



Changes to 2027 Financial Statements



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The 2026 financial statements will be prepared soon, and a number of changes for 2027 and beyond are already known. Good preparation is half the work, so this publication describes the most important new provisions for 2027 as currently known.

For specific references to the new regulations, please see the overview at the end of this article. This article discusses developments until 1 October 2026. Accordingly, DASB Statements published after that date are not included. This article does not discuss DASB Statements that apply to specific sectors.

Impact of IFRS 18 on the DAS

IFRS 18 “Presentation and Disclosure in Financial Statements” introduces new presentation and disclosure requirements for financial statements. As a result, other IFRS Accounting Standards have also been amended, including IAS 7 “Statement of Cash Flows”. The DASB assessed whether these amendments warranted changes or clarifications to the DAS and based on that assessment, proposed several changes and clarifications to various DAS. Because the formats of the balance sheet and profit and loss statement are prescribed by law, the changes primarily affect DAS 360 “Statement of Cash Flows.”

Definition of operating profit

The DASB has specifically defined which items in Model E and Model F are included in operating profit:

- When Model E of the Decree on Financial Statements Formats is applied, operating profit is the sum of operating income less the sum of operating expenses

- When Model F of the Decree on Financial Statements Formats is applied, operating profit is net revenue result plus other operating income

The DASB has also clarified that the starting point of the statement of cash flows must correspond to a subtotal presented in the profit and loss statement. In doing so, the DASB reaffirms the existing recommendation in the DAS to use operating profit as the starting point.

Revised classification of interest and dividends

Under current DAS 360, several classification options are available for interest received, dividends received, interest paid, and dividends paid. The proposed DAS largely removes this flexibility. For entities to which no specific exception applies, the following classification applies:

Cash flow	Current DAS 360	New classification
▪ Interest received	▪ Classification as operating cash flow or investing cash flow	▪ Required classification as investing cash flow
▪ Dividends received	▪ Classification as operating cash flow or investing cash flow	▪ Required classification as investing cash flow
▪ Interest paid	▪ If interest paid is recognized as an expense: classification as operating cash flow or financing cash flow If the interest is capitalized: classification as investing cash flow	▪ Required classification as financing cash flow, including when the interest is capitalized
▪ Dividends paid	▪ Optional classification as operating cash flow Classification as financing cash flow is recommended	▪ Required classification as financing cash flow

DAS 360.213a provides a limited exception to the table above: interest received, dividends received, and interest paid may be presented as operating cash flows if, in the ordinary course of business, the entity invests in financial assets or provides financing to third parties. Specific provisions also apply to banks under DAS 600 and insurers under DAS 605.

The revised classification may change operating cash flow even though the economic activities and total cash flows remain unchanged. This is relevant when operating cash flow is used in:

- Financing covenants
- Bonus and compensation arrangements
- Internal KPIs and management reporting
- Communications with lenders and other stakeholders

Disclosures

A number of existing general principles already apply under the law:

- The true and fair view requirement in article 2:362(1) DCC, which states that the financial statements must provide sufficient insight to enable a sound judgment to be formed regarding assets and liabilities and profit or loss and, insofar as the nature of financial statements permits, regarding solvency and liquidity
- The Decree on Financial Statements Formats, which prescribes which items must be presented separately in the primary financial statements or disclosed in the notes
- Article 22:363(3) DCC, which states that an item need not be presented separately if it is of negligible significance to the required insight

In addition, the DAS include several recommended quantitative criteria:

- For the balance sheet: items exceeding 5% of total assets or 10% of the relevant line-item category
- For the profit and loss statement: items exceeding 5% of gross operating profit or 10% of the relevant line-item category

These quantitative criteria are not sufficient in all cases. The DASB has therefore added qualitative characteristics that must also be considered:

- The nature and function of the item within the entity's business activities
- Liquidity
- The measurement basis
- Measurement or outcome uncertainty
- The duration and timing of realization or settlement
- Restrictions on the use of an asset or on the transferability of a liability

This means that, in certain circumstances, an item below 5% may nevertheless require separate disclosure. Examples include a small amount subject to significant estimation uncertainty or an asset whose use is restricted. In those cases, size provides little information. Conversely, an item may exceed 5% but be similar in nature to another item and therefore be aggregated with it. As a result, not every receivable exceeding 5% necessarily requires separate disclosure.

Consolidation

The DASB has revised the structure of DAS 217 "Consolidation", to improve the accessibility and readability of the DAS. These revisions are not intended to make substantive changes. The key clarifications are discussed below.

Definition of a group

In practice, there is some uncertainty about the concepts relevant to determining the consolidation requirement and the scope of consolidation. These concepts are the definition of a group and the ability to exercise control over another entity.

The DASB has further developed the definition of a group using indicators for the three criteria of a group: "organizational connection", "economic unit", and "central management". In addition to existing indicators, two new indicators characteristic of central management have been added:

- There is a hierarchical organizational structure, and a common strategy and common policies are pursued.
- The actual exercise of control over an entity is characteristic of central management. A degree of management autonomy may remain with the entity itself.

The DASB has also added a new indicator relating to an economic unit.

- There is an economic connection, as evidenced, for example, by a degree of complementarity between economic activities, a fiscal connection, and/or mutual guarantees.

Control

The DASB no longer uses the term "policy-determining influence" and has replaced it with "control". The DASB has also clarified when an entity has the ability to exercise control over another entity. This will normally be the case when a majority of the voting rights can be exercised at the general meeting. It may also be the case when control is within reach at any time through the exercise of contractual or other rights.

The DASB emphasizes that the ability to exercise control over an entity is a strong indicator of a group relationship but is not sufficient in itself to conclude that a group relationship exists.

The DASB has also clarified that, when assessing whether a legal entity can exercise control over another entity, the legal entity evaluates whether it or other parties hold financial instruments containing potential voting rights. The DASB emphasizes that only rights with economic substance are considered in this assessment.

Clarification of the consolidation requirement for an intermediate holding company

The DASB notes that, in practice, there is some uncertainty about when a consolidation requirement arises under article 2:406(2) DCC. This requirement applies when a legal entity is not the head of the group but is the head of its subgroup, can exercise control over or centrally manages another entity, and is included in the scope of consolidation of the ultimate parent. Such a legal entity is commonly referred to as an intermediate holding company.

Compared with the consolidation requirement for a group parent under article 22:406(1) DCC, the possible absence of a group relationship is not relevant to the consolidation requirement for an intermediate holding company. The ability to exercise control over an entity or to centrally manage an entity may itself give rise to a consolidation requirement for an intermediate holding company.

Scope of consolidation

The scope of consolidation is broader than the definition of a group because it also includes entities over which control can be exercised or that are centrally managed, even if no group relationship exists. If a legal entity holds an interest in another entity solely for disposal, article 2:407(1) DCC permits that interest to be excluded from consolidation.

The DASB has observed some uncertainty in practice about how such interests should be presented. It has clarified that an interest held solely for disposal, for which the exemption from the scope of consolidation under article 2:407(1) DCC is applied, must be classified as securities and accounted for in accordance with the presentation and disclosure requirements of DAS 226 “Securities”.

Presentation and disclosure requirements

The provisions of Title 9, Book 2 DCC apply correspondingly to consolidated financial statements, except for the presentation and disclosure requirements specified in article 2:410(1) DCC. However, the DASB emphasizes that information on directors’ remuneration may be presented in either the separate or consolidated financial statements and recommends disclosing information on auditor fees in the notes to the consolidated financial statements.

Accounting for unavoidable costs of a derivative in a hedging relationship

The purpose of hedge accounting is to recognize the results of the hedging instrument and the hedged item in the profit and loss statement at the same time, thereby reflecting the risk hedge in the financial statements. Hedge accounting is subject to conditions (DAS 290.610-613). One condition is that the hedging relationship must have a certain degree of expected effectiveness. To improve the effectiveness of a hedging relationship, an entity may designate only a proportion of a derivative, for example, 50% of the notional amount, as the hedging instrument and/or exclude certain components of a derivative from the hedging relationship. An entity may also exclude the time value of an option, the forward points of a forward foreign exchange contract, or the foreign currency basis spread from the hedging relationship. These components are also referred to as the unavoidable costs of a derivative in a hedging relationship (“cost of hedging”).

IFRS 9 “Financial Instruments”, prescribes specific accounting for the unavoidable costs of a derivative in a hedging relationship. If the time value of an option is excluded from the hedging relationship, changes in the fair value of that component are initially recognized in equity through other comprehensive income, and their subsequent accounting depends on the nature of the hedged item: transaction-related or time-period-related.

IFRS provides an accounting policy choice for the excluded component consisting of the forward points or foreign currency basis spread of a financial instrument: changes in the fair value of those excluded components are either accounted for in the same manner as the excluded time value of an option or recognized directly in the profit and loss statement.

DAS 290 provides only limited guidance on accounting for the unavoidable costs of a derivative in a hedging relationship. The DASB believes that the IFRS accounting treatment for unavoidable costs of a derivative also results in appropriate financial reporting under DAS 290. The DASB therefore proposes amending or clarifying DAS 290 regarding the accounting for excluded components representing unavoidable costs and the exclusion of a proportional part of a derivative from the hedging relationship. This also makes it possible to apply hedging relationships documented and accounted for under IFRS in the same manner under the DAS. The DASB has included specific requirements for the application of cost-price hedge accounting.

New regulation	Location of the new regulation	Mandatory effective date
Impact of IFRS 18 on the statement of cash flows*	DASB Statement 2026-6; finalized without amendment at the DASB meeting of 1 July 2026	1 January 2027
Consolidation*	DASB Statement 2026-8: Final revised DAS 217 “Consolidation”	1 January 2027
Accounting for unavoidable costs of a derivative in a hedging relationship*	DASB Statement 2026-4	1 January 2027
Amendments to the DAS following comments received on the DAS Bundle	DASB Statement 2026-5A; finalized without amendment at the DASB meeting of July 1, 2026	1 January 2027

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