestions for improvements to the standard-setting process in our comments to the IASB.

Our comments were preceded by an in-depth outreach process by the ASCG, which we supported with preparer forums and a public discussion event that we organised together with the standard-setters from Austria (AFRAC) and Switzerland (FER), as well as EFRAG and the IASB.

Interpretations and Maintenance

The interpretation and maintenance activities of the IFRS Interpretations Committee involve discussing and responding to submissions regarding the application of and uncertainties about IFRSs. The work on such questions and issues either results in agenda decisions, which are taken by the IFRS Interpretations Committee (IFRS IC), or in subsequent standard-setting activities, which then lead to a (narrow-scope) amendment to the standard or an interpretation. In addition, the IASB itself raises and discusses issues for which it emerges that an amendment or clarification of the standard is required.



▲▲ Marco Liepe
▲ Dr Patrick Bosch

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As in every year, we tracked these activities closely in 2023. Specifically, we addressed all the discussions at all meetings of the IFRS Interpretations Committee, assessed the findings and commented on them in most of the cases.

The IFRS Interpretations Committee issued five agenda decisions on a variety of issues or standards last year. Specifically, the issues related to the accounting for leases (IFRS 16), financial instruments (IFRS 9), insurance contracts (IFRS 17) and employee benefits (IAS 19). In two cases, the IFRS Interpretations Committee clarified and explained in detail that (and why) the existing relevant IFRS requirements are sufficient to answer the relevant question with adequate clarity. In the remaining three cases, the IFRS Interpretations Committee determined, in accordance with its mandate, that further consideration was neither justified nor necessary due to a lack of significant prevalence, materiality or diversity in accounting. It therefore decided in all three cases that no standardisation work was required.

We would again like to mention this year that the IFRS Interpretation Committee's agenda decisions should be regularly tracked and reviewed by reporting entities to determine whether their own financial reporting corresponds with the Committee's view. If this is not the case, entities should ascertain whether their differing approach is justified or should be changed. Agenda decisions represent new information within the meaning of IAS 8 that could lead to a change in accounting policy, but that does not justify any errors.

Lastly, in the context of standard maintenance, we would like to report that a number of narrow-scope amendments to IFRSs were finalised and published by the IASB in 2023. Firstly, it adopted amendments to IAS 7 and IFRS 7 regarding supplier finance arrangements. Secondly, an amendment to IAS 21 was finalised that clarifies the accounting when a currency is not exchangeable. Thirdly, the IASB adopted an amendment to IAS 12; we report on this in more detail further up in this report.

Moreover, the IASB is currently working on three amendment projects that have yet to be finalised. These are amendments to IFRS 9 concerning the classification and measurement of specific financial instruments for which application of the 'solely payments of principal and interest' criterion appears to be unclear. These proposed amendments are the result of feedback from the IFRS 9 PIR (classification and measurement part). In addition, proposals for editorial amendments to several IFRSs were developed and published as part of the annual improvements process. Finally, the second review of the IFRS for SMEs, which was launched in 2022, is currently in its final phase.

In addition, the IASB recently considered another narrow-scope amendment to IFRS 9 as a result of an issue that was addressed and resolved by the IFRS Interpretations Committee in spring 2023. Due to recent developments when power purchase agreements are entered into, difficulties arose with the application of the own-use requirements in IFRS 9, as such agreements generally fall within this scope. As the amendment project that was consequently initiated at short notice is attracting a great deal of attention, we are presenting this topic separately in this report.

As is our practice, we will follow and closely monitor all these developments in our Technical Committees and in consultation with the wider public.

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COLLABORATION WITH OTHER STANDARD-SETTERS

World Standard Setters Conference

The World Standard Setters (WSS) Conference is the largest meeting of national standard-setters and regional organisations tasked with accounting-related issues. At this annual event, which is attended by participants from all over the world, the ASCG was again represented by its Executive Committee in 2023. The WSS Conference is organised by the IFRS Foundation, which also sets the agenda for the event.

The WSS Conference primarily serves the IASB as a platform for informing standard-setters about developments over the past year, current issues and the next steps. Feedback on project progress and application and implementation issues is also actively gathered. For us, it is a good opportunity to exchange ideas with a large number of standard-setting partners and maintain our relationships with them.

Alongside the presentation of the current status of and progress made on the IASB and ISSB work programmes, several breakout sessions were held over the two days, as usual, to discuss financial reporting topics (including the 'Primary financial statements' and 'Subsidiaries Without Public Accountability: Disclosures' projects) as well as sustainability topics. The 'International perspectives on the application of the ISSB standards' panel discussion also discussed the interconnectivity of the two fields of standard-setting. ASCG President Georg Lanfermann took part in the discussion as a panellist and highlighted developments in sustainability reporting from a European perspective.



▲ Prof. Dr Christian Fink



▲ Erika Bognár



▲ Dr Michael Seifert

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International Forum of Accounting Standard Setters

The International Forum of Accounting Standard Setters (IFASS) is an informal global network of national standard-setters and other organisations that have a close involvement in financial reporting issues. The Forum meets twice per year and, unlike the WSS Conference, is organised on the initiative of the national standard-setters. The aim of IFASS is to promote cooperation between the standard-setters. Last year, Chiara Del Prete, Chair of the EFRAG SR TEG, chaired IFASS. The IFASS meetings provide a key platform for discussing issues shared with other standard-setters, exchanging experiences, and finding partners for joint projects.

The first meeting of the year in April 2023 took place at FASB's offices in Norwalk, USA, and virtually. Of the three days, one was dedicated to financial reporting, one to sustainability issues, and the third day addressed overarching topics. The following specific aspects were among those discussed: updates from the IASB and ISSB, focus on connectivity – the link between financial and sustainability reporting, intangible assets, digital assets. As usual, there were also presentations on the focal points and priorities of individual standard-setters in their jurisdictions.

As is customary, the second meeting took place in September following the WSS meeting in London, with a virtual participation option. The topics discussed included reporting on intangible assets, climate-related risks in the financial statements, statements of cash flows, hyperinflation and accounting for carbon offsets. Three panel discussions were also held: on the post-implementation review of IFRS 15, the ISSB consultation on agenda priorities and prospects for interoperability, and on the implementation of sustainability reporting.

Other platforms

In addition to the above meetings on a global level, we also regularly raise current topics and viewpoints in various rounds of discussions held with other standard-setters. These include the Consultative Forum of Standard Setters (CFSS), at which the positions to be put forward by EFRAG at the Accounting Standards Advisory Forum (ASAF) are prepared and agreed. We also maintain regular direct contact with selected standard-setters with whom we are able to address and explore confidential matters in private meetings. The main focus of these multilateral meetings, which are held several times per year, is on international accounting issues in which we have a common interest. In 2023, for example, we held in-depth

discussions on the implementation of the OECD's Pillar Two Model Rules on minimum taxation, the accounting for carbon offsets, interconnectivity between financial and sustainability reporting, and the accounting for crypto assets and other electronic means of payment.

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COMMENTS AND OTHER PUBLICATIONS

We published the following comments and other publications in the field of financial reporting in 2023. The complete texts of the documents mentioned on this page are available on our [website](#).

Publication Date	Subject
I. Comments to EFRAG	
27/02/2023	Draft Comment Letter on IASB/ED/2023/1 International Tax Reform – Pillar Two Model Rules
27/03/2023	EFRAG DP Accounting for variable considerations
27/10/2023	Draft Comment Letter on IASB RfI Post-implementation Review IFRS 15
01/12/2023	Draft Comment Letter on IASB/ED/2023/4 Annual Improvements – Volume 11
II. Comments to the IASB	
10/01/2023	Targeted Outreach Activities on Primary Financial Statements
22/02/2023	ED/2022/1 Third edition of the IFRS for SMEs Accounting Standard
27/02/2023	IASB/ED/2023/1 International Tax Reform – Pillar Two Model Rules
19/07/2023	IASB/ED/2023/2 – Amendments to the Classification and Measurement of Financial Instruments (Proposed amendments to IFRS 9 and IFRS 7)
27/09/2023	IASB RfI Post-implementation Review IFRS 9 – Impairments
27/10/2023	IASB RfI Post-implementation Review IFRS 15
01/12/2023	IASB/ED/2023/4 Annual Improvements – Volume 11
III. Comments to the IFRS Interpretations Committee	
18/05/2023	Outreach Request – IFRS 9 – Application of the ‘own use exemption’ in the light of current market and geopolitical questions
IV. Comments to other organisations and other publications	
06/10/2023	European Commission: Proposal for a Delegated Directive amending the Directive 2013/34/EU (Accounting Directive) as regards the adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups
16/10/2023	Reporting obligations under IFRS in connection with Minimum Taxation Directive Implementation Act (as part of the minutes of the 20th meeting of the Financial Reporting Technical Committee)
06/12/2023	ASCG Briefing Paper: IASB/ED/2023/5 Financial Instruments with Characteristics of Equity

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II. Sustainability Reporting

We have given equal weighting to sustainability and financial reporting since our structural reform in 2021.

We actively support the development of internationally consistent reporting standards. This applies in the first instance to the ASCG's involvement in EFRAG's European standard-setting activities. Equally, we support the internationally focused standard-setting projects of the ISSB with regard to their application in Germany. We actively contribute to the development of reporting standards, whether in the form of our representation on EFRAG bodies, by supporting the German members of various international bodies and working groups, by commenting on draft standards or through a range of cooperation projects. ASCG President Georg Lanfermann was already Vice-President of the EFRAG Administrative Board since February 2022, and was appointed for a further two-year term of office in December 2023 effective 22 January 2024. Prof. Dr Kerstin Lopatta, a member of the Sustainability Reporting Technical Committee, is Vice-Chair of the EFRAG SR Board. Dr Thomas Schmotz, an ASCG Technical Director, represents us on the EFRAG SR TEG. We also maintain a close dialogue with the other German representatives on the EFRAG and ISSB committees and working groups.

In March 2023, we opened a Liaison Hub with the ISSB in cooperation with Goethe University Frankfurt. The goal is to gain scholarly evidence for standardisation. It focuses on sustainability reporting and its harmonisation as well as on connectivity with financial reporting. We would like to use the Liaison Hub to signal our support for international standard-setting activities at the Frankfurt location, as the close proximity promotes greater cooperation between the ASCG and the ISSB.

We use our close ties with all of the relevant organisations to ensure we remain a critical voice for German stakeholders in the development of corporate reporting. Our obligation to act in the public interest and our objective to take on board the views of German stakeholders, which we then pool and contribute to European and international consultations on corporate reporting – whether in relation to financial or sustainability reporting – remain crucial.

We are also actively involved in the discussions on the legislative basis for sustainability reporting and support the Federal Ministry of Justice in accordance with the contract formally acknowledging the ASCG's role under section 342q of the HGB.

The Sustainability Reporting Technical Committee is responsible for issues and questions relating to sustainability reporting.

A great deal has happened in the area of sustainability reporting over the past year. We report in detail on the key developments and our activities in the following sections of this chapter.

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COOPERATION WITH NATIONAL INSTITUTIONS

Cooperation between the ASCG and the RNE

The CSRD represents a milestone in sustainability reporting. For the first time, small and medium-sized enterprises (SMEs) will also be required to report on sustainability aspects. The explicit requirement relates only to the relatively small number of approximately 50 publicly traded SMEs addressed by the CSRD. However, thousands of non-publicly traded SMEs are also encouraged to report on the sustainability of their business activities. Requirements of this kind may result, for example, when these SMEs are part of the value chains of entities subject to reporting requirements or may be considered by banks in their lending processes.

Against this backdrop, we reached agreement on [cooperation](#) with the German Council for Sustainable Development (RNE) and jointly initiated the 'SME Sustainability Reporting' [pilot group](#) chaired by Prof. Dr Alexander Bassen at the University of Hamburg in September 2022. The goal is to support SMEs in Germany when they implement the new (legal) sustainability reporting requirements and, beyond that, to proactively discuss the various sustainability reporting requirements applicable to SMEs. The pilot group is composed of experienced representatives from SMEs and various stakeholder groups involved in SME sustainability reporting. Members of our Sustainability Reporting Technical Committee are also represented in this group, in the shape of Carsten Beisheim, Prof. Dr Christian Fink and Noura Rhemouga.



▲ Prof. Dr Corinna Ewelt-Knauer



▲▲ Dr Thomas Schmotz
▲ Andreas Bödecker

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The ASCG/RNE pilot group continued its work in 2023 and focused in particular on the information needs of the various SME sustainability information stakeholders. The [overview](#) prepared for this purpose was published in August 2023 and reveals that, although sustainability information from SMEs may also be required due to direct legal requirements, it can result in particular from indirect effects of legal requirements imposed on other stakeholders. Compliance with corporate sustainability due diligence obligations for large entities and regulatory requirements in the financial sector are particularly noteworthy here. Sustainability reporting requirements may also arise from other considerations, such as certification requirements from customers of SMEs. It is necessary to identify and consolidate the different requirements so as to develop targeted and, at the same time, proportionate standards for sustainability reporting by SMEs.

The pilot group also addressed the Principal Adverse Impact (PAI) indicators in detail, as these are seen as a key component of SME sustainability reporting. For example, the European SME sustainability reporting standards currently being developed by EFRAG incorporate these requirements. PAI are addressed in both Exposure Drafts (ED), the ESRS for Listed Small and Medium-Sized Entities (ED-LSME), which will be mandatory for publicly traded SMEs in future, and – to a lesser extent – in the Voluntary Standard for SMEs (ED-VSME). They were issued for consultation on 22 January 2024. An important aspect of the further work of the ASCG/RNE pilot group will be to consider these exposure drafts.

Cooperation between the ASCG and XBRL Germany

In November 2022, XBRL Germany and the ASCG decided to establish a joint ‘Digital Sustainability Reporting’ Working Group. This group bundles the two associations’ expertise in the field of sustainability reporting and digital transformation.

The working group’s aim is to monitor and recognise initiatives for digital sustainability reporting, in particular current legislative and standardisation initiatives. To do this, the working group is expected:

- to discuss current activities and work results – such as the development of an XBRL taxonomy for ESRS and EU Taxonomy Regulation reporting – and offer constructive support,
- to test the implementation of such an XBRL taxonomy in practice,
- to proactively identify digital transformation options and alternatives (inline XBRL reports and taxonomies) and test the quality of taxonomy design patterns using examples,
- to consider the impact of digital transformation of sustainability reporting on entities not required to prepare reports (e.g. in the supply chain) and, where applicable, interactions with local digital transformation efforts, and
- to establish the basis for technical comments.

Alongside representatives of XBRL Germany and the ASCG, the working group’s members include representatives of reporting entities, auditors, software providers and users of digital sustainability reports. Approximately 20 ASCG member companies are represented in the working group. The meetings of the working group are not public.

In 2023, the working group held a total of nine meetings, all of which dealt exclusively with the upcoming consultation draft for the XBRL taxonomy. The consultation draft was published by EFRAG on 8 February 2024. The meetings served to prepare a field test for the consultation draft.

The German federal government’s Sustainable Finance Advisory Committee

The ASCG is an official observer on the German federal government’s Sustainable Finance Advisory Committee and supports the work of the Committee, based particularly on the strength of its expertise in sustainability reporting.

The Advisory Committee was established in the 19th legislative term. It advises the federal government with the objective of transforming Germany into a leading centre for sustainable finance. The Advisory Committee continued its work in the 20th legislative term and appointed new [Advisory Committee members and observers](#).

The following are excellent examples of the work carried out in the past calendar year:

- a [publication on the challenges faced in implementing the EU Taxonomy](#), with approaches as to how structural and substantive problems can be solved and how practical hurdles during initial application can be overcome;
- a [position paper on the EU-wide regulation of ESG rating providers](#),

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- four discussion papers on sustainable transformation financing: (1) [SME discussion paper: Financing stimuli for sustainable development](#), (2) [Discussion paper: Start-up hardware financing: Closing funding gaps](#), (3) [Discussion paper on Transformation financing for industrial companies: Focus on a carbon-neutral economy](#), (4) [Discussion paper on the expansion of sustainable infrastructure: In cooperation between the public and private sectors](#) and
- a [cooperation agreement](#) with the Paris-based Sustainable Finance Institute (IFD – Institut de la finance durable) to foster the efficiency and effectiveness of the sustainable finance agenda in Europe.

In terms of its future work, the Advisory Committee has defined three main impact areas: (1) transformation financing, (2) sustainable finance regulation and (3) international involvement, thereby reorganising the previous [structure of its working groups](#). The future work of the Advisory Committee will be performed within the following working groups:

- Transformation financing: ‘Capital Markets’, ‘Funding and Credit Instruments’ and ‘Transition plans’;
- Sustainable finance regulation: ‘Regulatory Coherence’, ‘Sustainable Accounting’ and ‘SMEs’;
- International involvement: ‘International Cooperation’ and ‘Charlemagne’ (German-French cooperation in Europe).

In the context of sustainability reporting, the work on sustainable finance regulation and hence the ‘Regulatory Coherence’, ‘Sustainable Accounting’ and ‘SMEs’ working groups are particularly relevant.

Cooperation with other institutions, presentations

In addition to the cooperation with national institutions described above, we worked with many other organisations in Germany in various ways last year. These activities were also closely linked to the development of sustainability reporting standards and sharing expertise on the new CSRD and ESRS requirements.

In October 2023, the BDI (Federation of German Industries), together with the ASCG, econsense and Ernst & Young as cooperation partners, organised a conference with the title ‘ESG reporting: What can industry expect starting in 2024?’. As part of this hybrid event addressing the implementation of sustainability reporting in Germany, the organisers used presentations and panel discussions to provide information on the requirements and challenges of the expanded corporate reporting starting in 2024. The participants, political and public administration decision-makers, standard-setters and academic experts discussed the political objectives and the role of industry, challenges for the mid-market and the current legislative initiative to transpose the EU Accounting Directive, as amended by the CSRD. The ASCG was actively represented at this event by ASCG President Georg Lanfermann and Prof. Dr Kerstin Lopatta (member of the Sustainability Reporting Technical Committee), among others.

The ASCG also performed its role as a multiplier by means of a large number of presentations by the members of Executive Committee and ASCG staff at various events, e.g. at the Deutsche Bundesbank, the European Business School and numerous business associations as well as – as part of a lectureship of ASCG President Georg Lanfermann – at the University of Potsdam.

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COOPERATION WITH EUROPEAN INSTITUTIONS

The EU Accounting Directive, as amended by the CSRD, obliges a large number of EU and certain non-EU entities to report on sustainability using EU standards (European Sustainability Reporting Standards, ESRS). The standards are developed as technical advice by EFRAG and adopted by the European Commission in the form of delegated acts. At the end of July 2023, the first set of ESRS were adopted by the European Commission and published in the [Official Journal of the EU](#) at the end of 2023. This means that mandatory sustainability reporting standards will come into force for the first time in the European Union for financial years beginning on or after 1 January 2024.

The first set of ESRS comprises twelve cross-cutting standards on environmental, social and governance matters. Back in March 2023, EU Commissioner Mairead McGuinness publicly called on EFRAG to prioritise the development of implementation support for the first set of ESRS over preparatory work for further standards, such as sector-specific ESRS. EFRAG subsequently developed initial implementation guidance on materiality analysis, the value chain and ESRS data architecture. In addition, it launched a [Q&A platform](#) addressing implementation issues in October 2023. Work that has already been started on sector-specific ESRS, which must also be applied by entities with activities in certain sectors, has largely been postponed until 2024, as has the consultation on ESRS for SMEs.



▲▲ Tanja Castor
▲ Birgit Weisschuh

▲▲ Dr Jan Techert, BMJ
▲ Jens Berger

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European Commission's consultation on the first set of ESRS

After EFRAG submitted the draft of the first set of ESRS to the European Commission in November 2022, the draft standards were subject to a further formal process at the level of the Commission. At the beginning of June, the European Commission subsequently published the [draft delegated act](#) on the first set of ESRS for a one-month public consultation. This draft contained the actual Delegated Regulation and two annexes (Annex I: ESRS, Annex II: abbreviations and glossary) and was significantly modified in some respects compared with the EFRAG draft. The Commission's objective was to ensure proportionality and simplify the correct application of the standards by reporting entities. Among other things, the importance of the materiality principle was strengthened by making all disclosure requirements, with the exception of ESRS 2, subject to the materiality test. In addition, for entities with fewer than 750 employees, transitional periods relating to a significantly broader range of disclosures and further substantive relief for some details have been incorporated.

Despite the extensive scope of the consultation and the very short deadline for submitting feedback, we submitted our [comments](#) to the European Commission at the beginning of July 2023. In this comment letter, we positively emphasised many of the amendments made, which we believe increase the practicability, clarity and proportionality of the reporting requirements. A significant point here was the reintegration into the reporting standards

of the materiality principle, to which EFRAG's own draft attached relatively minor importance on the grounds that only a small part of the disclosures would be subject to materiality. Among other things, we (and numerous other consultation participants) criticised the lack of a link between the EFRAG draft and the reporting obligations of financial market participants under the Sustainable Finance Disclosure Regulation (SFDR, Regulation (EU) 2019/2088), which does not provide for any materiality threshold. We also called on the European Commission to take a position on the alignment of ESRS with the IFRS Sustainability Reporting Standards; we believed in particular that it was necessary to establish clear consistency with regard to the definition of financial materiality. We also criticised the requirement for compulsory gross presentation when disclosing anticipated financial effects from climate-related risks and opportunities as well as anticipated effects of own business activities.

More than 600 organisations and private individuals in total took part in the consultation. The European Commission adopted the [delegated act](#) at the end of July 2023 and finally published it on 31 July 2023, with a number of additional amendments compared with the draft. Among other things, the language in ESRS 1 General Requirements has been clarified significantly to state that the assessment of financial materiality under ESRS means the identification of information that is considered to be material by primary users of general-purpose financial reporting in making decisions about the allocation of resources. The criticism from the perspective of financial market participants regarding the strengthening of the materiality principle was also taken into account, and ESRS 1 now explicitly requires an entity to state that

certain information is immaterial if this is the case for a data point relating to the SFDR, among other things.

The Delegated Act was officially forwarded to the Council of the European Union (EU Council of Ministers) and the European Parliament at the beginning of August 2023 with these and a number of other amendments so that they could scrutinise it and, if necessary, raise objections within two months. However, no use was made of this option. The ESRS therefore appeared in the Official Journal of the European Union on 22 December 2023. Transposition into national law is not necessary because they have the status of a regulation.

Sector-specific sustainability reporting standards

On top of the first set of sector-agnostic ESRS, Article 29b of the EU Accounting Directive requires the development of sector-specific reporting standards. In sustainability reporting, this is intended to take account of the fact that entities with activities in different sectors face different sustainability-related impacts, risks and opportunities.

In March 2023, however, the European Commission asked EFRAG to prioritise proper implementation of the first set of ESRS over preparatory work on the sector-specific standards. Following this, a two-month consultation was launched in October 2023 to postpone adoption of the first delegated acts on the sector-specific ESRS from June 2024 to June 2026. In our comments of December

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2023, we supported this step in order to give affected entities more time to implement and continuously improve their sustainability reporting. Instead, necessary implementation support for the first set of ESRS should continue to be prioritised.

EFRAG plans to step up its work on the sector-specific standards again in 2024. For example, there are plans to finalise the draft standards on sector classification (ESRS SEC 1; possibly ESRS SEC 2) and for the two sectors ‘Mining, Quarrying and Coal’ and ‘Oil and Gas’ in the first half of 2024, which will then be released for public consultation. In addition, EFRAG expects to bring forward work on three standards for the financial sector (‘Banking’; ‘Insurance’; ‘Capital Markets’). According to EFRAG’s current [work programme](#), there are plans to develop up to 40 sector-specific standards over several annual cycles.

We have been closely involved in the work on the sector-specific standards from the start. In December 2022, we submitted our [recommendations](#) for the development of sector-specific standards to EFRAG in order to highlight the need for proportionate, relevant reporting requirements for a given sector at an early stage. In the first half of 2023, we held various round tables and panel discussions with industry experts on the ‘Mining, Quarrying and Coal’, ‘Oil and Gas’, ‘Road Transport’ and ‘Agriculture, Farming and Fishing’ working papers that EFRAG published in March 2023. These dialogue formats will be continued in 2024 and the insights gained will be used to support EFRAG in the development of sector-specific standards that properly reflect the underlying economic circumstances and meet the requirements in the relevant sectors. In April 2023, we also published a [briefing paper](#) on ‘Sector-specific standards

for sustainability reporting’ to provide entities with a preliminary overview of future reporting requirements in light of the dynamic developments.

Short survey by the ASCG on the implementation of ESRS in the German DAX 40 companies

Large companies that have already filed a (consolidated) non-financial statement must prepare sustainability reports in accordance with the ESRS for the first time for financial years beginning on or after 1 December 2024. The ESRS clarify the requirements of the CSRD at a high level of detail that entails a significant expansion of the content of the requirements for sustainability reporting compared with the previous requirements. In light of this, we conducted a short survey of the DAX 40 companies in June/July 2023 to gain insights about the status and the difficulties of ESRS implementation projects at these companies.

39 of the DAX 40 companies took part in the online survey, allowing meaningful conclusions to be drawn about the ESRS implementation projects. We would like to thank all the companies for taking part in our short survey!

We found that almost all of the companies surveyed (37) have already started the ESRS implementation project. Half of the DAX 40 companies started in 2022, the others started in the first half of 2023. The initial materiality analysis, as the core of the ESRS implementation project, has already been completed (20) or is in progress (9) at around 75% of the DAX 40 companies. The greatest

difficulty facing the companies at the time of the survey was the ‘lack of clarity regarding reporting requirements’ (80% of companies) and ‘data quality/verifiability’. Other difficulties for the vast majority of the companies surveyed are ‘insufficient data availability’ as well as ‘human resources’ and ‘time challenges’.

Almost all of the companies surveyed use (at least two) other reporting standards in addition to the ESRS. The GRI, which currently form the basis for a stand-alone sustainability report at many companies (29), is of particular importance at present. More than half of the DAX 40 companies are considering and/or using the SASB standards and ISSB standards, neither of which are mandatory.

The [results of the short survey](#) were published in September 2023 and were used, among other things, in the discussion with the European Commission on the need for and appropriate design of support measures for the implementation of ESRS by EFRAG. The ASCG’s ESRS user forums also aim to address ESRS implementation issues identified by companies (see separate section below). At the same time, the results of the short survey show that many of these companies are still focused on internationally comparable reporting. Interoperability between the mandatory ESRS on the one hand and any voluntary ISSB standards on the other will be important for this.

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EU Taxonomy Regulation

The EU Taxonomy Regulation (Regulation (EU) 2020/852) is a core element of the EU's Action Plan on Financing Sustainable Growth (Communication COM/2018/097 final) of March 2018, which was incorporated into the European Green Deal (Communication COM/2019/640 final) of December 2019. The EU Taxonomy Regulation should be viewed in particular in conjunction with the Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088), the CSRD and the EU Green Bond Standard (Regulation (EU) 2023/2631).

On the one hand, the EU Taxonomy Regulation and the associated delegated acts establish a classification scheme for environmentally sustainable economic activities (EU Taxonomy). On the other, taxonomy-based reporting will become mandatory for financial products and for EU entities.

Taxonomy-based reporting for EU entities is defined in Article 8 of the EU Taxonomy Regulation and specified in greater detail in Delegated Regulation (EU) 2021/217. In particular, EU entities falling within the scope of the CSRD must also disclose taxonomy-related information.

The European Commission has published several FAQs to clarify any questions about the Environmental Taxonomy Regulation, as has the IDW. The [EU Taxonomy Navigator](#) offers a range of tools to facilitate the application of EU requirements. The [Stakeholder Request Mechanism](#) was launched in October 2023. This allows stakeholders to submit suggestions to include new economic activities with new technical screening criteria or to revise the technical screening criteria for existing economic activities.

The [Platform for Sustainable Finance](#) is an expert group that advises the European Commission on the development of the EU Taxonomy. The platform has published several reports and comment letters dealing with the application and continued development of the EU Taxonomy and other EU sustainable finance initiatives.

On 5 April 2023, the European Commission published [consultation drafts](#) for two delegated acts on the EU Taxonomy Regulation. We submitted [comments](#) focusing on the reporting obligations for non-financial entities and thus on the revisions to Delegated Regulation (EU) 2021/2178.

In November 2023, we published a revised [briefing paper](#) on the reporting requirements of the EU Taxonomy Regulation.

The ASCG was appointed as a permanent observer to the German federal government's Sustainable Finance Advisory Committee in June 2022. In this role, the ASCG is able to also feed its experiences with the EU Taxonomy Regulation into the work of the Committee.

The EU Taxonomy Regulation was also a major theme of a large number of presentations by ASCG staff. These included presentations at the University of Potsdam and the EBS Business and School in Wiesbaden, the Banking Academy, the German Chemical Industry Association (VCI), the 22nd EY IFRS Congress 2023, the e3 Academy and econsense.

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▲▲ Carsten Beisheim

▲ Andreas Thiele



▲ Prof. Dr Kerstin Lopatta

COOPERATION WITH INTERNATIONAL INSTITUTIONS

ISSB consultation on future agenda priorities

The ISSB launched a [consultation](#) on its future agenda priorities on 4 May 2023. The goal of the consultation is to gather public views on the ISSB's strategic direction, the balance of its agenda and the priority topics for future standard-setting activities. The consultation relates to ISSB activities over the next two years. The ISSB requested feedback by 1 September 2023.

The approximately 30-page [consultation document](#) (*Request for Information*) addresses three topics: (1) the strategic direction and balance of ISSB activities, (2) the criteria for assessing the priority of new ISSB research and standard-setting activities and (3) proposed topics for research and standard-setting activities in the future ISSB work plan.

In general, the ISSB divides its activities into:

- fundamental work based on previous work on IFRS S1 and IFRS S2 to which the ISSB has already committed, and
- new research and standardisation activities whose scope, content and structure were the focus of the consultation.

The fundamental ISSB work includes, for example, activities to support the implementation of IFRS S1 and IFRS S2, researching targeted enhancements to IFRS S1 and IFRS S2, and enhancing the SASB standards. In terms of new research and standard-setting activities, the ISSB is proposing four topics:

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(1) biodiversity, ecosystems and ecosystem services, (2) human capital, (3) human rights and (4) integration in reporting. The resources for new research and standardisation activities are limited by the ISSB's fundamental work. The prioritisation of individual topics as a result of the agenda consultation is therefore very important.

We discussed the consultation document in the Sustainability Reporting Technical Committee and the Joint Technical Committee. In addition, we organised a [public discussion](#) on the consultation together with the ISSB and EFRAG on 28 June 2023. The discussions were incorporated into our comments. Our draft comments were themselves available for public consultation from 1 to 14 August 2023 in order to obtain a broad range of opinions from German stakeholders.

In the final [comments](#) dated 1 September 2023, we supported the ISSB's goal of developing global sustainability reporting standards. We highlighted engagement and cooperation with stakeholders and jurisdictions as being particularly important. We also emphasised the key importance of the interoperability of ISSB standards with national and regional standards. In terms of the introduction of ESRS, we stressed the need to reduce differences between the two standardisation systems to a minimum. The interoperability of the ISSB standards plays an overriding role.

In our opinion, future ISSB activities should focus in particular on supporting the implementation of ISSB standards IFRS S1 and IFRS S2. We also regarded activities aimed at targeted enhancements to ISSB standards as a priority. The inclusion of experience gained from the implementation and application of the standards is crucial for the quality and acceptance of the ISSB standards.

The ISSB is currently analysing the comments received and discussing the feedback it received at its monthly board meetings. The feedback statement and the future work plan are set to be published in the first half of 2024.

ISSB consultation on the proposed methodology for the international applicability of SASB standards

Following a consultation and discussion process lasting several months, the ISSB published the SASB standards with enhanced international applicability in December 2023. The SASB standards comprise 77 industry standards, each of which identifies the sustainability issues relevant to an industry and defines corresponding indicators for environmental, social and governance aspects. These industry-based standards were originally developed by the US Sustainability Accounting Standards Board (SASB) and therefore contained a large number of references and metrics relevant to the United States.

On the one hand, enhancing the international applicability of these standards has been one of the ISSB's tasks since responsibility for the maintenance, revision and enhancement of the SASB standards was transferred to the ISSB with the merger of the Value Reporting Foundation and the IFRS Foundation in August 2022. On the other, the SASB standards are an important source of information for users of IFRS Sustainability Disclosure Standards (IFRS SDS). The ISSB's goal was therefore to complete the revision in time for 1 January 2024 – the initial application date for the IFRS SDS (IFRS S1 and IFRS 2). The SASB standards with enhanced international applicability were ratified by the ISSB in December 2023 and thus just in time before the initial application date.

We considered in depth the proposals on the methodology for international application put forward by the ISSB in May 2023. On the one hand, this involved discussions with entities that apply the SASB standards. On the other, the feedback from the discussions with those entities and the ISSB's proposals were discussed in the Sustainability Reporting Technical Committee. This preliminary assessment by the Sustainability Reporting Technical Committee was presented in a public discussion on 28 June 2023. At this joint event with the ISSB and EFRAG, Ms Jenny Bofinger-Schuster, a member of the ISSB, presented the contents of the draft. Prof. Dr Kerstin Lopatta, University of Hamburg and

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a member of the Sustainability Reporting Technical Committee, presented the EFRAG SRB's preliminary assessment in her role as Vice-Chair of the EFRAG SRB.

The Sustainability Reporting Technical Committee then finalised its [comments](#) to the ISSB, in which it expressed its support for the proposed methodology, but also pointed out, among other things, that the SASB standards require a fundamental revision in order to align them with the current status of sustainability reporting. The Sustainability Reporting Technical Committee also considered it important to deal with these standards because the SASB standards can serve as a reference for industry-specific sustainability information, not only for users of the IFRS SDS, but also for ESRS users.



▲▲ Dr Ilka Canitz
▲ Dr Jan-Velten Große



▲ Martin Bolten

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COMMENTS AND OTHER PUBLICATIONS

We published the following comments and other publications in the field of sustainability reporting in 2023. The complete texts of the documents mentioned on this page are available on our [website](#).

Publication date	Subject
I. Comments/Position papers/Submissions	
09/01/2023	BMJ: ASCG notes on the ESRS
31/01/2023	European Commission: Draft European Sustainability Reporting Standards (ESRS)
03/05/2023	European Commission: EU Environmental Taxonomy
07/07/2023	European Commission: Delegated Act for the ESRS
12/07/2023	ISSB: ED Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates
01/09/2023	ISSB: Request for information – Consultation on Agenda priorities
23/11/2023	EFRAG: Submission on ESRS implementation on the EFRAG Q&A Platform
22/12/2023	European Commission: Fifth submission on taxonomy reporting
II. Briefing papers and other publications	
14/04/2023	ASCG Briefing Paper: Sector-specific standards for sustainability reporting
12/06/2023	ASCG Briefing Paper: European Commission launches consultation on first set of ESRS
15/06/2023	Environmental Taxonomy Regulation: Updated ASCG Briefing Paper on reporting requirements
21/06/2023	CSRD: Comparison documents for the ESRS consultation
09/08/2023	Sustainability reporting by SMEs: A current overview of stakeholder information requirements (joint publication of the ASCG/RNE ‘SME Sustainability Reporting’ pilot group)
29/09/2023	Results of the ASCG’s short survey on the implementation of ESRS by German DAX 40 companies
25/10/2023	ASCG Briefing Paper: Sustainability reporting under the CSRD for third-country companies
22/11/2023	EU Environmental Taxonomy Regulation: Updated ASCG Briefing Paper on reporting obligations for non-financial entities

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III. Overarching corporate reporting topics

Some corporate reporting topics are overarching and are equally important for financial reporting and for sustainability reporting. The Joint Technical Committee, which consists of the two technical committees – the Financial Reporting Committee and the Sustainability Reporting Technical Committee – is responsible for addressing these topics. We report on these topics on the following pages.

THE ASCG'S OWN STANDARD-SETTING

Revision of GAS 20 Group Management Report

The changes to the EU Accounting Directive resulting from the CSRD have to be transposed into national law by the EU member states. As the management report and the group management report will both be impacted by the new requirements, we are having to make changes to GAS 20 *Group Management Report*. Because the topic is associated with both the financial and sustainability-related aspects of corporate reporting, the ASCG's Joint Technical Committee has been designated the responsible technical committee. This committee already made a number of fundamental decisions last year.

Initially, the Joint Technical Committee identified that the regulatory mechanism of the CSRD already formally limits any further detailed clarification of the sustainability reporting requirements in GAS 20. In addition, the substantive requirements of the CSRD are being comprehensively specified in detail through the ESRS and stipulated directly by the European Commission for all

impacted entities by means of a Delegated Regulation. The ESRS therefore provide a highly sophisticated rulebook that fleshes out both the content of sustainability reporting and the corresponding measurement methods for the disclosures. As a result, the Joint Technical Committee decided to remove the 'Consolidated non-financial statement' section of GAS 20, as it will no longer be consistent with the new legal situation.

Another very significant finding was that some of the content of GAS 20 (primarily outside the current 'Consolidated non-financial statement' chapter) relates to both financial and non-financial (or sustainability-related) reporting. The ASCG's 'Group Management Report' working group, chaired by Prof. Dr Peter Kajúter, is involved in the identification of these cross-cutting issues and the development of proposals for their treatment in GAS 20, and is also responsible for the further preparation of the content of the amendments to the standard (including the identification and development of further topics) for the Joint Technical Committee.

Examples of cross-cutting issues that have been identified include disclosures on the group's business model, on strategic objectives, on the internal control system and risk management system relating to the consolidated accounting process, and other content in the group management report. For these cross-cutting issues, GAS 20 will in future explicitly allow joint treatment, meaning reporting, in the group management report outside the section that deals with sustainability reporting, according to the tentative decision of the Joint Technical Committee. The general rules on references were also discussed in this context.

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The discussions additionally focused on the overarching objective of management reporting and the relevance of information about impacts in light of the scope of application of GAS 20 and the relevance of the principle of double materiality.

The discussions on GAS 20 had not yet been finalised at the end of 2023, as the preliminary proposals of the Joint Technical Committee and the working group are still awaiting implementation of the CSRD in Germany. The ministerial draft of this legislation was not yet published in 2023.

Further specification of the CSRD requirements for reporting on intangible resources

The CSRD requires entities to publish enhanced reporting on intangible resources. In future, information on the most important intangible resources must be included in the general section of the management report. The extent to which the entity's business model is fundamentally dependent on these resources and the extent to which these resources represent a source of value creation for the entity must also be explained. The wording of the Directive does not contain any more detailed requirements. Only the recitals outline the motivation for the new reporting requirements and their relationship with the substance of sustainability reporting.

In light of the expected 1:1 transposition of the requirements of the Directive into the German Commercial Code, the Joint Technical Committee tasked the 'Intangible Assets' working group with discussing the requirements of the CSRD and with developing proposals for a corresponding expansion of the GASs. The aim is to define the requirements with greater precision. On the one hand, this is designed to meet the information needs of the addressees and to counteract 'boilerplate' disclosures. On the other, it aims to support preparers and auditors when they implement the reporting obligation, and to ensure that the requirements are applied consistently.

The working group's activities to date have focused on formulating the objectives, developing definitions, specifying in greater detail the subject matter that is being reported on and the underlying time reference, and categorising intangible assets. The GAS-related work is being delayed because of the delayed publication of the ministerial draft and hence of the entire legislative process. A joint consultation is planned for the amendments to GAS 20. In light of the fact that entities will already have to satisfy the new reporting obligation on intangible resources in 2025 for financial year 2024, the consultation draft is also expected to be published in the first half of 2024. A condition for this, however, is that sufficient progress has been made with the legislative process.

OTHER PROJECTS AND COOPERATIONS

Act Implementing the Minimum Taxation Directive

The Act implementing [Council Directive \(EU\) 2022/2523](#) on ensuring a global minimum level of taxation and other accompanying measures (Minimum Taxation Directive Implementation Act – [MinBestRL-UmsG](#)) was promulgated on 27 December 2023. This primarily includes the introduction of legislation to ensure global minimum taxation for groups of companies (Minimum Taxation Act, MinStG) as a new principal act. The MinBestRL-UmsG additionally contains accompanying tax measures and amendments to the HGB.

The law aims to implement key elements of the international agreements on Pillar 2 of the 'two-pillar' solution. Minimum taxation applies to large groups of companies that reach a revenue threshold of EUR 750 million in at least two of the preceding four financial years. Both internationally and nationally active groups of companies are covered.

The [discussion draft](#) was published by the Federal Ministry of Finance in March 2023, the [ministerial draft](#) in July 2023 and the [government draft](#) in August 2023.

We have been closely involved in the legislative process, both through comments on the above-mentioned drafts ([comments on the discussion draft](#), [comments on the ministerial draft](#), [comments on the government draft](#)) and through personal dialogue with the responsible staff at the Federal Ministry of Finance and the Federal Ministry of Justice. Our 'Tax' working group discussed all

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drafts in detail and prepared detailed comments for adoption by the Joint Technical Committee. Due to the overarching nature of the topic of minimum taxation, which affects both financial and sustainability reporting, the ASCG's Joint Technical Committee was designated as the responsible technical committee. Issues that only affect financial reporting, such as the amendment to the HGB as a consequence of the MinBestRL-UmsG (see below), are discussed in the Financial Reporting Technical Committee.

On the one hand, we drew attention in our comment letters to a number of points regarding the minimum taxation rules, which we are of the opinion should be clarified in the further course of legislative process. One of the most important points here was gaining an understanding of the underlying data as the starting point for computing the qualifying income or loss to which the minimum taxation applies, and specifically the question regarding whether reporting packages can be used and the potential for minimising the large number of necessary adjustments to the reporting packages, such as the reversal of all advance consolidation entries contained in the reporting packages.

On the other, we already suggested in our comments on the discussion draft that a (possibly temporary) mandatory exception from accounting for deferred taxes in connection with the application of the MinStG, along the lines of IAS 12, should be codified in law. This suggestion was taken up by the lawmakers and incorporated into the government draft. In our comment letter on the government draft, which we addressed to the Bundestag Finance Committee and to the Federal Ministry of Finance on 12 October,

we expressly welcomed this in substance, but suggested some clarifications and changes to the wording.

The promulgation of the MinBestRL-UmsG has now introduced a mandatory exception from accounting for deferred taxes in the annual and consolidated financial statements resulting from the application of the Minimum Taxation Act or corresponding foreign minimum tax laws (sections 274(3) and 306 sentence 5 of the HGB). This exception was based on the corresponding new IFRS requirements in IAS 12.4A. Additional disclosure requirements have also been created to ensure transparency and information for users of the financial statements (sections 285 no. 30a and 314(1) no. 22a of the HGB). We will now implement these German GAAP amendments in GAS 18 *Deferred Taxes*.

Our 'Tax' working group will continue to closely address the regulations of the MinStG – especially those relating to financial reporting – in 2024 and exchange opinions with the Federal Ministry of Finance on topics that require discussion. A number of points need to be clarified. The question of whether and which clarifications will be made in a future circular from the Federal Ministry of Finance and/or through the legislative amendments is currently still undecided.

Cooperation with Bertelsmann Stiftung on reporting on intangible resources

The ASCG and Bertelsmann Stiftung (foundation) have jointly published a [white paper](#) entitled '*Intangible resources as value drivers*

for (sustainable) business – opportunities and challenges of the new reporting obligation'. The authors, Isabel von Keitz (Professor of Business Administration, in particular Accounting, at FH Münster University of Applied Sciences) and Kristina Schwedler (Research Director at the ASCG), discuss both the need for improved reporting on intangible resources and options for implementing the new reporting obligation under the CSRD.

To mark the publication of the white paper, a public discussion event was held at the premises of Bertelsmann Stiftung in Berlin on 20 October 2023. At this event, reporting researchers, preparers and users discussed the new intangible resources reporting requirements in detail. You can follow the discussion [here](#).

The European Union's regulatory architecture for a more sustainable economy stipulates increased reporting obligations. These are intended to create transparency and comparability as well as to drive forward the transformation of corporate activities. The new reporting obligation relating to intangible resources under the CSRD, which includes financial and sustainability-related aspects, is a core element of this. We and Bertelsmann Stiftung hope that this white paper will contribute to the discussion on implementing the new reporting requirements. The white paper additionally supports our standardisation work on interpreting the new CSRD reporting requirements relating to intangible resources. Please refer to the previous comments for information on our ongoing standardisation work.

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We published the following comments and other publications to the overarching corporate reporting issues in 2023. The complete texts of the documents referred to on this page are available on our [website](#).

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I. Comment Letters	
21/04/2023	BMF: Comments on the discussion draft of the Minimum Taxation Directive Implementation Act
19/07/2023	BMF: Comments on the ministerial draft of the Minimum Taxation Directive Implementation Act
12/10/2023	Bundestag Finance Committee: Comments on the government draft of the Minimum Taxation Directive Implementation Act
II. Briefing papers and other publications	
23/06/2023	ASCG Briefing Paper: Public Country-by-Country-Reporting
10/10/2023	Intangible resources as value drivers for (sustainable) business – opportunities and challenges of the new reporting obligation (Joint ASCG/Bertelsmann Stiftung White Paper)

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IV. Spotlight on Members

This section addresses the activities we performed exclusively for our members in 2023: the regular conference calls with Chief Accounting Officers (CAO Calls) and our preparer forums.

With regard to this type of cooperation, it is important to us that communication is multidirectional. We provide our members with information on issues relating to corporate reporting. In return, we ask our members to actively express their views and give feedback on selected matters. Last but not least, we provide them with an opportunity to discuss their experiences and questions with each other.

PREPARER FORUMS

We establish preparer forums on a range of corporate reporting matters, which serve as a platform for participants, who are ASCG members, to exchange views. Our aim is to add additional value for our members who fund and support our association. They give participants an insight into current developments and enable them to discuss implementation questions. Although the focus is on preparers, all members of the ASCG are invited to attend and get involved.

The Preparer Forum for ESEF-based Electronic Financial Reporting, which we established back in 2019, and the Preparer Forum on the EU Taxonomy Regulation, which was launched in 2021, both proved to be very popular. We launched a new series of preparer forums on the ESRS starting in September 2023 immediately after the final version of the first set of ESRS became available. Finally, we reconvened the IFRS 15 Preparer Forum, which last met

in 2017, to discuss the questions posed by the IASB in its RfI on the IFRS 15 PIR. We report on the background and content of the four forums on the following pages.

We would like to thank our member companies and associations for their active participation and are already looking forward to these and additional preparer forums in 2024.

Preparer Forum for ESEF-based Electronic Financial Reporting

Background to the Introduction of the ESEF

Since 1 January 2020, listed entities in the EU have been required to prepare their annual financial reports in the European Single Electronic Format (ESEF) in accordance with Article 4(7) of [Directive 2004/109/EC](#) (Transparency Directive), as amended by [EU Directive 2013/50/EU](#) (Transparency Directive Amending Directive). The purpose of this requirement is to simplify (electronic) access to annual financial reports as a whole, as well as to enhance the analysis and comparability of the included consolidated financial statements by structuring them around a specified taxonomy.

The applicable single electronic reporting format is defined by [Delegated Regulation \(EU\) 2019/815](#) (ESEF Regulation). Under Article 3 of the ESEF Regulation, annual financial reports are required to be prepared in XHTML (Extensible Hypertext Markup Language) format. The included IFRS consolidated financial statements are marked up by embedding Inline XBRL (iXBRL) tags as specified in the Annex to the ESEF Regulation. The Regulation also provides an (extensible) core taxonomy for this purpose.

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▲ Dr Lothar Rieth



▲▲ Dr Denny Kutter
▲ Nicolette Behncke



The ESEF Regulation is periodically updated to take account of amendments to IFRSs, changes to the XBRL specification or other technical developments. Most recently, the core taxonomy was updated by the fifth iteration of Commission [Delegated Regulation \(EU\) 2022/2553](#) of 21 September 2022.

To give issuers sufficient time to adapt to the use of iXBRL technology, only the primary financial statements (the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity) and certain basic information was required to be marked up in financial years 2020 and 2021.

Marking up notes disclosures is mandatory for financial years beginning on or after 1 January 2022. In contrast to the detailed marking up of the primary financial statement, the notes are only tagged in blocks, i.e. entire sections of the notes are required to be tagged using individual elements of the taxonomy. For marking up notes disclosures, Annex II of the ESEF Regulation currently contains a total of around 250 core taxonomy elements, which are required to be used.

[Preparer Forum meetings in 2023](#)

The Preparer Forum held a total of three meetings in 2023. As in the previous year, the main focus of the meetings was implementation of the requirements for marking up notes disclosures.

In the January session of the Preparer Forum, the participants discussed acute application issues in connection with the block tagging of notes disclosures in an open question and answer session:

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- hierarchy of individual taxonomy elements,
- requirement for multiple tagging in connection with specific taxonomy elements,
- tagging negative disclosures and
- application questions on specific taxonomy elements, in particular on the taxonomy elements of the core ESEF taxonomy labelled as 'common practice elements'.

These discussions made it clear that block tagging of the notes also poses a number of challenges and uncertainties. The reason for this is that the ESEF Regulation only contains generic requirements for marking up the notes disclosures and no common understanding has yet emerged in practice on specific application and implementation issues. For example, the hierarchy of the taxonomy elements that must be applied is still unresolved. In addition, some taxonomy elements (in particular those taxonomy elements labelled as 'common practice') are not described in detail, so that it is still unclear which notes disclosures should be tagged with these taxonomy elements.

We held another meeting of the Preparer Forum in May 2023 following the 2022 reporting season. This meeting served as a debriefing on the 2022 reporting season and an exchange of experience on block tagging of notes disclosures. At the meeting, the participants discussed in particular procedural and organisational aspects of preparing ESEF reports. On the occasion of an online survey conducted by the Federal Statistical Office between

March and April 2023 to evaluate the ESEF requirements, the participants also discussed whether the regulatory objective of the German ESEF Implementation Act had been achieved and whether the 'disclosure solution' has proven to be workable in practice.

ESMA published its annual update of the [ESEF Reporting Manual](#) in August 2023. In particular, ESMA updated its guidance on block tagging of notes disclosures based on experience gained in the 2022 reporting season. In this context, ESMA also clarified its expectations regarding the implementation of block tagging of the notes and the expected level of readability of the information extracted from block tagging. Another significant impetus came from the update of the IDW Technical Guidance Aid 'Questions & Answers: Block tagging IFRS notes disclosures in the consolidated financial statements under the ESEF Regulation' published by the IDW in September 2023.

We tracked these developments very closely in the Preparer Forum and held another Preparer Forum meeting in October 2023. This meeting focused on discussions of the following issues:

- updated guidance in the ESMA ESEF Reporting Manual,
- updated questions and answers in the IDW Technical Guidance Aid on ESEF block tagging,
- status of the development of the XBRL taxonomy for ESRS by EFRAG and
- experience with software solutions (ESEF tools).

The lively participation in the meetings of the Preparer Forum proves that there is still an extensive, ongoing need for discussion and sharing experiences.

From a process-related perspective, it is still clear that the introduction of the ESEF has led to a not inconsiderable concentration of the preparation process for the entities concerned. There continue to be process-related challenges because no more changes can effectively be made to the ESEF file shortly before the date of the audit opinion, as even minor changes would trigger a new checksum and thus force the auditor to audit the ESEF file again.

Outlook

Meetings of the Preparer Forum for ESEF-based Electronic Financial Reporting are also planned for 2024.

We will actively monitor the further development of the ESEF reporting format requirements in 2024. In this context, we should mention the further development of the IFRS taxonomy by the IFRS Foundation, as well as the ensuing annual update of the ESEF core taxonomy and the annual update of the ESEF Reporting Manual by ESMA.

Additionally, we will also track further developments in relation to ESEF-based electronic financial reporting in the Preparer Forum. The upcoming national implementation of [Directive \(EU\) 2022/2464](#) (CSRD Directive) deserves particular mention here. This stipulates that the management reports and group management reports of large (limited liability) companies will gradually be prepared in the ESEF starting in financial year 2024, and that certain sustainability information (located in the (group) management report) will also be tagged using a taxonomy. Since

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the CSRD specifies in turn that the (group) management report should be prepared in the ESEF, the same technical questions (including preparation versus publication format) arise as discussed in relation to the introduction of the ESEF for the annual financial reports of listed entities. In addition, we will also actively support the development of the XBRL taxonomy for tagging sustainability information. The draft XBRL taxonomy for tagging sustainability disclosures was published for consultation by EFRAG on 8 February 2024. We report on this in greater detail in chapter II of this report.

Preparer Forum on the EU Taxonomy Regulation

The ASCG established the Preparer Forum on the EU Taxonomy Regulation in March 2021. The purpose of this Preparer Forum is to exchange information on application issues and experiences from the application and implementation of the EU Taxonomy Regulation at German entities. The most important application questions are collected, prepared for potential solutions, summarised in a consistent structure (problem definition, alternative solutions, preliminary approach to a solution) and continuously updated. The prepared interpretation issues are then submitted to the European Commission with a request for technical evaluation. However, they can also serve as a reference point for reporting entities when considering how to apply the EU Taxonomy Regulation. We filed our fifth [submission](#) on reporting in accordance with the Taxonomy to the European Commission on 22 December 2023. So far, we have

received two responses to our submissions, and some of the issues raised in our submissions have been addressed in the European Commission's FAQs.

We held two meetings of the Preparer Forum on the EU Taxonomy Regulation in 2023. We organised the twelfth Preparer Forum on the EU Taxonomy Regulation, with more than 70 participants, on 20 October 2023. At the beginning of the Preparer Forum, econsense and the German Chemical Industry Association (VCI) each presented a study on German taxonomy reporting in the last reporting season. The participants discussed the following issues:

- the application of the new reporting templates for non-financial entities relating to economic activities that are taxonomy-eligible under several environmental objectives,
- the application of the new table according to footnote c of the new reporting templates for non-financial entities,
- the application of the reporting templates relating to economic activities related to nuclear energy and natural gas power generation, and
- reporting CapEx plans.

The thirteenth Preparer Forum on the EU Taxonomy Regulation was held on 7 November 2023 with over 75 participants, who discussed the following issues:

- the application of NACE codes to certain new economic activities and economic activities related to nuclear energy and natural gas power generation,
- examination of the technical screening criteria in Annex C with the prevention of significant adverse effects on the environmental objective 'Pollution prevention',

- the allocation of the turnover ratio to those taxonomy-eligible economic activities that are part of a non-taxonomy-eligible production process, and
- the application of the reporting templates for non-financial entities in the case of new economic activities.

Preparer Forum on the application of ESRS

In future, entities covered by the CSRD will be required to publish sustainability reports using the ESRS. Starting in financial year 2024 (reporting in 2025), this will initially apply to large publicly traded entities with more than 500 employees as well as certain credit institutions and insurance undertakings. Starting in financial year 2025 (reporting in 2026), the reporting obligations will be extended to all large entities, regardless of whether they are publicly traded or not. Starting in financial year 2026 (reporting in 2027), publicly traded SMEs as well as certain small, non-complex credit institutions and captive insurance undertakings will also be subject to the reporting obligations. Publicly traded SMEs have an option to make use of a two-year opt-out, with the result that the date of initial application can be postponed to financial year 2028 (reporting in 2029). In addition, certain third-country entities will also be required to publish sustainability reports starting in financial year 2028.

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To ensure that the reporting obligations can be complied with by the relevant dates, it is crucial for entities affected by these obligations to engage thoroughly with the reporting requirements set out in the ESRS. In response to the Delegated Act on the first set of ESRS, we launched a new series of Preparer Forums on the ESRS in September 2023 to support companies with the ESRS introduction. Questions regarding the implementation of ESRS and potential solutions are discussed by preparers and auditors of sustainability reports in the Preparer Forums. Particularly critical (and unresolved) issues will then be submitted (in anonymised form) to EFRAG. The ASCG filed its first submission with EFRAG in November last year via the ESRS Q&A platform. The issues addressed in this submission have also been compiled in a separate document ([ESRS Application Issues: Questions & Answers](#)), which will be regularly updated as further ASCG submissions are made.

The ESRS Preparer Forums were launched on 22 September 2023 and were very well received right from the start. At the first event, around 120 participants discussed initial experiences and challenges in implementing the ESRS. The focus of this event was on materiality analysis, with particular discussion of its organisational and procedural design, the identification of material sustainability issues and the assessment of impacts, risks and opportunities, as well as the integration of sustainability reporting into corporate strategy and risk management.

We subsequently held five further Preparer Forums until

December 2023, focusing on different topics, such as the architecture of implementation projects, the definition of the basis of consolidation, relevant emission factors for climate reporting and the interpretation of certain ESRS requirements on social issues. In two guest presentations, members of EFRAG staff explained the EFRAG Q&A platform, which was launched on 24 October 2023 and is designed to provide a structured way of approach to application issues, to the participants of the ESRS Preparer Forum. In addition, questions relating to the issue of materiality analysis were regularly discussed, e.g. materiality analysis along the value chain or the definition of thresholds.

We will continue hosting the ESRS Preparer Forums in 2024. The first dates have already been fixed following the end of the reporting season for financial year 2023.

Preparer Forum on the IFRS 15 PIR

In the past year, we held two meetings of the IFRS 15 Preparer Forum, on 13 September and 17 October 2023. This was prompted by the RfI consultation document published by the IASB on 29 June 2023 as part of the IFRS 15 PIR (for more details, see above).

The aim of the two meetings was to obtain a broad range of opinions on the experiences and challenges of applying IFRS 15 since its introduction and any need for clarification in Germany. To do this, we specifically asked the forum participants for their positions on the questions posed by the IASB in its RfI.



▲▲ Prof. Dr. Sven Morich

▲ Dr. Julia Menacher, Member of the EFRAG SR TEG

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The majority of forum participants emphasised that the implementation costs were very high, but that a stable level has now been reached – for both preparers and auditors. Instead of amendments to the standard, participants expressed a wish for illustrative examples or guidance for more complex fact patterns to address specific application problems in practice.

Some participants questioned the cost-benefit balance of introducing the standard, as the implementation costs were significant, while the impact on the amount of revenue recognised in the financial statements was limited in many cases. Ongoing costs also remain significant for some sectors. Data collection to meet the disclosure requirements was cited as a main cost driver.

The Financial Reporting Technical Committee subsequently discussed all the feedback from the Preparer Forum participants in detail. The issues that the Financial Reporting Technical Committee considered to be widespread in practice were addressed in the [comments](#) on the IASB's RfI.

CAO CALLS

We also maintain a direct dialogue with our members by exchanging views with the Chief Accounting Officers (CAOs) of ASCG members that are listed companies. Given the diverse range of issues, discussions with these members take a special form: three to four times a year, we hold videoconference calls (CAO Calls) to address carefully selected current issues.

In addition to our own standard-setting activities (such as GAAS 13, the evaluation of the application of IFRSs in Germany), we presented all standard-setting activities relating to IFRS financial reporting standards as well as the extensive developments relating to sustainability reporting in the calls. We also presented and, in some cases, discussed other regulatory matters and their practical implementation (for example, the ESEF, ESAP and the EU Taxonomies).

The ASCG holds these videoconference calls in order to inform the companies in a condensed form primarily about issues that are current and require immediate action. Despite – or maybe because of – the flood of information from different directions, the intention is for these calls to provide a focused overview of the corporate reporting issues currently under discussion that are relevant to listed companies as a target group. At the same time, the ASCG asks the companies to provide specific feedback on selected topics or questions. The feedback not only benefits the ASCG but is also exchanged directly by the participants.

The regular and high level of attendance confirms the unquestionable popularity of this 'institution' and the great success of the videoconference call format. We would like to expressly thank all involved for their interest and urge them to keep on providing us with feedback and opinions – for everyone's benefit.

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FINANCING

The ASCG funds its activities entirely from its membership fees and from royalties, publications and other income. The ASCG may only use income generated by its activities for the purposes Stipulated in its Articles of Association. In this respect, generating a profit is not the primary objective of the Association. Rather, it acts in a non-profit capacity and fulfils its objectives as a professional association for its members. Although it acts in the general economic interest, the ASCG does not receive any public funding for exercising its functions.

In accordance with Article 5 of the Articles of Association, the level of annual membership fees is determined by the General Assembly. The annual membership fees stipulated in the current schedule of fees dated 2 July 2015 are as follows:

Annual Membership Fees	EUR
Companies	
(depending on whether and how listed)	10 000 – 50 000
Audit firms	
(depending on total audit revenue)	10 000 – 50 000
Associations	from 20 000
Natural persons	1 000

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ANNUAL FINANCIAL STATEMENTS

Balance Sheet as at 31 December 2023

ASSETS (EUR thou.)	31/12/2023	31/12/2022
A. Fixed Assets		
I. Tangible Fixed Assets	36	10
	36	10
B. Current Assets		
I. Receivables and Other Assets	32	39
II. Cash, Bank Balances and Cheques	2 702	2 665
	2 734	2 704
C. Prepaid Expenses	2	2
Total Assets	2 772	2 716

EQUITY AND LIABILITIES (EUR thou.)	31/12/2023	31/12/2022
A. Equity		
I. Retained Profits Brought Forward	2 306	2 009
II. Net Loss/Income for the Financial Year	- 5	297
	2 301	2 306
B. Provisions		
Other Provisions	358	304
C. Liabilities		
I. Trade Payables	1	4
II. Other Liabilities	67	42
	68	46
C. Deferred Income	45	60
Total Equity and Liabilities	2 772	2 716

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ANNUAL FINANCIAL STATEMENTS**Income Statement for the Year Ended 31 December 2023**

(EUR thou.)	2023	2022
1. Membership Fees	2 489	2 368
2. Collected Contributions to EFRAG	400	536
3. Other Income	81	54
4. Personnel Expenses	- 1 865	- 1 674
5. Depreciation and Amortisation Expenses	- 7	- 5
6. Other Expenses	- 595	- 458
7. Other Interest and Similar Income	18	0
8. Contributions to EFRAG	- 525	- 525
Collected Contributions to IASB	741	617
Transferred Contributions to IASB	- 741	- 617
9. Result from the Contributions to IASB	0	0
Collected Contributions to ISSB	1 225	1 156
Transferred Contributions to ISSB	- 1 226	- 1 155
10. Result from the Contributions to ISSB	- 1	1
11. Net Loss/Income for the Financial Year	- 5	297

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INDEPENDENT AUDITOR'S REPORT

To the Accounting Standards Committee of Germany, Berlin:

Opinion

We have audited the annual financial statements of the Accounting Standards Committee of Germany – comprising the balance sheet as at 31 December 2023 and the income statement for the financial year from 1 January to 31 December 2023.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to all merchants.

Pursuant to section 322(3) sentence 1 of the *Handels-gesetzbuch* (HGB – German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for Opinion

We conducted our audit of the annual financial statements in accordance with section 317 of the HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Annual Financial Statements' section of our auditor's report. We are independent of the Association in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Responsibilities of Management for the Annual Financial Statements

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to all merchants. In addition, management is responsible for such internal control as it, in accordance with German proper accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement due to fraud

(i. e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Association's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters relating to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict with this.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 of the HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

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We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems for the Association.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Association's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to be able to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, 15 February 2024

FGS Revisions- und Treuhandgesellschaft mbH
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Hoppen

Wirtschaftsprüfer (German public auditor)

Jachtner

Wirtschaftsprüfer (German public auditor)

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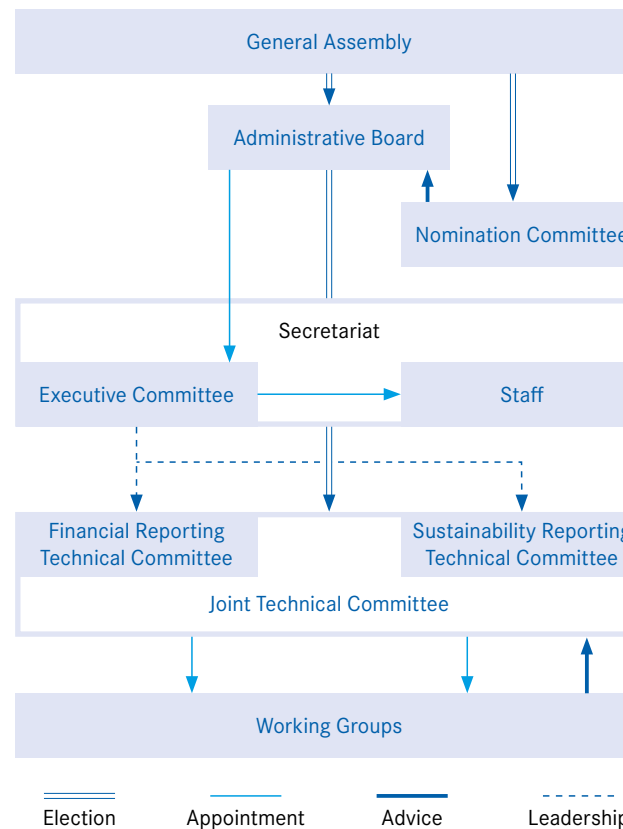
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In accordance with the current Articles of Association dated 1 July 2022, the ASCG has the following governing bodies and standing committees that control and shape the work of the Association:



GENERAL ASSEMBLY

The General Assembly meets annually. Among other things, it elects, dismisses and approves the actions of the members of the Administrative Board and the Nomination Committee. It is also responsible for determining the amount of the annual fee, the business plan, adopting the annual financial statements, and amending the Articles of Association.

As the membership structure is designed to represent the different interests of the parties involved in accounting and financial reporting in the general economic interest, each member is allocated to one of the following segments:

- Publicly traded industrial entities and associations (segment 'A')
- Non-publicly traded industrial entities and associations (segment 'B')
- Banks and associations (segment 'C')
- Insurance undertakings and associations (segment 'D')
- The accounting and auditing profession and associations (segment 'E').

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ASCG Members (as at 31 December 2023)**Companies and Associations**

Aareal Bank AG
 Accenture GmbH
 adidas AG
 Allianz SE
 Altana AG
 AMANA treuhand WP- und StBG mbH
 Baker Tilly GmbH & Co. KG
 Bansbach GmbH
 Barmenia Krankenversicherung AG
 BASF SE
 Bayer AG
 BDO AG
 Bertelsmann SE & Co. KGaA
 Bilfinger SE
 BMW – Bayerische Motoren Werke AG
 Bundesanzeiger Verlags GmbH
 Bundesdruckerei GmbH
 Bundesverband der Deutschen Industrie e.V. (BDI)
 Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR)
 Bundesverband Deutscher Banken e.V.
 Bundesverband Öffentlicher Banken Deutschlands, VÖB, e.V.
 BWI-Bau GmbH
 Commerzbank AG
 Continental AG
 Covestro AG
 Daimler Truck AG
 Deloitte GmbH
 Deutsche Bahn AG
 Deutsche Bank AG
 Deutsche Post AG

Deutsche Telekom AG
 Deutscher Sparkassen- und Giroverband e.V.
 DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V.
 Drägerwerk AG & Co. KGaA
 DVS Technology AG (*until January 2024*)
 E.ON SE
 EnBW Energie Baden-Württemberg AG
 Ernst & Young GmbH
 ETL AG
 Evonik Industries AG
 Firesys GmbH
 Fresenius Medical Care AG & Co. KGaA
 Fresenius SE & Co. KGaA
 Freudenberg & Co. KG
 GEA GROUP AG
 Generali Deutschland AG
 German Insurance Association GDV
 Grant Thornton AG
 Henkel AG & Co. KGaA
 Hornbach Holding AG & Co. KGaA
 Infineon Technologies AG
 Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)
 K+S AG
 Klöckner & Co SE
 KPMG AG
 LANXESS AG
 Mazars GmbH & Co. KG
 Mercedes-Benz Group AG
 Merck KGaA
 Metro AG
 MTU Aero Engines AG
 Münchener Rückversicherungs-Gesellschaft AG
 Nordex SE

OSRAM Licht AG
 Otto GmbH & Co. KG
 PKF Deutschland GmbH
 PricewaterhouseCoopers GmbH
 ProSiebenSat.1 Media SE
 Robert Bosch GmbH
 Rödl & Partner GmbH
 RSM Ebner Stolz GmbH & Co. KG
 RWE AG
 SAP SE
 Sartorius AG
 Schaeffler AG
 Schwarz Dienstleistung KG
 Siemens AG
 Siemens Energy AG
 Siemens Healthineers AG
 Stakeholder Reporting GmbH (*until January 2024*)
 Südzucker AG
 Talanx AG
 thyssenkrupp AG
 Traton SE
 TÜV SÜD AG
 Vereinigung zur Mitwirkung an der Entwicklung des Bilanzrechts für Familiengesellschaften e.V. (VMEBF)
 Volkswagen AG
 Vonovia SE
 Wintershall Dea AG
 Wirtschaftsprüferkammer Körperschaft des öffentlichen Rechts
 WTS Advisory AG
 ZF Friedrichshafen AG

Individual: Prof. Dr Edgar Löw, Kriftel/Ts

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ADMINISTRATIVE BOARD

The Administrative Board has 20 members who are elected by the General Assembly for a three-year term of office. The Administrative Board defines the principles and guidelines for the work of the association, and in particular of the technical committees and the Executive Committee, taking the general economic interest into account. It elects the members of the technical committees and appoints, advises and supervises the Executive Committee.

Chair

Dr Nicolas Peter *(until 31 December 2023)*

Bayerische Motoren Werke AG

Marco Swoboda *(Chairman of the Administrative Board*

since 1. January 2024)

Henkel AG & Co. KGaA

Deputy Chair

Prof. Dr Dieter Truxius

ACCOBIS GmbH & Co. KG

Treasurer

Christian Sailer (WP)

KPMG AG

Members

Georg Baur *(until 6 July 2023)*

Bundesverband Öffentlicher Banken Deutschlands e.V.

Anke Daßler *(since 6 July 2023)*

Evonik Industries AG

Klaus Eckmann (WP, StB)

BDO AG

Marc Oliver Heß *(until 6 July 2023)*

Aareal Bank AG

Robert Köthner *(until 6 July 2023)*

Mercedes-Benz Group AG

Prof. Dr Klaus-Peter Naumann (WP, StB) *(until 6 July 2023)*

Institut der Wirtschaftsprüfer in Deutschland e.V.

Walter Mertl *(since 1 January 2024)*

Bayerische Motoren Werke AG

Thomas Messerle *(since 6 July 2023)*

Infineon Technologies AG

Dr Eckhard Ott (RA, WP, StB)

German Cooperative and Raiffeisen Confederation (DGRV)

Daniel Quitten *(until 6 July 2023)*

BVR Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V.

Andreas Roeper

Uniper SE

Melanie Sack *(since 6 July 2023)*

Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)

Dr Roman Sauer

Allianz SE

Dr Jochen Schmitz

Siemens Healthineers AG

Dr Sven Schneider *(until 6 July 2023)*

Infineon Technologies AG

Stefan Schnell

BASF SE

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Andrea Schriber *(since 6 July 2023)*

Deutsche Bank AG

Karolin Schriever *(since 6 July 2023)*

Deutscher Sparkassen- und Giroverband e. V.

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Dr Jürgen Wagner

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Ute Wolf *(until 6 July 2023)*

Evonik Industries AG

Dr Hilmar Zettler *(since 6 July 2023)*

Bundesverband deutscher Banken e. V.

NOMINATION COMMITTEE

The Nomination Committee comprises nine members who are elected by the General Assembly for a three-year term of office. The Nomination Committee submits proposals to the Administrative Board for the election of the members of the Executive Committee and the technical committees. The term of office of the current members of the Nomination Committee expires on 13 July 2023.

Chair

Jonathan Townend *(since 6 July 2023)*

Bayerische Motoren Werke AG

Dr Thomas Wittig *(until 6 July 2023)*

Deputy Chair

Santokh Advani *(Deputy Chair since 6 July 2023)*

Marquard & Bahls AG

Rolf Friedhofen (WP, StB) *(until 6 July 2023)*

Private Practice

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University Hamburg

Prof. Dr Hans-Joachim Böcking *(until 6 July 2023)*

Goethe University Frankfurt a. M.

Andreas Dörschell (WP StB) *(since 6 July 2023)*

Wirtschaftsprüferkammer

Prof. Dr Rolf Uwe Fülbier *(since 6 July 2023)*

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Prof. Dr Joachim Hennrichs *(since 6 July 2023)*

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Gerhard P. Hofmann *(since 6 July 2023)*

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KPMG AG

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Ruhr University Bochum

Hans-Jürgen Säglitz *(until 6 July 2023)*

German Insurance Association GDV

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Gerhard Ziegler (WP, StB) (until 6 July 2023)

Wirtschaftsprüferkammer Körperschaft
des öffentlichen Rechts

Yvonne Zwick (until 6 July 2023)

B.A.U.M. e. V.

EXECUTIVE COMMITTEE

The Executive Committee comprises the President and Vice-President. The members of the Executive Committee are elected by the Administrative Board for three years at the proposal of the Nomination Committee. They may be re-elected. The Executive Committee manages the business of the association, represents the association and the technical committees and their work externally, and is the legal representative of the association in accordance with section 26 of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code).

President



Georg Lanfermann (WP, StB)

Vice-President



Prof. Dr. Sven Morich (WP, StB)

TECHNICAL COMMITTEES

The technical work of the ASCG is carried out in the Financial Reporting Technical Committee, Sustainability Reporting Technical Committee and Joint Technical Committee.

The Financial Reporting and Sustainability Reporting Technical Committees each consist of eleven members who have expertise and experience in the field of financial reporting. The Joint Technical Committee consists of the members of both Technical Committees.

The Financial Reporting Technical Committee is specifically responsible for

- developing and issuing German Accounting Standards within the meaning of section 342q of the HGB in the field of financial reporting,
- developing and issuing interpretations of the international accounting standards within the meaning of section 315e(1) of the HGB,
- elaborating comment letters on exposure drafts issued by the IASB and other bodies of the IFRS Foundation,
- cooperating with, and developing responses to, consultation documents issued by EFRAG, the European financial regulators and supervisors, and the European Commission in the field of financial reporting,
- providing advice on planned legislation and on the implementation of European directives, and
- comment letters on European directives.

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The Sustainability Reporting Technical Committee is specifically responsible for

- developing and issuing German Accounting Standards within the meaning of section 342q of the HGB in the field of sustainability reporting,
- elaborating comment letters on exposure drafts issued by the international standard-setting bodies in the field of sustainability reporting,
- cooperating with, and developing responses to, consultation documents issued by EFRAG, the European financial regulators and supervisors, and the European Commission in the field of sustainability reporting,
- providing advice on planned legislation and on the implementation of European directives, and
- comment letters on European directives.

Financial Reporting Technical Committee



Chair

Prof. Dr. Sven Morich (WP, StB)
Vice-President of the ASCG



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STAFF

The ASCG's staff are highly qualified specialists with backgrounds in industry, research and teaching. They provide technical support to both the IFRS Technical Committee and the German GAAP Technical Committee, and to the German members of international bodies.

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WORKING GROUPS

For major projects, the technical committees establish working groups to provide technical support, consisting primarily of preparers, auditors and academics. The following working groups currently exist:

Financial Instruments

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Dr Wolfgang Weber	Deutsche Bank AG
Jens Berger *	Deloitte GmbH
Gero Bothe *	Deutsche Pfandbriefbank AG
Dr Jan-Velten Große	ASCG

* Committee Liaison Member of the Financial Reporting Technical Committee

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Anja Fink (WP)	Deloitte GmbH
Prof. Dr Ralf Frank	GISMA Business School
Stefan Schnell	BASF SE
Prof. Dr Isabel von Keitz	FH Münster University of Applied Sciences
Hanno Wulbrand	Bayer AG
Prof. Dr Brigitte Eierle *	Otto-Friedrich-University Bamberg
Prof. Dr Christian Fink**	RheinMain University of Applied Sciences
Kristina Schwedler	ASCG

Climate Reporting

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Susanne Dräger	Principle for Responsible Investment
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Robert Kitel	alstia office REIT-AG
Stefan Lembert	TÜV SÜD AG
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Kerstin Schlesiger	Bayer AG
Maximilian Winkler	Klima Metrix GmbH
Jens Berger *	Deloitte GmbH
Prof. Dr Christian Fink **	RheinMain University of Applied Sciences
Dr Thomas Schmotz	ASCG

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Prof. Dr Corinna Ewelt-Knauer *	Justus-Liebig University of Gießen
Peter Zimniok	ASCG

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Dr Volker Kaminski	Herrenknecht AG
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Dr Thomas Schmotz	ASCG

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Kristina Schwedler	ASCG

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Gerd Lützelner (WP)	Private Practice
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ABBREVIATIONS

AG	<i>Aktiengesellschaft</i> (German stock corporation)	HGB	<i>Handelsgesetzbuch</i> (German Commercial Code)
ASAF	Accounting Standards Advisory Forum	IAS(s)	International Accounting Standard(s)
ASCG	Accounting Standards Committee of Germany	IASB	International Accounting Standards Board
BGB	<i>Bürgerliches Gesetzbuch</i> (German Civil Code)	IDW	<i>Institut der Wirtschaftsprüfer in Deutschland e.V.</i> (Institute of Public Auditors in Germany)
BMJ	<i>Bundesministerium der Justiz</i> (Federal Ministry of Justice)	IFASS	International Forum of Accounting Standard Setters
CAO	Chief Accounting Officers	IFRS(s)	International Financial Reporting Standard(s)
CbCR	Country-by-Country-Reporting	IG	Implementation Guidance
CPA	Certified Public Accountant	ISSB	International Sustainability Standards Board
CSR	Corporate Sustainability Reporting Directive	KG	<i>Kommanditgesellschaft</i> (German limited partnership)
D-GAAS	Draft German Amendment Accounting Standard	KGaA	<i>Kommanditgesellschaft auf Aktien</i> (German partnership limited by shares)
DP	Discussion Paper	LLC	Limited Liability Company
Dr	Doctor	NFRD	Non-financial Reporting Directive
ED	Exposure Draft	OECD	Organisation for Economic Co-operation and Development
EFRAG	European Financial Reporting Advisory Group	PIR(s)	Post-implementation Review(s)
EC	European Community	Prof.	Professor
ESAP	European Single Access Point	PublG	<i>Publizitätsgesetz</i> (German Disclosure Act)
ESEF	European Single Electronic Format	RfI	Request for Information
ESG	Environment, Social, Governance	RNE	<i>Rat für Nachhaltige Entwicklung</i> (German Council for Sustainable Development)
ESMA	European Securities and Markets Authority	SASB	Sustainability Accounting Standards Board
ESRS	European Sustainability Reporting Standard(s)	SE	Societas Europaea (European company)
EU	European Union	SMEs	Small and medium-sized enterprises
e.V.	<i>Eingetragener Verein</i> (German registered association)	SR	Sustainability Reporting
FASB	Financial Accounting Standards Board	SSAF	Sustainability Standards Advisory Forum
FR	Financial Reporting	StB	<i>Steuerberater</i> (Tax adviser)
GAAP	Generally Accepted Accounting Principles	TEG	Technical Experts Group
GAAS(s)	German Amendment Accounting Standard(s)	WP	<i>Wirtschaftsprüfer</i> (German public auditor)
GAS(s)	German Accounting Standard(s)	WSS	World Standard Setters
GHG	Greenhouse Gas	XBRL	eXtensible Business Reporting Language
GmbH	<i>Gesellschaft mit beschränkter Haftung</i> (German limited liability company)	XHTML	Extensible Hypertext Markup Language

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