



The New 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 Contents

Preliminary remarks and assumptions	3
Illustrative financial statements of Industry Ltd, Zurich	4
Balance sheet	4
Income statement	5
Cash flow statement	6
Notes	7
Illustrative financial statements of Holding Ltd, Zurich	15
Balance sheet	15
Income statement	16
Notes	18
Illustrative financial statements of Non-Profit Foundation, Zurich	24
Balance sheet	24
Income statement	25
Notes	26
Appendix I: Disclosure checklist for financial statements according to the new Accounting Law	29
Appendix II: Changes compared to the 1st edition of this brochure	37

Preliminary remarks and assumptions

On 23 December 2011 the Swiss Parliament enacted the new law on accounting and financial reporting (Accounting Law), which became effective on 1 January 2013. It will be applicable to financial statements as of and for the financial year 2015, and for consolidated accounts as of 2016, respectively.

This KPMG publication aims to support companies in their first application of the new legislation as far as the presentation of the annual financial statements (of a single entity) is concerned. By using three examples, it is shown how the provisions of art. 959 – 961b CO could be implemented in practice. These illustrative financial statements present the possible financial reporting for the year 2016, i.e. the first business year after the first application of the new Accounting Law. For illustrations of the first application of the new law for business year 2015, please refer to our separate brochure entitled «The New Law on Accounting and Financial Reporting – Transitional Provisions art. 2 para. 4: Effects on the Presentation of the Annual Financial Statements at the Time of the First Application», which is available in German and French.

The following illustrative financial statements are purely fictional and meant for illustrative purposes only (no claim for completeness). 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 new Accounting Law 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"> • 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 art. 963b para. 3 CO, which is not included in this brochure). • 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 (art. 961a – 961b CO). <p>The management report also required for larger entities (art. 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"> • The fictitious, non-listed company Holding Ltd controls other companies and prepares its consolidated financial statements in accordance with Swiss GAAP FER (not presented in this brochure). • 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 art. 961d para. 1 CO. 	<ul style="list-style-type: none"> • 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.

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, for the illustrative income statements and cash flow statement, subtotals and appropriate descriptions have been used.

Art. 959c Para. 2
Lit. 1 CO

Illustrative financial statements of Industry Ltd, Zurich

Balance sheet

Art. 959a Para. 1 CO

Assets

CHF 1'000	Notes	31.12.2016	31.12.2015
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
Total current assets		69'170	64'500
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
Total non-current assets		83'134	67'911
TOTAL ASSETS		152'304	132'411

Art. 959a Para. 2 CO

Liabilities and Shareholders' equity

CHF 1'000	Notes	31.12.2016	31.12.2015
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
Total short-term liabilities		55'133	47'243
Long-term interest-bearing liabilities	2.8	41'289	41'156
Provisions		3'147	3'398
Total long-term liabilities		44'436	44'554
Total liabilities		99'569	91'797
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		10'000	10'000
• Reserves for treasury shares	2.10	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
Total shareholders' equity		52'735	40'614
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		152'304	132'411

Income statement

CHF 1'000	Notes	2016	2015
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
Total operating income		170'189	139'855
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
Operating result		7'500	2'589
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
Profit for the year before taxes		6'778	2'202
Direct taxes		-2'178	-222
Profit for the year		4'600	1'980

Art. 959b Para. 2 CO

Art. 961b CO
disclosure
requirement for
larger entities

Cash flow statement

CHF 1'000	Notes	2016	2015
Profit for the year		4'600	1'980
Depreciation/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
Cash flows from operating activities		10'949	13'779
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
Cash flows from investing activities		-26'586	-10'948
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
Cash flows from financing activities		16'960	-589
Change in cash and cash equivalents		1'323	2'242
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
Change in cash and cash equivalents		1'323	2'242

Notes

1. Principles

Art. 959c Para. 1
Lit. 1 CO

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 require additional disclosures.

1.1 General aspects

These financial statements were prepared according to the provisions 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's financial statements may be influenced by the creation and release of 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 costs (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.

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. A valuation adjustment reserve has not been accounted for. 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.

Art. 960b Para. 1
and 2 CO

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, PPE is depreciated using the straight-line method. As soon as there are indicators that book 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 in the creation of the intangible assets generated internally can be separately recognized and measured;
- 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 book 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.

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. Once the service has been rendered it is invoiced, 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 only 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 principle:

Leasing transactions are recognized in the balance sheet according 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 rents and leasing rates are directly recorded in the income statement.

Art. 959c Para. 1
Lit. 2 CO

2. Information on balance sheet and income statement items

2.1 Trade accounts receivable

CHF 1'000	31.12.2016	31.12.2015
Receivables from third parties	8'884	7'585
Valuation adjustment	-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
Total	20'956	19'980

Art. 959a Para. 4 CO

Art. 959a Para. 4 CO

2.2 Inventories and non-invoiced services

CHF 1'000	31.12.2016	31.12.2015
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 adjustment	-13'133	-14'200
Total	31'178	28'178

Art. 959c Para. 2
Lit. 3 CO

2.3 Investments

Company	Domicile	Capital in 1,000		Share in capital and voting rights in %	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
Industrie Finanz 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)

2.4 Property, plant and equipment

CHF 1'000	31.12.2016	31.12.2015
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
Total	76'542	62'000

Art. 959c Para. 2
Lit. 12 CO

In the course of the relocation of a part of the production from Zurich to Winterthur in 2015 and 2016, 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 2016, 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	31.12.2016	31.12.2015	
Accounts payable due to third parties	16'934	14'302	
Accounts payable due to companies in which the entity holds an investment	4'919	3'286	Art. 959a Para. 4 CO
Accounts payable to other group companies	2'436	3'101	
Total	24'289	20'689	

2.7 Other short-term liabilities

CHF 1'000	31.12.2016	31.12.2015	
Liabilities due to third parties	4'835	10'147	
Liabilities due to pension fund	120	112	Art. 959c Para. 2 Lit.7 CO
Liabilities due to governing bodies (board of directors and auditors)	45	30	Art. 959a Para. 4 CO
Total	5'000	10'289	

2.8 Long-term interest-bearing liabilities

CHF 1'000	31.12.2016	31.12.2015	
Loans from companies in which the entity holds an investment	17'500	17'000	Art. 959a Para. 4 CO
Bank loans	20'860	17'500	
Other interest-bearing liabilities due to third parties	2'929	6'656	
Total	41'289	41'156	

Overview by maturity:

CHF 1'000	31.12.2016	31.12.2015	
Up to five years	5'089	5'156	Art. 961a Lit. 1 CO disclosure requirements for larger entities
More than five years	36'200	36'000	
Total	41'289	41'156	

2.9 Share capital and reserves from capital contributions

On 30 April 2016, 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 December 2016, the share capital consists of 170,000 registered shares at a par value of CHF 100 each.

Art. 959c Para. 2
Lit.4 and 5 CO

2.10 Treasury shares

Number of registered shares	2016	2015
Inventory as at 1.1.	157	3'209
Acquisitions	77	0
Sales	0	-2'260
Allocation to board members and employees	0	-792
Inventory as at 31.12.	234	157

In 2016, 77 registered shares were purchased at the price of CHF 300 each. In 2015, 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 2014, 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	2016	2015
Revenue from sale of goods	153'827	127'058
Revenue from delivery of services	12'817	10'453
Total	166'644	137'511

2.12 Non-operating income and expenses

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

Art. 959c Para. 2
Lit.12 CO

2.13 Extraordinary expenses

Extraordinary expenses of CHF 350k relate to the costs of the clean-up after the storm in August 2016, which destroyed part of the production facility.

3. Other information

3.1 Net release of hidden reserves

CHF 1'000	2016	2015	
Total net release of hidden reserves	0	1'789	Art. 959c Para. 1 Lit. 3 CO

3.2 Full-time equivalents

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

Art. 959c Para. 2
Lit. 2 CO

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:

CHF 1'000	31.12.2016	31.12.2015	
Up to 1 year	2'543	3'125	Art. 959c Para. 2 Lit. 6 CO
1–5 years	1'783	1'955	
More than 5 years	341	657	
Total	4'667	5'737	

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 provided for liabilities of third parties

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

Art. 959c Para. 2
Lit. 8 CO

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

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.

Art. 959c Para. 2
Lit. 9 CO

3.6 Contingent liabilities

In summer 2015, a court case was initiated against the company in regard to a product liability incident. The plaintiff claims compensation amounting to CHF 3,000k. An initial decision by court is expected for summer 2017. The company expects the case to be dismissed. Provisions have been recorded to cover the expected expenses.

Art. 959c Para. 2
Lit. 10 CO

Art. 959c Para. 2
Lit. 11 CO

3.7 Shares or options on shares for members of the board and employees

In 2016, no shares or options on shares were allocated to members of the board or to employees. The following information relates to the allocation in 2015 (valued at the tax value of CHF 250 for each share):

2015	Shares		Options		Total
	Quantity	Value CHF 1'000	Quantity	Value CHF 1'000	Value CHF 1'000
Allocated to members of the board	360	90	0	0	90
Allocated to employees	432	108	0	0	108
Total	792	198	0	0	198

Art. 961a Lit. 2 CO
disclosure
requirement for
larger entities

3.8 Audit fees

CHF 1'000	2016	2015
Audit services (individual financial statements and consolidated financial statements)	120	110
Other services	15	15
Total	135	125

Art. 959c Para. 2
Lit. 13 CO

3.9 Significant events after the balance sheet date

The investment in Betatechnik AG was sold to a third party as at 20 January 2017. The transaction resulted in a gain on sale of approximately CHF 500k.

Illustrative financial statements of Holding Ltd, Zurich

Art. 959c Para. 2
Lit. 1 CO

Balance sheet

Assets

Art. 959a Para. 1 CO

CHF 1'000	Notes	31.12.2016	31.12.2015
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
Total current assets		20'297	26'209
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
Total non-current assets		307'327	305'858
TOTAL ASSETS		327'624	332'067

Art. 959a Para. 4 CO

Liabilities and Shareholders' equity

Art. 959a Para. 2 CO

CHF 1'000	Notes	31.12.2016	31.12.2015
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
Total short-term liabilities		1'665	1'520
Long-term interest-bearing liabilities	2.5		
• from third parties		167'646	181'785
• due to shareholders		8'000	8'000
Total long-term liabilities		175'646	189'785
Total liabilities		177'311	191'305
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
– Profit for the year		19'468	18'881
Treasury shares	2.9	–398	–473
Total shareholders' equity		150'313	140'762
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		327'624	332'067

Art. 959a Para. 4 CO

Income statement

Option 1: Presentation focused on the company's business purpose

Art. 958d as well as
art. 959b Para. 2 CO

CHF 1'000	Notes	2016	2015
Dividend income	2.10	21'743	21'032
Other financial income	2.11	5'197	5'091
Other operating income		23	17
Total income		26'963	26'140
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
Total expenses		-7'495	-7'259
Profit for the year		19'468	18'881

Option 2: Presentation focused on the legal minimum requirements for structure

Art. 958d as well as
art. 959b Para. 2 CO

CHF 1'000	Notes	2016	2015
Other operating income		23	17
Dividend income	2.10	21'743	21'032
Other financial income	2.11	5'197	5'091
Total income		26'963	26'140
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
Total expenses		-7'495	-7'259
Profit for the year		19'468	18'881

Note: Apart from the illustrated options 1 and 2, the income statement may also be presented in other appropriate ways.

Possible alternative: income statement in vertical format

Option 1: Presentation focused on the company's business purpose

CHF 1'000	Notes	2016	2015
Dividend income	2.10	21'743	21'032
Other financial income	2.11	5'197	5'091
Other operating income		23	17
Total operating income		26'963	26'140
Financial expenses	2.12	-4'189	-4'074
Personnel expenses		-635	-678
Other operating expenses	2.13	-2'569	-2'281
Operating result before taxes, depreciation and impairment losses		19'570	19'107
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
Profit for the year before taxes		19'557	18'960
Direct taxes		-89	-79
Profit for the year		19'468	18'881

Art. 958d as well as art. 959b Para. 2 CO

Option 2: Presentation focused on the legal minimum requirements for structure

CHF 1'000	Notes	2016	2015
Other operating income		23	17
Total operating income		23	17
Personnel expenses		-635	-678
Other operating expenses	2.13	-2'569	-2'281
Operating result before financial results, taxes, depreciation and impairment losses		-3,181	-2'942
Impairment losses on investments		0	-120
Depreciation on property, plant and equipment		-13	-27
Operating results before financial result and taxes		-3,194	-3,089
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
Profit for the year before taxes		19'557	18'960
Direct taxes		-89	-79
Profit for the year		19'468	18'881

Art. 958d as well as art. 959b Para. 2 CO

Note: Apart from the illustrated options 1 and 2, the income statement may also be presented in other appropriate ways.

Notes

Art. 959c Para. 1
Lit. 1 CO

1. Principles

1.1 General aspects

These financial statements were prepared according to the provisions 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.

Art. 960b Para. 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 expenses.

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 loan's maturity period.

Art. 961d Para. 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

Art. 959c Para. 1
Lit. 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	31.12.2016	31.12.2015
Loans granted to companies in which the entity holds an investment	104'226	101'824
Total	104'226	101'824

Art. 959a Para. 4 CO

2.3 Investments

Company	Domicile	Capital in 1'000		Share in capital and voting rights in %	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
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)

Art. 959c Para. 2
Lit. 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	31.12.2016	31.12.2015
Bonds	145'000	145'000
Bank loan	22'646	36'785
Loans from shareholders	8'000	8'000
Total	175'646	189'785

Art. 959a Para. 4 CO

Loan conditions:

	CHF 20'000 2013–2018	CHF 60'000 2014–2019	CHF 65'000 2015–2020
Nominal value as at 31.12.2016 (CHF 1,000)	20'000	60'000	65'000
Nominal value as at 31.12.2015 (CHF 1,000)	20'000	60'000	65'000
Interest rate in %	1.25	1.00	2.00
Duration in years	5	5	5
Maturity	30.06.2018	31.10.2019	31.03.2020

Art. 959c Para. 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 2015, 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 2017 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 art. 5 para. 1bis Withholding Tax Act.

Art. 959c Para. 2
Lit. 4 and 5 CO

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.

Art. 959c Para. 2
Lit. 4 and 5 CO

2.9 Treasury shares

Number of registered shares	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
Inventory as at 1.1.15					3'210
Acquisitions	5	240	246	243	1'540
Sales	4	249	251	250	-1'580
Allocation to board members	1			244	-1'255
Inventory as at 31.12.15					1'915
Acquisitions	3	239	246	243	1'365
Sales	2	250	253	252	-355
Allocation to board members	1			242	-1'305
Inventory as at 31.12.16					1'620

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 2016 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	31.12.2016	31.12.2015
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
Total	4'189	4'074

2.13 Other operating expenses

CHF 1'000	31.12.2016	31.12.2015
Administrative expenses	1'101	987
Consulting expenses	896	1'110
Other operating expenses	572	184
Total	2'569	2'281

3. Other information

Art. 959c Para. 2
Lit. 2 CO

3.1 Full-time equivalents

Holding Ltd does not have any employees.

Art. 959c Para. 2
lit. 8 CO

3.2 Collateral provided for liabilities of third parties

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.

Art. 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 31.12.2016	Voting rights as at 31.12.2015
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 2016, 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

Art. 663c CO
disclosure
requirement for
listed entities

Board of Directors	Number of shares as at 31.12.2016	Number of shares as at 31.12.2015
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 31.12.2016	Number of shares as at 31.12.2015
Peter Müller, CEO	52'124	46'257
Beate Muster, CFO	292'815	292'815

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:

	2016		2015	
	Quantity	Value CHF 1'000	Quantity	Value CHF 1'000
Allocated to members of the board	1'305	316	1'255	306

Art. 959c Para. 2
Lit. 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.

Art. 959c Para. 2
Lit. 13 CO

Art. 959c Para. 2
Lit. 1 CO

Illustrative financial statements of Non-Profit Foundation, Zurich

Balance sheet

Art. 959a Para. 1 CO

Assets

CHF 1'000	Notes	31.12.2016	31.12.2015
Cash and cash equivalents	2.1	5'221	3'892
Other short-term receivables		369	257
Prepaid expenses and accrued income		224	89
Total current assets		5'814	4'238
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
Total non-current assets		11'823	11'800
TOTAL ASSETS		17'637	16'038

Art. 960b Para. 2 CO

Art. 959a Para. 2 CO

Liabilities and equity

CHF 1'000	Notes	31.12.2016	31.12.2015
Trade accounts payable		156	154
Other short-term liabilities		358	479
Accrued expenses and deferred income		2'044	1'459
Total short-term liabilities		2'558	2'092
Long-term interest-bearing liabilities	2.4	1'500	1'500
Total long-term liabilities		1'500	1'500
Total liabilities		4'058	3'592
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
Total equity		13'579	12'446
TOTAL LIABILITIES AND EQUITY		17'637	16'038

Income statement

CHF 1'000	Notes	2016	2015
Donations received	2.5	27'258	28'241
Other operating income		468	587
Total operating income		27'726	28'828
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
Operating result		754	1'943
Financial income	2.8	1'093	799
Financial expenses	2.9	-714	-797
Profit for the year		1'133	1'945

Art. 959b Para. 2 CO

Notes

Art. 959c Para. 1
Lit. 1 CO

1. Grundsätze

1.1 General aspects

These financial statements were prepared according to the provisions 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.

Art. 960b Para. 1
and 2 CO

1.2 Financial assets

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. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

The estimated useful lives of PPE are as follows:

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	31.12.2016	31.12.2015
Bonds CHF	4'156	4'589
Bonds in foreign currencies	967	1'514
Domestic shares	2'958	1'925
Foreign shares	1'876	923
Total financial assets at quoted market price or other observable market price	9'957	8'951
Valuation adjustment reserve	-1'590	-987
Total acquisition cost financial assets	8'367	7'964

2.3 Property, plant and equipment

CHF 1'000	31.12.2016	31.12.2015
Land and buildings	2'919	3'157
Equipment, furniture	546	679
Total	3'465	3'836

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	2016	2015
Contributions by sponsors	9'689	8'547
Donations and endowments	17'569	19'694
Total	27'258	28'241

2.6 Contributions and donations paid

CHF 1'000	2016	2015
Support for hardship cases	9'890	8'547
Counselling and support in emergencies	6'524	7'105
Project contributions	5'689	6'341
Total	22'103	21'993

2.7 Other operating expenses

CHF 1'000	2016	2015
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
Total	3'608	3'698

2.8 Financial income

CHF 1'000	2016	2015
Interest and dividend income	258	235
Price gains on financial assets	835	62
Decrease in valuation adjustment reserve	0	502
Total	1'093	799

2.9 Financial expenses

CHF 1'000	2016	2015
Interest rate expenses	75	75
Fees and charges	6	5
Price losses on financial assets	30	717
Increase in valuation adjustment reserve	603	0
Total	714	797

3. Other information

Art. 959c Para. 2
Lit. 2 CO

3.1 Full-time equivalents

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

Art. 959c Para. 2
Lit. 9 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).

Art. 959c Para. 2
Lit. 13 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.

Appendix I:

Disclosure checklist for financial statements according to the new Accounting Law

1. Requirements regarding financial statements (individual financial statements)

1.1 General aspects

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 958 Para. 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="checkbox"/>		<input type="checkbox"/>	
Art. 958a Para. 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 activities concerned made on the basis of liquidation values?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958a Para. 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="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958b Para. 1	Has the cut-off (accrual accounting) of expenses and income been properly performed? <i>Note: Provided that the annual net revenue from the sale of goods or services or the financial income does not exceed CHF 100,000, the accounts may be prepared based on receipts and disbursements instead of applying accrual accounting (Art. 958b para. 2 CO).</i>	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 958d Para. 1	Are the balance sheet and the income statement presented either in the account form or in the report form?	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 958d Para. 2	Are the current period and the corresponding prior period figures presented in the financial statements? <i>Note: Answer «n/a» only possible for newly founded entities.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958d Para. 3	Are the financial statements presented in either Swiss francs or the currency relevant to the entity's business activities (functional currency)?	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 958d Para. 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="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958d Para. 4	Is the financial reporting presented in either an official language of Switzerland or in English?	<input type="checkbox"/>		<input type="checkbox"/>	

1.2 Balance sheet

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959a Para. 1	<p>Are the following line items, as a minimum, presented separately on the asset side of the BS?</p> <p>Current assets</p> <ul style="list-style-type: none"> • Cash (and cash equivalents) and assets with a quoted market price held for a short-term • Trade accounts receivable • Other short-term receivables • Inventories and non-invoiced services • Prepaid expenses and accrued income <p>Non-current assets</p> <ul style="list-style-type: none"> • Financial assets • Investments • Property, plant and equipment • Intangible assets • Unpaid share capital, partners' capital or foundation capital <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959a Para. 2	<p>Are the following line items, as a minimum, presented separately on the liability/shareholders' equity side of the BS?</p> <p>Current liabilities</p> <ul style="list-style-type: none"> • Trade accounts payable • Short-term interest-bearing liabilities • Other short-term liabilities • Accrued expenses and deferred income <p>Non-current liabilities</p> <ul style="list-style-type: none"> • Long-term interest-bearing liabilities • Other long-term liabilities • Provisions and similar positions according to law <p>Shareholders' equity</p> <ul style="list-style-type: none"> • Share capital, partners' capital or foundation capital, if applicable separately per category • Legal capital reserves <i>Note: Possible sub-items:</i> – (Fiscal) reserves from capital contributions – Other capital reserves • Legal retained earnings reserves <i>Note: Possible sub-items:</i> – General legal retained earnings reserves – Revaluation reserves – Reserve for treasury shares (for shares held by subsidiaries) • Voluntary retained earnings or accumulated deficit <i>Note: Possible sub-items:</i> – Free reserves and statutory reserves – Available earnings – Accumulated profits/losses brought forward – Net loss/profit for the year • Treasury shares (as a negative amount) <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959a Para. 3	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="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959a Para. 4	<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"> • Receivables/ liabilities due from/due to direct or indirect holders of participations • Receivables/ liabilities due from/due to governing bodies <i>Note: The law does not precisely state whether receivables and liabilities due from/due to governing bodies should be disclosed separately or if they can be presented together (within the same line item) with the receivables/ liabilities due from/due to direct or indirect holders of participations.</i> • Receivables/ liabilities due from/due to entities in which the entity holds a participation, either directly or indirectly 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959 Para. 3	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="checkbox"/>		<input type="checkbox"/>	
Art. 959 Para. 6	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="checkbox"/>		<input type="checkbox"/>	
Art. 959 Para. 7	Is shareholders' equity presented and structured according to the entity's legal form?	<input type="checkbox"/>		<input type="checkbox"/>	

1.3 Income statement

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959b Para. 2	<p>If the income statement is presented by nature of expense: Are the following line items presented separately (as a minimum)?</p> <ul style="list-style-type: none"> • Revenue from sale of goods and services • Change in inventory of finished goods and work in progress as well as in non-invoiced services • Raw materials and supplies • Personnel expenses • Other operating expenses • Amortization/depreciation and impairment losses on non-current assets • Financial expenses • Financial income • Non-operating expenses • Non-operating income • Extraordinary, non-recurring or prior period expenses • Extraordinary, non-recurring or prior period income • Direct taxes • Profits/Loss for the year <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959b Para. 3	<p>If the income statement is presented by function of expense: Are the following line items presented separately (as a minimum)?</p> <ul style="list-style-type: none"> • Revenue from sale of goods and services • Cost of sales • Administrative expenses and distribution costs • Financial expenses • Financial income • Non-operating expenses • Non-operating income • Extraordinary, non-recurring or prior period expenses • Extraordinary, non-recurring or prior period income • Direct taxes • Profits/Loss for the year <p>Are the above line items presented in the prescribed sequence?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959b Para. 5	<p>To the extent that it is material for the assessment of the results of operations of the business by third parties or common practice in the entity's business area: Are other items presented separately either in the income statement or in the notes to the financial statements?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

1.4 Notes

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959c Para. 3	Only sole proprietorships and partnerships				
Art. 959c Para. 3	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: Do the balance sheet or the income statement contain the information that is required by the stipulations for the minimum structure of the balance sheet and the income statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 1–3	Do the notes contain the following information?				
Art. 959c Para. 1 Lit. 1	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="checkbox"/>		<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 2	2. Disclosure and breakdown of as well as explanations on balance sheet and income statement line items	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 3	3. Total amount derived from the dissolution of replacement reserves and excess hidden reserves, to the extent that this exceeds the total amount of such newly created reserves, if the financial result is thereby presented in a significantly more favourable light	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 1 Lit. 4	In addition, do the notes disclose the following required information?				
Art. 958a Para. 3	1. 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 deviation from the going concern assumption disclosed and its influence on the financial position of the business explained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 958d Para. 3	2. If the financial statements are presented in a currency other than Swiss francs: Are the conversion rates disclosed and if necessary explained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959b Para. 4	3. If the income statement is presented by function of expense: Are personnel expenses and, as a single item, amortization/depreciation and impairment losses on non-current assets disclosed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 4	4. If the company has bonds outstanding: is the following disclosed:				
	<ul style="list-style-type: none"> • Amount • Interest rate • Maturity dates • Other terms and conditions such as subordination, conversion, options, collateral, private placements, early repayment clauses, restrictions, etc. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	5. If assets are valued at quoted market prices or other observable market prices:				
Art. 960b Para. 1 Art. 960b Para. 1	<ul style="list-style-type: none"> • Is the use of this choice disclosed in the notes? • Is the total value of the respective assets disclosed, separately for securities and other assets with an observable market price? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 960b Para. 2	• Is the amount of the valuation adjustment reserve separately disclosed in either the balance sheet or the notes to the financial statements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 663c Para. 1 Art. 663c Para. 3	6. If the shares of the company are listed at a stock exchange: <ul style="list-style-type: none"> • Are major shareholders and their participations disclosed? • Are the participations 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 participations of persons related to these members) disclosed, giving their name and position? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 670 Art. 671b	7. If revaluations exceeding the historical costs were made: Is information on the subject matter and the amount of any revaluations disclosed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	8. If applicable: Is information required by other (special) laws disclosed (e.g. Merger Act)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 1–14	Is the following information disclosed in the notes unless it is already included in the balance sheet or in the income statement?				
Art. 959c Para. 2 Lit. 1	1. General information: Do the notes contain the following information: <ul style="list-style-type: none"> • Company name? • Legal form? • Domicile? 	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 2	2. Full-time equivalents Do the notes contain a declaration whether full-time equivalents, on an annual average, exceed 10, 50 or 250, respectively?	<input type="checkbox"/>		<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 3	3. Investments Do the notes contain a list of all entities in which the company holds direct or significant indirect equity interest, comprising the following information? <ul style="list-style-type: none"> • Company name • Legal form? • Domicile • Voting and capital rights held (in %) 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 4	4. Treasury shares Do the notes contain: <ul style="list-style-type: none"> • The number of treasury shares held by the entity? • The number of treasury shares held by entities in which the entity holds equity interests? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 5	5. Treasury shares Do the notes contain information on purchases and sales of treasury shares, including terms and conditions, respectively: <ul style="list-style-type: none"> • Opening balance • Purchases • Sales • Closing balance • Terms and conditions of purchases • Terms and conditions of sales? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 959c Para. 2 Lit. 6	6. Lease obligations Do the notes disclose the residual liabilities arising from leasing transactions which are similar to sales contracts and other leasing agreements, provided these do not expire or cannot be canceled within 12 months after the balance sheet date?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 7	7. Pension scheme liabilities Are liabilities due to pension schemes disclosed in the notes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 8	8. Collateral for third-party liabilities Is the total amount of the collateral provided for third-party liabilities disclosed in the notes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 9	9. Assets pledged as security for own commitments Are the following amounts disclosed in the notes? <ul style="list-style-type: none"> • Total amount of assets pledged to secure own commitments • Total amount of assets with retention of title 	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	
Art. 959c Para. 2 Lit. 10	10. Contingent liabilities Are the following disclosed in the notes: Legal or actual (constructive) obligations where the likelihood of an outflow of resources is remote or cannot be estimated reliably?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 11	11. Shares or options awarded to employees 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 and those charged with governance, as well as to employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 12	12. Extraordinary and prior-period items Do the notes contain explanations of extraordinary, non-recurring or prior-period items included in the income statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 13	13. Events after the balance sheet date Do the notes disclose significant events that occurred after the balance sheet date?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 959c Para. 2 Lit. 14	14. Early resignation of the auditors Do the notes disclose the reasons for the early resignation of the auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2. Requirements for larger entities

2.1 Additional components of the annual report

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961	Does the annual report contain the following: <ul style="list-style-type: none"> • Cash flow statement (as part of the individual entity financial statements)? • Management report? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.2 Notes

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961a	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"> • within one to five years • more than five years 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 961a	Are the auditor's fees disclosed, broken down by: <ul style="list-style-type: none"> • Audit-related services • Other services 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.3 Cash flow statement

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961b	Does the cash flow statement present the changes in cash and cash equivalents from: <ul style="list-style-type: none"> • Operating activities • Investing activities • Financing activities 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.4 Management report

Reference in CO	Control question	Yes	N/A	No	Remarks
Art. 961c Para. 1 Art. 961c Para. 3	Does the management report provide information on the business performance and the entity's financial position, and if applicable, that of the group (consolidated), as at the end of the year consistent with the financial statements respectively the consolidated financial statements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Art. 961c Para. 2	Does the management report in particular provide information on: <ul style="list-style-type: none"> • Number of full-time equivalents on annual average • Conduct of a risk assessment • Order intake and order situation • Research and development activities • Exceptional events • Outlook 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Appendix II: Changes compared to the 1st edition of this brochure

The following table shows the most important changes this brochure has undergone since its first edition that appeared in May 2014.

Section	Changes compared to the 1st edition
Illustrative financial statements of Industry Ltd, Zurich	<ul style="list-style-type: none"> • Balance sheet: Presentation of voluntary retained earnings in shareholders' equity more granular (separate disclosure of the item available earnings) • Notes, part on principles: new mention of alternative wording (namely for items where a choice is possible)
Illustrative financial statements of Holding Ltd, Zurich	<ul style="list-style-type: none"> • New illustrative example of financial statements for a holding company (including various presentations for the income statement)
Illustrative financial statements of Non-Profit Foundation, Zurich	<ul style="list-style-type: none"> • New illustrative example of financial statements for a charitable foundation
Appendix I: Disclosure checklist for financial statements according to the new Accounting Law	<ul style="list-style-type: none"> • New appendix with a disclosure checklist on the financial statements (individual financial statements) as per the new accounting law, including reporting requirements for larger entities

Office Locations

Head Office

KPMG AG

Badenerstrasse 172
P.O. Box 1872
8026 Zurich
T +41 58 249 31 31
F +41 58 249 44 06
www.kpmg.ch

German-speaking Switzerland

Viaduktstrasse 42
P.O. Box 3456
4002 Basel
T +41 58 249 91 91
F +41 58 249 91 23

Pilatusstrasse 41
6003 Lucerne
T +41 58 249 38 38
F +41 58 249 38 88

Landis + Gyr-Strasse 1
P.O. Box 4427
6304 Zug
T +41 58 249 74 74
F +41 58 249 50 00

Hofgut
P.O. Box 112
3073 Gümligen-Bern
T +41 58 249 76 00
F +41 58 249 76 17

Bogenstrasse 7
P.O. Box 1142
9001 St. Gall
T +41 58 249 22 11
F +41 58 249 22 12

Western Switzerland

Rue de Lyon 111
P.O. Box 347
1211 Geneva 13
T +41 58 249 25 15
F +41 58 249 73 13

Avenue du Théâtre 1
P.O. Box 6663
1002 Lausanne
T +41 58 249 45 55
F +41 58 249 45 65

Rue du Seyon 1
P.O. Box 2572
2001 Neuchâtel
T +41 58 249 61 30
F +41 58 249 61 58

Ticino

Via Balestra 33
6900 Lugano
T +41 58 249 32 32
F +41 58 249 32 33

Liechtenstein

Landstrasse 99
P.O. Box 342
LI-9494 Schaan
T +423 237 70 40
F +423 237 70 50
www.kpmg.li

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.

© 2015 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.