



# The Swiss Law on Accounting and Financial Reporting

**Illustrative financial statements of an Industry Ltd,  
a Holding Ltd and a Non-Profit Foundation  
(including disclosure checklist)**

# Table of Content

<b>01</b>	<b>Preliminary remarks and assumptions</b>	<b>03</b>
<b>02</b>	<b>Illustrative example of annual financial statements of Industry AG, Zurich</b>	<b>04</b>
	Balance sheet	05
	Income statement	06
	Cash flow statement	07
	Notes	08
<b>03</b>	<b>Illustrative example of annual financial statements of Holding Ltd, Zurich</b>	<b>16</b>
	Balance sheet	17
	Income statement	18
	Possible alternative: income statement in vertical	19
	Notes	20
<b>04</b>	<b>Illustrative example of annual financial statements of Non-Profit Foundation, Zurich</b>	<b>26</b>
	Balance sheet	27
	Income statement	28
	Notes	29
<b>05</b>	<b>Appendix</b>	<b>32</b>
	Appendix: Disclosure checklist	33

3<sup>rd</sup> edition  
Status: February 2020

# Preliminary remarks and assumptions

On 23 December 2011, the Swiss Parliament enacted the new law on accounting and financial reporting, which is included in the 32nd title of the Swiss Code of Obligations. The previous accounting provisions from the Company Law have been repealed accordingly. The new and still applicable Law on Accounting and Financial Reporting became effective as at 1 January 2013. The new provisions became applicable for the first time to stand-alone financial statements for the 2015 financial year, and as of 2016 for consolidated accounts, respectively.

This KPMG publication aims to support companies in applying the Swiss Law on Accounting and Financial Reporting when presenting the annual financial statements (of a stand-alone entity). By using three examples, we will show how the provisions of Articles 959 – 961b CO may be implemented in practice.

The following illustrative financial statements are purely fictional and meant for illustrative purposes only. Not all possible situations can be covered which is why they do not claim to be complete. Any similarities with existing companies are purely coincidental. Therefore, the information contained in these illustrative financial statements cannot necessarily be applied to the circumstances of a specific company. In individual cases, the complete text of the Swiss Law on Accounting and Financial Reporting should be consulted.

The following assumptions apply to the illustrative financial statements:

Industry Ltd	Holding Ltd	Non-Profit Foundation
<ul style="list-style-type: none"> <li>The fictitious, non-listed company Industry Ltd controls other companies and prepares its consolidated financial statements in accordance with principles of orderly financial reporting (the so-called “Swiss CO consolidation” according to Article 963b(3) CO, which is not included in this brochure).</li> <li>By law, the company is subject to an ordinary audit and must make additional disclosures in the notes to the financial statements and provide a cash flow statement as stipulated in the regulation for larger entities (Articles 961a - 961b CO).</li> </ul> <p>The management report also required for larger entities (Article 961c CO) is not part of the financial statements and therefore not presented in these illustrative financial statements.</p>	<ul style="list-style-type: none"> <li>The fictitious, listed company Holding Ltd controls other companies and prepares its consolidated financial statements in accordance with Swiss GAAP FER (not presented in this brochure).</li> <li>By law, the company is subject to an ordinary audit. As Holding Ltd has prepared its consolidated financial statements in accordance with a recognized accounting standard, it has decided to forego presenting additional information in the notes and a cash flow statement as per Article 961d(1) CO.</li> </ul>	<ul style="list-style-type: none"> <li>The fictitious Non-Profit Foundation is subject to a limited statutory examination only; accordingly, the provisions applicable to larger entities are not applicable in this case.</li> </ul>

The illustrative notes to the financial statements contain a selection of statutory minimum disclosures. However, depending on the entity-specific facts and circumstances, it may be appropriate or required to provide additional explanations. Moreover, subtotals and appropriate descriptions have been used for the illustrative income statements and cash flow statement.

# Illustrative annual financial statements of Industry Ltd, Zurich

# Balance sheet

Article 959c(2)(1) CO

## ASSETS

CHF 1,000	Notes	31.12.2018	31.12.2017
Cash and cash equivalents		8,444	7,111
Securities listed on a stock exchange		2,325	2,342
Trade accounts receivable	2.1	20,956	19,980
Other short-term receivables		4,511	5,089
Inventories and non-invoiced services	2.2	31,178	28,178
Prepaid expenses and accrued income		1,756	1,800
<b>Total current assets</b>		<b>69,170</b>	<b>64,500</b>
Financial assets		1,889	1,733
Investments	2.3	3,000	3,000
Property, plant and equipment	2.4	76,542	62,000
Intangible assets	2.5	1,703	1,178
<b>Total non-current assets</b>		<b>83,134</b>	<b>67,911</b>
<b>TOTAL ASSETS</b>		<b>152,304</b>	<b>132,411</b>

Article 959a(1) CO

## LIABILITIES AND SHAREHOLDERS' EQUITY

CHF 1,000	Notes	31.12.2018	31.12.2017
Trade accounts payable	2.6	24,289	20,689
Short-term interest-bearing liabilities		15,324	6,018
Other short-term liabilities	2.7	5,000	10,289
Short-term provisions		1,431	1,580
Accrued expenses and deferred income		9,089	8,667
<b>Total short-term liabilities</b>		<b>55,133</b>	<b>47,243</b>
Long-term interest-bearing liabilities	2.8	41,289	41,156
Provisions		3'147	3'398
<b>Total long-term liabilities</b>		<b>44,436</b>	<b>44,554</b>
<b>Total liabilities</b>		<b>99,569</b>	<b>91,797</b>
Share capital	2.9	17,000	14,500
Legal capital reserves			
• Reserves from capital contributions	2.9	6,500	0
• Other capital reserves		6,589	6,589
Legal retained earnings			
• General legal retained earnings	2.10	10,000	10,000
• Reserves for treasury shares		460	460
Voluntary retained earnings			
• Available earnings			
– Results carried forward		7,653	7,129
– Profit for the year		4,600	1,980
Treasury shares	2.10	–67	–44
<b>Total shareholders' equity</b>		<b>52,735</b>	<b>40,614</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>152,304</b>	<b>132,411</b>

Article 959a(2) CO

# Income statement

Article 959b(2)  
CO

CHF 1,000	Notes	2018	2017
Revenue from sale of goods and services	2.11	166,644	137,511
Other operating income		2,389	3,411
Change in inventory of finished goods and work in progress as well as non-invoiced services		1,156	-1,067
<b>Total operating income</b>		<b>170,189</b>	<b>139,855</b>
Raw materials and supplies		-80,978	-60,844
Personnel expenses		-41,844	-38,644
Other operating expenses		-28,467	-27,133
Depreciation and impairment losses on property, plant and equipment		-11,232	-10,543
Amortization on intangible assets		-168	-102
<b>Operating result</b>		<b>7,500</b>	<b>2,589</b>
Financial income		441	734
Financial expenses		-1,102	-1,226
Non-operating income	2.12	601	598
Non-operating expenses	2.12	-312	-493
Extraordinary, non-recurring or prior period expenses	2.13	-350	0
<b>Profit for the year before taxes</b>		<b>6,778</b>	<b>2,202</b>
Direct taxes		-2,178	-222
<b>Profit for the year</b>		<b>4,600</b>	<b>1,980</b>

# Cash flow statement

CHF 1,000	Notes	2018	2017
Profit for the year		4,600	1,980
Amortization and impairment losses on non-current assets		11,400	10,645
Other non-cash (income)/expenses		-10	111
(Gains)/losses arising from disposals of non-current assets		-37	18
Changes in securities listed on a stock exchange		17	-1,953
Changes in trade accounts receivable		-976	1,090
Changes in inventories and non-invoiced services		-3,000	1,622
Changes in other short-term receivables, prepaid expenses and accrued income		622	-600
Changes in trade accounts payable		3,600	1,556
Changes in other short-term liabilities, accrued expenses and deferred income		-4,867	643
Changes in provisions		-400	-1,333
<b>Cash flows from operating activities</b>		<b>10,949</b>	<b>13,779</b>
Acquisition of property, plant and equipment		-26,137	-9,267
Proceeds from sale of property, plant and equipment		400	0
Acquisition of financial assets		-525	-1,525
Proceeds from sale of financial assets		369	0
Acquisition of intangible assets		-693	-156
<b>Cash flows from investing activities</b>		<b>-26,586</b>	<b>-10,948</b>
Proceeds from issue of share capital (including share premium)	2.9	9,000	0
Distribution of profits to shareholders (dividends)		-1,456	-1,200
Acquisition of treasury shares	2.10	-23	0
Proceeds from sale of treasury shares	2.10	0	633
Cash inflows/(cash outflows) from short-term interest-bearing liabilities		9,306	278
Cash inflows from long-term interest-bearing liabilities		133	200
Cash outflows from long-term interest-bearing liabilities		0	-500
<b>Cash flows from financing activities</b>		<b>16,960</b>	<b>-589</b>
<b>Change in cash and cash equivalents</b>		<b>1,323</b>	<b>2,242</b>
Reconciliation:			
Cash and cash equivalents as at 1 January		7,111	4,721
Exchange rate differences on cash and cash equivalents		10	148
Balance in cash and cash equivalents as at 31 December		8,444	7,111
<b>Change in cash and cash equivalents</b>		<b>1,323</b>	<b>2,242</b>

Article 961b CO  
Disclosure  
requirement for  
larger entities

# Notes

Article 959c(1)  
and (1) CO

## 1. PRINCIPLES

### Note:

The accounting principles highlighted in blue are alternative wordings for cases where accounting policies with respect to recognition, presentation or valuation deviate from the ones chosen by Industry Ltd. These alternative accounting principles have not been further considered in the present illustrative financial statements. However, they could trigger additional disclosures.

### 1.1 General aspects

These annual financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company may create or release hidden reserves.

### 1.2 Inventories and non-invoiced services

Inventories and non-invoiced services are recorded at acquisition or manufacturing costs: If the net realizable value at the balance sheet date is lower than acquisition or manufacturing costs, net realizable values are used. The company has furthermore made use of a general value adjustment, admissible under tax law. Acquisition costs are calculated using the weighted average cost method, manufacturing costs using standard costs.

#### Possible alternative accounting principle:

Inventories are valued at acquisition or manufacturing costs - or if this is lower, at net realizable value (lowest value principle). The acquisition or manufacturing costs are calculated with the FIFO method (first in – first out).

Non-invoiced services are valued at manufacturing costs (standard full cost of own work) or at acquisition cost (work provided by third parties). If the net realizable value at the balance sheet date is lower than acquisition or manufacturing costs, net realizable values are used.

Longer-term construction contracts are accounted for according to the POC (percentage of completion) method, provided the relevant conditions are met. With the POC method, not only the acquisition and manufacturing costs are recorded but also a share of profits in accordance with the percentage of completion, provided the realization is sufficiently secure. The percentage of completion is calculated with the costs incurred so far in comparison to the expected overall costs (cost-to-cost). Should the conditions for the POC method not be met, the project is accounted for using the completed contract method whereas it is only recognized in the income statement once the delivery and performance risks have been passed on to the client. Expected losses are fully provisioned immediately in both the POC as well as the CC method.

Article 960b(1)  
and (2) CO

### 1.3 Securities and financial assets

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. No valuation adjustment reserve was created. Financial assets include securities with a long-term holding period that have no quoted market price or no other observable market price, as well as loans to employees. Financial assets are valued at their acquisition cost adjusted for impairment losses.

#### Possible alternative accounting principle:

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. In order to account for fluctuations in value, the entity records a valuation adjustment reserve which amounts to the difference between the market price as at balance sheet date and lower historical acquisition cost.

#### 1.4 Property, plant and equipment

Property, plant and equipment (PPE) is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, property, plant and equipment (PPE) is always depreciated using the straight-line method. As soon as there are indicators that carrying values may be overstated, these are reviewed and, if necessary, adjusted.

#### 1.5 Intangible assets

Intangible assets generated internally are capitalized if they meet the following conditions cumulatively at the date of recognition:

- the intangible assets generated internally are identifiable and controlled by the entity;
- the intangible assets generated internally will generate a measurable benefit for the entity for more than one year;
- the expenses incurred with the creation of the intangible assets generated internally can be recognized and measured separately;
- it is likely that the resources required to complete and market or use the intangible assets for the entity's own purposes are available or will be made available.

Intangible assets are amortized using the straight-line method. As soon there are indicators that carrying values may be overstated, these are reviewed and, if necessary, adjusted.

#### 1.6 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense, respectively.

##### Possible alternative accounting principles:

- Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss incurred is allocated or charged to the voluntary retained earnings.
- Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss incurred is allocated or charged to the legal capital reserves.

#### 1.7 Revenue from sale of goods and services

Sales are recognized when risks and rewards are transferred to the client or a service has been provided. Normally, this is the case upon delivery of the goods. In cases where Industry Ltd is also responsible for the delivery and installation of delivered goods, revenue recognition only takes place once the installation has been completed.

##### Possible alternative accounting principle:

Revenue from services is recorded as at invoicing.  
The service is invoiced once it has been rendered, at the latest at the end of each quarter.

## 1.8 Share-based payments

Should treasury shares be used for share-based payment programs, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses. Shares awarded to employees by capital increase are accounted for as follows: the amount paid by the employees for the nominal value of the shares awarded is recorded in share capital, while the paid amount exceeding the nominal value is considered to be a share premium and is recorded in legal capital reserves.

### **Possible alternative accounting principle:**

Should Board members and employees receive treasury shares as part of a share-based compensation program, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses. These expenses are allocated across the entire vesting period if the actual shares are only handed over at a later date and if it depends on the employee's remaining with the company for a set period. Should the share-based compensation be related exclusively to the employee's performance during the year of the allocation, the entire expense is recorded in that year, regardless of the actual transfer date of the shares.

## 1.9 Leases

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as expenses in the period they are incurred; however, the leased or rented objects themselves are not recognized in the balance sheet.

### **Possible alternative accounting principles:**

Leasing transactions are recognized in the balance sheet on a substance over form basis. For this, leasing agreements and rental leases are classified as finance leases if essentially all of the risks and benefits related to the ownership of the leased object have been transferred to Industry Ltd as the lessee. All other leasing transactions are considered operating leases.

For finance leases the value of the leased or rented object is capitalized in property, plant and equipment (PPE) at the beginning of the contract; the same amount is recorded as leasing liability. The depreciation of PPE and the amortization of the leasing liabilities then take place over the leasing period.

For operating leases, the rental and leasing rates paid are directly recognized in the income statement when they become due.

## 2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

Article 959c(1)(2)  
CO

### 2.1 Trade accounts receivable

CHF 1,000	31.12.2018	31.12.2017
Receivables from third parties	8,884	7,585
Valuation adjustments	-1,237	-1,397
Receivables from shareholders	325	342
Receivables from companies in which the entity holds an investment	9,309	9,240
Receivables from other group companies	3,675	4,210
<b>Total</b>	<b>20,956</b>	<b>19,980</b>

Article 959a(4)  
CO  
Article 959a(4)  
CO

### 2.2 Inventories and non-invoiced services

CHF 1,000	31.12.2018	31.12.2017
Raw materials and supplies	5,670	4,893
Work in progress	22,718	21,329
Finished goods	14,605	14,636
Non-invoiced services	1,318	1,520
Valuation adjustments	-13,133	-14,200
<b>Total</b>	<b>31,178</b>	<b>28,178</b>

### 2.3 Investments

Company	Domicile	Capital in 1,000		Share in voting and capital rights, in %	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
Industry Finance AG	Zurich	CHF 100	CHF 100	100	100
Betatechnik AG	St. Gall	CHF 1,000	CHF 1,000	75	75
Industrie-Productions SA	Lausanne	CHF 1,000	CHF 1,000	100	100
Omega AG	Vienna	EUR 2,000	EUR 2,000	20	20
Delta AG	Salzburg	EUR 2,000	EUR 2,000	20 (indirectly held)	20 (indirectly held)

Article 959c(2)(3)  
CO

### 2.4 Property, plant and equipment

CHF 1,000	31.12.2018	31.12.2017
Operating properties	14,805	15,120
Non-operating properties	4,900	5,300
Land reserve	5,600	0
Installations and equipment	42,324	33,702
Vehicles	8,913	7,878
<b>Total</b>	<b>76,542</b>	<b>62,000</b>

Article 959c (2)(12)  
CO

In the course of the relocation of a part of the production from Zurich to Winterthur in 2017 and 2018, impairment losses on operating properties and installations and equipment in the amount of CHF 2,910k and CHF 2,224k, respectively, had to be recognized.

In 2018, the company acquired a plot of land in Winterthur next to the production facilities, which is currently held as a land reserve.

## 2.5 Intangible assets

Intangible assets mainly consist of software (developed by third parties or acquired) and capitalized costs of internally generated and patented production methods.

## 2.6 Trade accounts payable

	CHF 1,000	31.12.2018	31.12.2017
	Accounts payable due to third parties	16,934	14,302
Article 959a(4) CO	Accounts payable due to companies in which the entity holds an investment	4,919	3,286
	Accounts payable due to other group companies	2,436	3,101
	<b>Total</b>	<b>24,289</b>	<b>20,689</b>

## 2.7 Other short-term liabilities

	CHF 1,000	31.12.2018	31.12.2017
	Liabilities due to third parties	4,835	10,147
Article 959c(2)(7) CO	Liabilities due to pension fund	120	112
Article 959a(4) CO	Liabilities due to governing bodies (board of directors and auditors)	45	30
	<b>Total</b>	<b>5,000</b>	<b>10,289</b>

## 2.8 Long-term interest-bearing liabilities

	CHF 1,000	31.12.2018	31.12.2017
Article 959a(4) CO	Loans from companies in which the entity holds an investment	17,500	17,000
	Bank loans	20,860	17,500
	Other interest-bearing liabilities due to third parties	2,929	6,656
	<b>Total</b>	<b>41,289</b>	<b>41,156</b>

Overview by maturity:

	CHF 1,000	31.12.2018	31.12.2017
AArticle 961a(1) CO Disclosure requirements for larger companies	Up to five years	5,089	5,156
	More than five years	36,200	36,000
	<b>Total</b>	<b>41,289</b>	<b>41,156</b>

## 2.9 Share capital and reserves from capital contributions

On 30 April 2018, the company increased its share capital by CHF 9,000k (par value CHF 2,500k, reserves from capital contributions CHF 6,500k). As at 31.12.2018, the share capital consists of 170,000 registered shares at a par value of CHF 100 each.

## 2.10 Treasury shares

Number of registered shares	2018	2017
<b>Inventory as at 1.1.</b>	<b>157</b>	<b>3,209</b>
Acquisitions	77	0
Sales	0	-2,260
Allocation to board members and employees	0	-792
<b>Inventory as at 31.12.</b>	<b>234</b>	<b>157</b>

Article 959c(2)(4)  
and (5) CO

In 2018, 77 registered shares were purchased at the price of CHF 300 each. In 2017, 2,260 registered shares were sold and 792 registered shares were allocated to board members and employees. The average selling price was CHF 280 each.

In 2016, a subsidiary acquired 1,643 registered shares of Industry Ltd at a price of CHF 280 each. A respective reserve for treasury shares was recorded.

## 2.11 Revenue from sale of goods and services

CHF 1,000	2018	2017
Revenue from the sale of goods	153,827	127,058
Revenue from the delivery of services	12,817	10,453
<b>Total</b>	<b>166,644</b>	<b>137,511</b>

## 2.12 Non-operating income and expenses

Non-operating income and expenses include rental income and relevant costs related to non-operating properties.

## 2.13 Extraordinary expenses

Extraordinary expenses of CHF 350k relate to the costs of the clean-up after the storm in August 2018, which destroyed part of the production facility.

Article 959c(2)(12)  
CO

### 3. OTHER INFORMATION

#### 3.1 Net release of hidden reserves

Article 959c(1)(3) CO	CHF 1,000	2018	2017
	Total net release of hidden reserves	0	1,789

#### 3.2 Full-time equivalent employees

Article 959c (2)(2)  
CO

The annual average number of full-time equivalent employees for the reporting year, as well as the previous year, exceeded 250.

#### 3.3 Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follows:

Article 959c(2)(6) CO	CHF 1,000	31.12.2018	31.12.2017
	Up to 1 year	2,543	3,125
	1–5 years	1,783	1,955
	More than 5 years	341	657
	<b>Total</b>	<b>4,667</b>	<b>5,737</b>

These amounts include payments related to rental or leasing contracts up to the end of their (a) contract period or (b) notice period, as applicable.

#### 3.4 Collateral for third-party liabilities

Article 959c (2)(8)  
CO

Collateral provided for liabilities of third parties amounts to CHF 12,500k (previous year: CHF 13,000k). These are guarantees issued on behalf of subsidiaries.

#### 3.5 Assets pledged to secure own liabilities, as well as assets with retention of title

Article 959c(2)(9)  
CO

Assets pledged to secure own liabilities amount to CHF 50,000k (previous year: CHF 40,000k). They are pledged to secure interest-bearing liabilities. None of the company's assets bear a retention of title.

#### 3.6 Contingent liabilities

Article 959c(2)(10)  
CO

In summer 2017, a court case was initiated against the company in regard to a product liability incident. The plaintiff is claiming compensation amounting to CHF 3,000k. An initial decision by court is expected for summer 2019. The company expects the case to be dismissed. Provisions have been recorded to cover the expected expenses.

**3.7 Shares or options on shares for members of the board and employees**Article 959c(2)(11)  
CO

In 2018, no shares or options on shares were allocated to members of the board or to employees.

The following information relates to the allocation in 2017 (valued at the tax value of CHF 250 for each share):

2017	Shares		Optionen		Total
	Quantity	Value CHF 1,000	Quantity	Wert CHF 1,000	Value CHF 1,000
Allocated to board members	360	90	0	0	90
Allocated to employees	432	108	0	0	108
<b>Total</b>	<b>792</b>	<b>198</b>	<b>0</b>	<b>0</b>	<b>198</b>

**3.8 Audit fees**

CHF 1,000	2018	2017
Audit services (stand-alone financial statements and consolidated financial statements)	120	110
Other services	15	15
<b>Total</b>	<b>135</b>	<b>125</b>

Article 961a(2)  
CO  
Disclosure requirements for larger companies**3.9 Significant subsequent events**Article 959c(2)(13)  
CO

The investment in Betatechnik AG was sold to a third party as at 20 January 2019. The transaction resulted in a gain on sale of approximately CHF 500k.

# Illustrative example of annual financial statements of Holding Ltd, Zurich

# Balance sheet

Article 959c(2)(1)  
CO

## ASSETS

CHF 1,000	Notes	31.12.2018	31.12.2017
Cash and cash equivalents		8,838	9,834
Securities listed on a stock exchange		233	274
Other short-term receivables			
• from third parties		105	51
• from companies in which the entity holds an investment		10,132	15,089
Prepaid expenses and accrued income	2.1	989	961
<b>Total current assets</b>		<b>20,297</b>	<b>26,209</b>
Financial assets	2.2	104,226	101,824
Investments	2.3	201,530	201,530
Property, plant and equipment		52	65
Prepaid expenses and accrued income	2.1	1,519	2,439
<b>Total non-current assets</b>		<b>307,327</b>	<b>305,858</b>
<b>TOTAL ASSETS</b>		<b>327,624</b>	<b>332,067</b>

Article 950a(1)  
COArticle 950a(4)  
CO

## LIABILITIES AND SHAREHOLDERS' EQUITY

CHF 1,000	Notes	31.12.2018	31.12.2017
Trade accounts payable		151	256
Other short-term liabilities due to companies in which the entity holds an investment		1,241	806
Short-term provisions	2.4	0	405
Accrued expenses and deferred income		273	53
<b>Total short-term liabilities</b>		<b>1,665</b>	<b>1,520</b>
Long-term interest-bearing liabilities			
• from third parties	2.5	167,646	181,785
• due to shareholders	2.5	8,000	8,000
<b>Total long-term liabilities</b>		<b>175,646</b>	<b>189,785</b>
<b>Total liabilities</b>		<b>177,311</b>	<b>191,305</b>
Share capital	2.6	35,000	35,000
Legal capital reserves			
• Reserves from capital contributions	2.7	16,853	26,845
• Other capital reserves		18,264	18,264
Legal retained earnings			
• Reserves for treasury shares	2.8	785	785
Voluntary retained earnings			
• Available earnings			
– Profit brought forward		60,341	41,460
– Results for the year		19,468	18,881
Treasury shares	2.9	–398	–473
<b>Total shareholders' equity</b>		<b>150,313</b>	<b>140,762</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>327,624</b>	<b>332,067</b>

Article 959a(2)  
COArticle 959a(4)  
CO

# Income statement

## OPTION 1: PRESENTATION FOCUSED ON THE COMPANY'S BUSINESS PURPOSE

Articles 958d as  
well as 959b(2)  
CO

CHF 1,000	Notes	2018	2017
Dividend income	2.10	21,743	21,032
Other financial income	2.11	5,197	5,091
Other operating income		23	17
<b>Total income</b>		<b>26,963</b>	<b>26,140</b>
Financial expenses	2.12	-4,189	-4,074
Personnel expenses		-635	-678
Other operating expenses	2.13	-2,569	-2,281
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
Direct taxes		-89	-79
<b>Total expenses</b>		<b>-7,495</b>	<b>-7,259</b>
<b>Profit for the year</b>		<b>19,468</b>	<b>18,881</b>

## OPTION 2: PRESENTATION FOCUSED ON THE LEGAL MINIMUM REQUIREMENTS FOR STRUCTURE

Articles 958d as  
well as 959b(2)  
CO

CHF 1,000	Notes	2018	2017
Other operating income		23	17
Dividend income	2.10	21,743	21,032
Other financial income	2.11	5,197	5,091
<b>Total income</b>		<b>26,963</b>	<b>26,140</b>
Personnel expenses		-635	-678
Other operating expenses	2.13	-2,569	-2,281
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
Financial expenses	2.12	-4,189	-4,074
Direct taxes		-89	-79
<b>Total expenses</b>		<b>-7,495</b>	<b>-7,259</b>
<b>Profit for the year</b>		<b>19,468</b>	<b>18,881</b>

Note: the income statement may also be presented in other appropriate ways other than the options 1 and 2 illustrated above.

## Possible alternative: income statement in vertical format

<b>OPTION 1: PRESENTATION FOCUSED ON THE COMPANY'S BUSINESS PURPOSE</b>			
<b>CHF 1,000</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
Dividend income	2.10	21,743	21,032
Other financial income	2.11	5,197	5,091
Other operating income		23	17
<b>Total operating income</b>		<b>26,963</b>	<b>26,140</b>
Financial expenses	2.12	-4,189	-4,074
Personnel expenses		-635	-678
Other operating expenses	2.13	-2,569	-2,281
<b>Operating result before taxes, depreciation and impairment losses</b>		<b>19,570</b>	<b>19,107</b>
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
<b>Profit for the year before taxes</b>		<b>19,557</b>	<b>18,960</b>
Direct taxes		-89	-79
<b>Profit for the year</b>		<b>19,468</b>	<b>18,881</b>
<b>OPTION 2: PRESENTATION FOCUSED ON THE LEGAL MINIMUM REQUIREMENTS FOR STRUCTURE</b>			
<b>CHF 1,000</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>
Other operating income		23	17
<b>Total operating income</b>		<b>23</b>	<b>17</b>
Personnel expenses		-635	-678
Other operating expenses	2.13	-2,569	-2,281
<b>Operating result before financial result, taxes, depreciation and impairment losses</b>		<b>-3,181</b>	<b>-2,942</b>
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
<b>Operating results before financial result and taxes</b>		<b>-3,194</b>	<b>-3,089</b>
Dividend income	2.10	21,743	21,032
Other financial income	2.11	5,197	5,091
Financial expenses	2.12	-4,189	-4,074
<b>Profit for the year before taxes</b>		<b>19,557</b>	<b>18,960</b>
Direct taxes		-89	-79
<b>Profit for the year</b>		<b>19,468</b>	<b>18,881</b>

Note: The income statement may also be presented in other appropriate ways other than the options 1 and 2 illustrated above.

Articles 958d as well as 959b(2) CO

Articles 958d as well as 959b(2) CO

# Notes

Article 959c(1)(1)  
CO

## 1. PRINCIPLES

### 1.1 General aspects

These annual financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Article 960b(1)  
and (2)  
CO

### 1.2 Securities listed on a stock exchange

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. A valuation adjustment reserve has not been accounted for.

### 1.3 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are not recognized.

### 1.4 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

### 1.5 Share-based payments

Should treasury shares be used for share-based payment programs for board members, the difference between the acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses.

### 1.6 Long-term interest-bearing liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Discounts and issue costs for bonds are recognized as prepaid expenses and amortized on a straight-line basis over the bond's maturity period. Premiums are recognized as accrued expenses and amortized on a straight-line basis over the bond's maturity period.

Article 961d(1)  
CO

### 1.7 Foregoing a cash flow statement and additional disclosures in the notes

As Holding Ltd has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

## 2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

Article 959c(1)(2)  
CO

### 2.1 Prepaid expenses and accrued income

Long-term prepaid expenses and accrued income contain the not-yet-amortized amount of the discount and the issue costs which arose when the bond was issued. The part to be amortized in the following year is recognized in the short-term prepaid expenses and accrued income.

### 2.2 Financial assets

CHF 1,000	31.12.2018	31.12.2017
Loans granted to companies in which the entity holds an investment	104,226	101,824
<b>Total</b>	<b>104,226</b>	<b>101,824</b>

Article 959a(4)  
CO

### 2.3 Investments

Company	Domicile	Capital in 1,000		Share in voting and capital rights, in %	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
Alpha AG	Zurich	CHF 100	CHF 100	100	100
Beta B.V.	Amsterdam	EUR 1,000	EUR 1,000	75	75
Gamma GmbH	Hamburg	EUR 1,000	EUR 1,000	100	100
Delta SpA	Rome	EUR 2,000	EUR 2,000	100	100
Epsilon SA	Paris	EUR 2,500	EUR 2,500	30 (indirectly held)	30 (indirectly held)

Article 959c(2)(3)  
CO

### 2.4 Short-term provisions

The previous year's short-term provisions related to a conditional purchase price for the acquisition of an investment.

## 2.5 Long-term interest-bearing liabilities

CHF 1,000	31.12.2018	31.12.2017
Bonds	145,000	145,000
Bank loans	22,646	36,785
Loans from shareholders	8,000	8,000
<b>Total</b>	<b>175,646</b>	<b>189,785</b>

Article 959a(4)  
CO

Loan conditions:

	CHF 20,000k 2015-2020	CHF 60,000k 2016-2021	CHF 65,000k 2017-2022
<b>Nominal value as at 31.12.2018 (CHF 1,000)</b>	20,000	60,000	65,000
<b>Nominal value as at 31.12.2017 (CHF 1,000)</b>	20,000	60,000	65,000
Interest rate in %	1.25	1.00	2.00
Duration in years	5	5	5
Maturity	30.06.2020	31.10.2021	31.03.2022

Article 959c(4)  
CO

## 2.6 Share capital and authorized capital

Share capital in the amount of CHF 35,000k consists of 4,375,000 registered shares at a par value of CHF 8.00 each.

At the Annual General Meeting of 1 May 2017, the Board of Directors was authorized to increase the share capital by a maximum of CHF 8,000k, split into 1,000,000 registered shares at a par value of CHF 8.00 each, by 30 April 2019 at the latest.

## 2.7 Reserves from capital contributions

The reserves from capital contributions include the premium from capital increases in the years 2008 and 2009, minus the dividends distributed to date.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (SFTA) has confirmed that it will recognize disclosed reserves from capital contributions as a capital contribution as per Article 5(1<sup>bis</sup>) Withholding Tax Act.

## 2.8 Reserves for treasury shares

In 2011, a subsidiary acquired 4,361 registered shares of Holding Ltd at a price of CHF 180 each. A respective reserve for treasury shares was recorded.

Article 959c(2)(4)  
and (5)  
CO

## 2.9 Treasury shares

Article 959c(2)(4)  
and (5)  
CO

Number of registered shares	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
<b>Inventory as at 1.1.2017</b>					<b>3,210</b>
Acquisitions	5	240	246	243	1,540
Sales	4	249	251	250	-1,580
Allocation to board members	1			244	-1,255
<b>Inventory as at 31.12.2017</b>					<b>1,915</b>
Acquisitions	3	239	246	243	1,365
Sales	2	250	253	252	-355
Allocation to board members	1			242	-1,305
<b>Inventory as at 31.12.2018</b>					<b>1,620</b>

As at balance sheet date, acquisition cost for directly held treasury shares amounted to CHF 398k (previous year: CHF 473k).

## 2.10 Dividend income

In the reporting year, dividend income amounted to CHF 21,743k (previous year: CHF 21,032k). This amount included dividends distributed by Alpha AG in the amount of CHF 8,000k for the 2018 business year. The dividends were recorded as a receivable. This approach is permitted since Alpha AG closes its accounts on the same balance sheet date, and its Annual General Meeting has already approved the dividend.

## 2.11 Other financial income

Other financial income amounts to CHF 5,197k (previous year: CHF 5,091k) and consists mostly of interest income from loans to companies in which the entity holds an investment.

## 2.12 Financial expenses

CHF 1,000	31.12.2018	31.12.2017
Bank interest and fees	685	1,103
Interest to shareholders	310	310
Interest on bonds	2,150	1,825
Amortization of discounts and issue costs	920	820
Exchange losses	124	16
<b>Total</b>	<b>4,189</b>	<b>4,074</b>

## 2.13 Other operating expenses

CHF 1,000	31.12.2018	31.12.2017
Administrative expenses	1,101	987
Consulting expenses	896	1,110
Other operating expenses	572	184
<b>Total</b>	<b>2,569</b>	<b>2,281</b>

## 3. OTHER INFORMATION

Article 959c(2)(2)  
CO

### 3.1 Full-time equivalents

Holding Ltd does not have any employees.

Article 959c(2)(8)  
CO

### 3.2 Collateral for third-party liabilities

Collateral provided for liabilities of third parties amounts to CHF 12,500k (previous year: CHF 13,000k). These are sureties, letters of comfort and guarantees issued in favor of subsidiaries.

Article 663c  
CO  
Disclosure  
requirement for  
listed entities

### 3.3 Significant shareholders

The following shareholders owned more than 5 percent of voting rights as at 31 December:

Shareholder	Voting rights as at 31.12.2018	Voting rights as at 31.12.2017
Hans Muster	10.34%	10.33%
Thomas Muster	7.25%	7.73%
Beate Muster	6.69%	6.69%
Finanzgesellschaft ABC AG	5.35%	5.10%

There is a shareholders' agreement for the shareholder group of the Muster family (11 members). As at 31 December 2018, the shareholder group possessed a total of 42.27 percent (previous year: 44.59 percent) of share capital and voting rights of Holding Ltd.

### 3.4 Equity owned by Group Management and the Board of Directors, including any related parties

Board of Directors	Number of shares as at 31.12.2018	Number of shares as at 31.12.2017
Hans Muster, Chairman of the Board of Directors	452,170	451,900
Heinrich Huber, Deputy Chairman of the Board of Directors	98,827	98,562
Anita Lehmann, Board member	12,385	12,125
Elisabeth Graf, Board member	33,822	33,562
Walter Hofmann, Board member	46,837	46,587

Group Management	Number of shares as at 31.12.2018	Number of shares as at 31.12.2017
Peter Müller, CEO	52,124	46,257
Beate Muster, CFO	292,815	292,815

Article 663c  
CO  
Disclosure  
requirement for  
listed entities

None of the members of the Board or Management hold conversion or option rights.

### 3.5 Shares or options on shares for members of the board

According to the compensation plan, Board members' fees are paid in shares at a minimum of 30 percent and up to a maximum of 50 percent. Treasury shares are used for share-based compensation. The number of shares is calculated based on the average share price over the last ten days prior to the allocation.

The allocation was as follows:

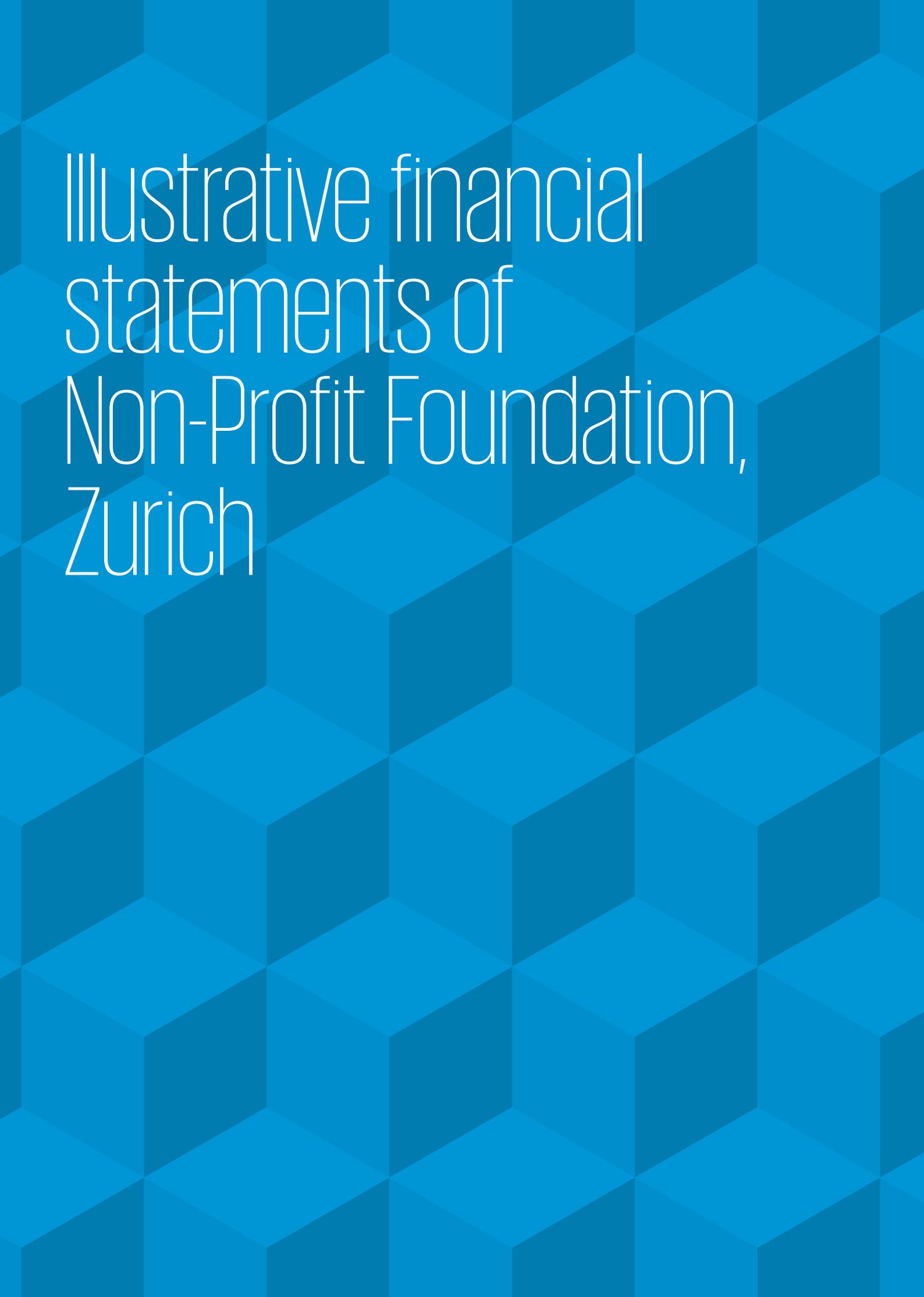
	2018		2017	
	Quantity	Value CHF 1,000	Quantity	Value CHF 1,000
Allocated to members of the board	1,305	316	1,255	306

Article 959c(2)(11)  
CO

### 3.6 Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Article 959c(2)(13)  
CO

The background of the page is a repeating pattern of overlapping, three-dimensional cubes in various shades of blue, creating a sense of depth and perspective. The text is centered in the upper half of the page.

# Illustrative financial statements of Non-Profit Foundation, Zurich

# Balance sheet

Article 959c(2)(1)  
CO

## ASSETS

Article 959a(1)  
CO

CHF 1,000	Notes	31.12.2018	31.12.2017
Cash and cash equivalents	2.1	5,221	3,892
Other short-term receivables		369	257
Prepaid expenses and accrued income		224	89
<b>Total short-term assets</b>		<b>5,814</b>	<b>4,238</b>
Financial assets	2.2	9,957	8,951
Valuation adjustment reserve	2.2	-1,590	-987
Property, plant and equipment	2.3	3,456	3,836
<b>Total non-current assets</b>		<b>11,823</b>	<b>11,800</b>
<b>TOTAL ASSETS</b>		<b>17,637</b>	<b>16,038</b>

Article 960b(2)  
CO

## LIABILITIES AND SHAREHOLDERS' EQUITY

CHF 1,000	Notes	31.12.2018	31.12.2017
Trade accounts payable		156	154
Other short-term liabilities		358	479
Accrued expenses and deferred income		2,044	1,459
<b>Total short-term liabilities</b>		<b>2,558</b>	<b>2,092</b>
Long-term interest-bearing liabilities	2.4	1,500	1,500
<b>Total long-term liabilities</b>		<b>1,500</b>	<b>1,500</b>
<b>Total liabilities</b>		<b>4,058</b>	<b>3,592</b>
Foundation capital		10,000	10,000
Voluntary retained earnings			
• Available earnings			
– Profit brought forward		2,446	501
– Profit for the year		1,133	1,945
<b>Total equity</b>		<b>13,579</b>	<b>12,446</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>17,637</b>	<b>16,038</b>

Article 959a(2)  
CO

# Income statement

Article 959b(2)  
CO

CHF 1,000	Notes	2018	2017
Donations received	2.5	27,258	28,241
Other operating income		468	587
<b>Total operating income</b>		<b>27,726</b>	<b>28,828</b>
Contributions and donations paid	2.6	-22,103	-21,993
Personnel expenses		-881	-793
Other operating expenses	2.7	-3,608	-3,698
Depreciation and impairment losses on property, plant and equipment		-380	-401
<b>Operating result</b>		<b>754</b>	<b>1,943</b>
Financial income	2.8	1,093	799
Financial expenses	2.9	-714	-797
<b>Profit for the year</b>		<b>1,133</b>	<b>1,945</b>

# Notes

## 1. PRINCIPLES

Article 959c(1)(1)  
CO

### 1.1 General aspects

These annual financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

### 1.2 Financial assets

Article 960b(1) and (2)  
CO

The securities in investments are valued at quoted market price or another observable market price as at the balance sheet date. In order to account for fluctuations in value, the entity records a valuation adjustment reserve, which amounts to the difference between the market price as at balance sheet date and lower historical acquisition cost.

### 1.3 Property, plant and equipment

Property, plant and equipment (PPE) is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, PPE is depreciated using the straight-line method. If there is an indication of impairment, the carrying amounts are reassessed and, where necessary, adjusted.

The estimated useful lives of PPE are as follows:

Plots of land	unlimited
Buildings	50 years
Equipment, furniture	5 years

## 2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

### 2.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, postal and bank accounts.

### 2.2 Financial assets

CHF 1,000	31.12.2018	31.12.2017
Bonds in CHF	4,156	4,589
Bonds in foreign currencies	967	1,514
Domestic shares	2,958	1,925
Foreign shares	1,876	923
<b>Total financial assets at quoted market price or another observable market price</b>	<b>9,957</b>	<b>8,951</b>
Valuation adjustment reserve	-1,590	-987
<b>Total acquisition cost for financial assets</b>	<b>8,367</b>	<b>7,964</b>

### 2.3 Property, plant and equipment

CHF 1,000	31.12.2018	31.12.2017
Land and buildings	2,919	3,157
Equipment, furniture	546	679
<b>Total</b>	<b>3,465</b>	<b>3,836</b>

### 2.4 Long-term interest-bearing liabilities

The long-term interest-bearing liability is a mortgage granted by Bank X.

### 2.5 Donations received

CHF 1,000	2018	2017
Contributions by sponsors	9,689	8,547
Donations and endowments	17,569	19,694
<b>Total</b>	<b>27,258</b>	<b>28,241</b>

### 2.6 Contributions and donations paid

CHF 1,000	2018	2017
Support for hardship cases	9,890	8,547
Counselling and support in emergencies	6,524	7,105
Project contributions	5,689	6,341
<b>Total</b>	<b>22,103</b>	<b>21,993</b>

## 2.7 Other operating expenses

CHF 1,000	2018	2017
Public relations, advertising	1,447	1,801
IT expenses	401	568
Property maintenance (maintenance, repairs, third-party services)	541	302
General administrative expenses	1,219	1,027
<b>Total</b>	<b>3,608</b>	<b>3,698</b>

## 2.8 Financial income

CHF 1,000	2018	2017
Interest and dividend income	258	235
Price gains on financial assets	835	62
Decrease in valuation adjustment reserves	0	502
<b>Total</b>	<b>1,093</b>	<b>799</b>

## 2.9 Financial expenses

CHF 1,000	2018	2017
Interest rate expenses	75	75
Fees and charges	6	5
Price losses on financial assets	30	717
Increase in valuation adjustment reserves	603	0
<b>Total</b>	<b>714</b>	<b>797</b>

## 3. OTHER INFORMATION

### 3.1 Full-time equivalents

The annual average number of full-time equivalent employees for the reporting year, as well as the previous year, did not exceed 10.

Article 959c(2)(2)  
CO

### 3.2 Assets pledged to secure own liabilities

With a book value of CHF 2,919k (previous year: CHF 3,157k), land and buildings are encumbered with mortgages amounting to CHF 1,500k (previous year: CHF 1,500k).

Article 959c(2)(9)  
CO

### 3.3 Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Article 959c(2)(13)  
CO

# Annex

The background of the page is a repeating pattern of teal-colored cubes. The cubes are arranged in a staggered grid, creating a three-dimensional effect. Each cube is rendered with three visible faces, and the shading is consistent across the pattern, giving it a uniform, textured appearance.

# Disclosure checklist

## 1. Rules concerning annual financial statements (stand-alone financial statements)

### 1.1 General Provisions

Reference in CO	Control question	Yes	N/A	No	Comment
Article 958(2)	The financial reporting forms part of the annual report which contains the financial statements. Do the financial statements consist of the balance sheet, the income statement and the notes?	<input type="radio"/>		<input type="radio"/>	
Article 958a(2)	If it is intended to discontinue all or part of the entity's activities – or if such a discontinuation cannot be averted – within twelve months from the balance sheet date: is the accounting for the business activities concerned based on liquidation values?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Article 958a(2)	If it is intended to discontinue all or part of the entity's activities – or if such a discontinuation cannot be averted – within twelve months from the balance sheet date: have provisions been recorded for expenditures associated with the discontinuation?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Article 958b(1)	Has the cut-off (accrual accounting) of expenses and income been properly performed? <i>Note: Provided the net proceeds from the sale of goods or services or financial income does not exceed CHF 100,000, a company may use cash accounting ("expenditure and income") instead of accrual accounting (Art. 958b(2) CO).</i>	<input type="radio"/>		<input type="radio"/>	
Article 958d(1)	Are the balance sheet and the income statement presented either in the account form or in the report form?	<input type="radio"/>		<input type="radio"/>	
Article 958d(2)	Do the financial statements present the current period and the corresponding prior period figures? <i>Note: Answer "n/a" only possible for newly founded entities.</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Article 958d(3)	Are the financial statements presented in either Swiss francs or the currency relevant to the entity's business activities (functional currency)?	<input type="radio"/>		<input type="radio"/>	
Article 958d(3)	If presented in a currency other than Swiss francs: are all the amounts of the balance sheet, the income statement, the notes and the cash flow statement (if applicable) additionally disclosed in Swiss francs?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Article 958d(4)	Is the financial reporting presented in either an official language of Switzerland or in English?	<input type="radio"/>		<input type="radio"/>	

## 1.2 Balance sheet

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 959a(1)</i>	Does the balance sheet as a minimum present the following line items separately on the asset side?				
	<b>Current assets</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Cash (and cash equivalents) and assets with a quoted market price held for a short-term	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Trade accounts receivable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Other short-term receivables	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Inventories and non-invoiced services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Prepaid expenses and accrued income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<b>Non-current assets</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Financial assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Property, plant and equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Intangible assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Not yet paid-in share capital, partners' capital or endowment capital	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	Are the above line items presented in the prescribed sequence?	<input type="radio"/>		<input type="radio"/>	
<i>Article 959a(2)</i>	Does the balance sheet as a minimum present the following line items separately on the liability/shareholders' equity side?				
	<b>Current liabilities</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Trade accounts payable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Short-term interest-bearing liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Other short-term liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Accrued expenses and deferred income	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<b>Non-current liabilities</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Long-term interest-bearing liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Other long-term liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Provisions and similar items according to the law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<b>Shareholders' equity</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Share capital, partners' capital or foundation capital, if applicable separately per category	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	• Legal capital reserves	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<i>Note: Possible sub-items:</i>				
	– (Fiscal) reserves from capital contributions				
	– Other capital reserves				
	• Legal retained earnings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<i>Note: Possible sub-items:</i>				
	– General legal reserves				
	– Revaluation reserves				
	– Reserves for treasury shares (only for shares held in subsidiaries)				
	• Voluntary retained earnings or accumulated losses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	<i>Note: Possible sub-items:</i>				
	– Free and statutory retained earnings				
	– Available earnings				
	– Accumulated profits/losses brought forward				
	– Net loss/profit for the year				
	• Treasury shares (as a negative amount)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	Are the above line items presented in the prescribed sequence?	<input type="radio"/>		<input type="radio"/>	

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 959a(3)</i>	To the extent that it is material for the assessment of the financial position of the entity by third parties or common practice in the entity's business area: are other items presented separately either in the balance sheet or in the notes to the financial statements?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959a(4)</i>	<p>Are the following receivables and liabilities disclosed separately either in the balance sheet or in the notes to the financial statements?</p> <ul style="list-style-type: none"> <li>• Receivables due from/liabilities due to direct or indirect holders of equities</li> <li>• Receivables due from/liabilities due to governing bodies <i>Note: The law does not precisely state whether receivables due from and liabilities due to governing bodies should be disclosed separately or if they can be presented together (within the same line item) with the receivables due from/payables due to direct or indirect holders of equities. The HWP 2014 does not provide further guidance either.</i></li> <li>• Receivables due from/liabilities due to entities in which the entity holds an investment, either directly or indirectly</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959(3)</i>	Do current assets comprise only cash and other assets that are probably turned into cash or otherwise realized within one year from the balance sheet date or during the normal business cycle?	<input type="radio"/>		<input type="radio"/>	
<i>Article 959(6)</i>	Do current liabilities comprise all the liabilities that will be payable within one year from the balance sheet date or within the normal business cycle?	<input type="radio"/>		<input type="radio"/>	
<i>Article 959(7)</i>	Is shareholders' equity presented and structured according to the entity's legal form?	<input type="radio"/>		<input type="radio"/>	



## 1.4 Notes

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 959c(3)</i>	<b>Only sole proprietorships and partnerships</b>				
<i>Article 959c(3)</i>	For sole proprietorships or partnerships that are not required to comply with the requirements for larger entities: if the requirement to prepare notes has been waived, is information additionally required as a minimum structure of the balance sheet and the income statement presented directly in the balance sheet or the income statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(1)(1)-(3)</i>	<b>Do the notes contain the following information?</b>				
<i>Article 959c(1)(1)</i>	1. Description of the accounting policies applied in the preparation of the financial statements, to the extent these are not prescribed by law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(1)(2)</i>	2. Disclosure and breakdown and explanations on balance sheet and income statement line items	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(1)(3)</i>	3. The total amount of replacement reserves used and the additional hidden reserves, if this exceeds the total amount of new reserves of the same type where the result achieved thereby is considerably more favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(1)(4)</i>	<b>Do the notes also disclose the other information required by law?</b>				
<i>Article 958a(3)</i>	1. If the entity intends to discontinue all or part of its business activities - or if such a discontinuation cannot be averted - within twelve months from the balance sheet date: is the deviation from the going concern assumption disclosed and its influence on the financial position of the business explained?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 958d(3)</i>	2. If presented in a currency other than Swiss francs: are the conversion rates disclosed and if necessary explained?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959b(4)</i>	3. If the income statement is presented with the cost-of-sales method: are personnel expenses and, as a single item, depreciation and impairment losses on non-current assets disclosed?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(4)</i>	4. If the company has bonds outstanding: is the following disclosed: <ul style="list-style-type: none"> <li>• Amount</li> <li>• Interest rate</li> <li>• Maturities</li> <li>• Other terms and conditions such as subordination, conversion, options, collateral, private placements, early repayment clauses, restrictions, etc.</li> </ul>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	
<i>Article 960b(1)</i> <i>Article 960b(1)</i>	5. If assets are valued at quoted market prices or other observable market prices: <ul style="list-style-type: none"> <li>• Do the notes disclose this valuation?</li> <li>• Is the total value of the respective assets disclosed, separately for securities and other assets with an observable market price?</li> </ul>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	
<i>Article 960b(2)</i>	<ul style="list-style-type: none"> <li>• Is the amount of the fluctuation reserve disclosed separately in either the balance sheet or the notes to the financial statements?</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 663c(1)</i>	6. If the company shares are listed at a stock exchange:				
<i>Article 663c(3)</i>	<ul style="list-style-type: none"> <li>• Are major shareholders and their equity holdings disclosed?</li> <li>• Are the investments in the company as well as any conversion and option rights held by each member of the board of directors, the management board, and the advisory board, (including investments of persons related to these members) disclosed, giving their name and position?</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 670</i> <i>Article 671b</i>	7. If revaluations exceeding the historical costs were made: is information on the subject and the amount of any revaluations disclosed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
	8. If applicable: are any other disclosures required by other (special) laws (e.g. Merger Act)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(1)</i> <i>(1)-(14)</i>	<b>Is the following information disclosed in the notes or has it already been included in the balance sheet or in the income statement?</b>				
<i>Article 959c(1)(1)</i>	<b>1. General aspects</b> Do the notes contain the following information: <ul style="list-style-type: none"> <li>• Company name?</li> <li>• Legal form?</li> <li>• Domicile?</li> </ul>	<input type="radio"/>		<input type="radio"/>	
<i>Article 959c(2)(2)</i>	<b>2. Full-time equivalent employees</b> Do the notes declare whether full-time equivalents, on an annual average, exceed 10, 50 or 250, respectively?	<input type="radio"/>		<input type="radio"/>	
<i>Article 959c(2)(3)</i>	<b>3. Investments</b> Do the notes contain a list of all entities in which the company holds direct or significant indirect investments, showing the following information? <ul style="list-style-type: none"> <li>• Company</li> <li>• Legal form</li> <li>• Domicile/country</li> <li>• Share in voting and capital rights (in %)</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(4)</i>	<b>4. Treasury shares</b> Do the notes contain: <ul style="list-style-type: none"> <li>• The number of treasury shares held by the entity itself?</li> <li>• The number of treasury shares held by entities in which the entity holds investments?</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(5)</i>	<b>5. Treasury shares</b> Do the notes contain information on the purchases and sale of treasury shares, including terms and conditions, as well as: <ul style="list-style-type: none"> <li>• opening balance</li> <li>• purchase</li> <li>• sale</li> <li>• closing balance</li> <li>• terms and conditions of purchases</li> <li>• terms and conditions of sales</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(6)</i>	<b>6. Lease obligations</b> Do the notes disclose the residual liabilities arising from leasing transactions which are similar to sales contracts and other leasing obligations, unless these expire or can be canceled within 12 months after the balance sheet date?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 959c(2)(7)</i>	<b>7. Liabilities to pension funds</b> Do the notes disclose liabilities to pension schemes?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(8)</i>	<b>8. Collateral for third-party liabilities</b> Do the notes disclose the total amount of the collateral provided for third-party liabilities?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(9)</i>	<b>9. Securing own liabilities</b> Are the following amounts disclosed in the notes?  <ul style="list-style-type: none"> <li>• Assets pledged to secure own liabilities</li> <li>• Assets put under ownership reservation</li> </ul>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	
<i>Article 959c(2)(10)</i>	<b>10. Contingent liabilities</b> Do the notes disclose the legal or actual obligations for which a cash outflow is unlikely or cannot be estimated reliably?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(11)</i>	<b>11. Shares or options awarded to employees</b> Do the notes contain information about the number and value of shares or options on shares awarded during the period to members of senior management, the supreme governing and administrative body and to employees?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(12)</i>	<b>12. Extraordinary and prior-period items</b> Do the notes contain explanations of extraordinary, non-recurring or prior-period items included in the income statement?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(13)</i>	<b>13. Events after the balance sheet date</b> Do the notes disclose significant events that occurred after the balance sheet date?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 959c(2)(14)</i>	<b>14. Premature resignation of the auditors</b> Do the notes disclose the reasons for a premature resignation of the auditors?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	

## 2. REQUIREMENTS FOR LARGER ENTITIES

### 2.1 Additional items to be covered in the annual report

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 961</i>	Does the annual report also contain the following: <ul style="list-style-type: none"> <li>• A cash flow statement (as part of the financial statements)?</li> <li>• A management report?</li> </ul>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	

### 2.2 Notes

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 961a</i>	Do the notes contain additional information on long-term interest-bearing liabilities, broken down according to the following maturities: <ul style="list-style-type: none"> <li>• Due within one to five years</li> <li>• Due in more than five years</li> </ul>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	
<i>Article 961a</i>	Are the auditors fees disclosed, broken down by: <ul style="list-style-type: none"> <li>• Audit-related services and</li> <li>• Other services</li> </ul>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	

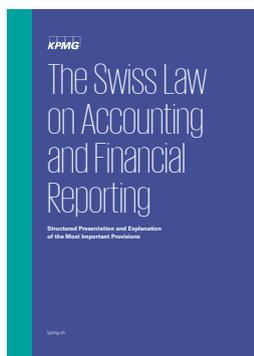
### 2.3 Cash flow statement

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 961b</i>	Does the cash flow statement present the changes in cash and cash equivalents from: <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Investment activities</li> <li>• Financing activities</li> </ul>	<input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/> <input type="radio"/>	

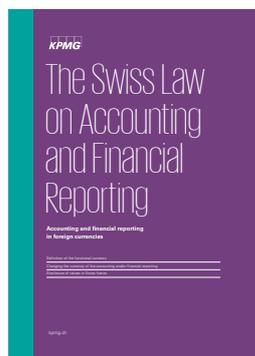
### 2.4 Management report

Reference in CO	Control question	Yes	N/A	No	Comment
<i>Article 961c(1)</i> <i>Article 961c(3)</i>	Does the management report provide information on the business performance and the entity's financial position, and if applicable, that of the group, as at the end of the year that are consistent with the stand-alone financial statements or the consolidated financial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
<i>Article 961c(2)</i>	Does the management report in particular provide information on: <ul style="list-style-type: none"> <li>• Number of full-time equivalents on an annual average</li> <li>• Performance of a risk assessment</li> <li>• Orders and assignments</li> <li>• Research and development activities</li> <li>• Extraordinary events</li> <li>• Outlook</li> </ul>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>	

# Publications



The Swiss Law on Accounting and Financial Reporting  
**Structured Presentation and Explanation of the Main Changes**



The Swiss Law on Accounting and Financial Reporting  
**Accounting and financial reporting in foreign currencies**

# Locations

## German-speaking Switzerland

---

### Basel

Viaduktstrasse 42  
P.O. Box 3456  
4002 Basel  
+41 58 249 91 91  
infobasel@kpmg.com

### Bern

Hofgut  
P.O. Box 112  
3073 Gümligen-Bern  
+41 58 249 76 00  
infobern@kpmg.com

### Lucerne

Pilatusstrasse 41  
6003 Luzern  
+41 58 249 38 38  
infozentralschweiz@kpmg.com

### St. Gallen

Bogenstrasse 7  
P.O. Box 1142  
9001 St. Gallen  
+41 58 249 22 11  
infostgallen@kpmg.com

### Zug

Landis + Gyr-Strasse 1  
P.O. Box  
6302 Zug  
+41 58 249 74 74  
infozentralschweiz@kpmg.com

### Zurich (Headquarter)

Räffelstrasse 28  
P.O. Box  
8036 Zürich  
+41 58 249 31 31  
infozurich@kpmg.com

## Western Switzerland

---

### Geneva

Esplanade de  
Pont-Rouge 6  
P.O. Box 1571  
1211 Geneva 26  
+41 58 249 25 15  
infogeneva@kpmg.com

### Lausanne

Avenue du Théâtre 1  
P.O. Box 6663  
1002 Lausanne  
+41 58 249 45 55  
infolausanne@kpmg.com

### Neuchâtel

Rue du Seyon 1  
P.O. Box 2572  
2001 Neuchâtel  
+41 58 249 61 30  
infooneuchatel@kpmg.com

## Ticino

---

### Lugano

Via Balestra 33  
6900 Lugano  
+41 58 249 32 32  
infolugano@kpmg.com

## Liechtenstein

---

### Vaduz

Aeulestrasse 2  
9490 Vaduz  
+41 58 249 70 40  
infovaduz@kpmg.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received, or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. The scope of any potential collaboration with audit clients is defined by regulatory requirements governing auditor independence. If you would like to know more about how KPMG AG processes personal data, please read our Privacy Policy, which you can find on our homepage at [www.kpmg.ch](http://www.kpmg.ch).

© 2020 KPMG AG is a subsidiary of KPMG Holding AG, which is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss legal entity. All rights reserved.