Online Appendix for

"What Drives the Comparability Effect of Mandatory IFRS Adoption?"

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This document contains supplemental material to the paper titled "What Drives the Comparability Effect of Mandatory IFRS Adoption?" Section A.1 presents the main characteristics of the German and Italian accounting systems. Section A.2 explains the development of the instrument used for data collection. Section A.3 describes the process of data collection. Table A.1 describes the main differences between the three different sets of accounting standards: German GAAP, Italian GAAP and IFRS. Table A.2 presents the comparability analysis for the identified accounting standards. Table A.3 presents the instrument used to collect measurement and disclosure compliance data from German and Italian IFRS 2006 financial statements. The final dataset is available from the authors upon request.

A.1 The Institutional Setting in Germany and Italy

The Italian accounting system is regulated by the Civil Code (*Codice Civile*) which has been consistently revised over time to conform to the European Directives. The stated goal of the Italian local GAAP is the preservation of equity by accounting-based dividend payout rules. Accounting standards in Italy are characterized by a close overlap of tax accounting rules with financial accounting rules. However, the level of book-tax conformity has declined over time especially since the introduction of the Legislative Decree n. 6/2003. Besides the Civil Code, the Italian accounting system encompasses a set of accounting standards (mainly aimed at interpreting and integrating the Civil Code) issued by the former Italian Institute of Chartered Accountants (*Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri*), that has now been superseded by the Italian Accounting Standard Board (*Organismo Italiano di Contabilità - OIC*) which is in charge of issuing accounting standards for entities that do not apply IFRS. The Italian accounting system allows the use of international accounting standards if the national

rules lack guidance on specific topics. Although Italy has been among the first European countries in 1998 to allow the use of international accounting standards for group accounting, there has been no application of this rule because the Ministry of Justice has never issued the effective decree, leaving the application of international oriented standards unclear. As a consequence, IFRS voluntary adopters would also have to prepare group financial reports according to local Italian GAAP which in turn explains the widespread reluctance of Italian listed companies to voluntary adopt IFRS prior to 2005. With the Legislative Decree n. 38/2005 the application of IFRS became mandatory for listed firms' group accounts as of 2005. In Italy, the responsibility of enforcing financial accounting standards is hold by the Stock Exchange Regulator (*Commissione Nazionale per le Società e la Borsa - CONSOB*).

The German accounting system is codified in the German Commercial Code (*Handelsgestzbuch - HGB*) and has very similar goals compared to Italian local GAAP. Prominent differences in accounting measurement rules between Italian and German local GAAP can be assessed from Table A.1. A substantial difference with the Italian setting is that the KapAEG law (*Kapitalaufnahmeerleichterungsgesetz*) allowed the alternative application of IFRS or US GAAP for group financial statements of listed German companies in 1998 and did not mandate the filing of additional local GAAP reports. This eventually fueled the significant shift towards voluntary IFRS adoption by German firms. Similar to Italy, a national standard setting body, the Accounting Standards Committee of Germany (*Deutsches Rechnungslegungs Standards Committee - DRSC*) was founded in 1998 to develop local German GAAP standards and to cooperate with international standard setting institutions. Also, in 2005, a public-private system of accounting enforcement which regularly checks published financial statements for compliance with applicable GAAP was established. The private section of this institution is the Financial Reporting Enforcement Panel (*Deutsche Prüfstelle für Rechnungslegung - DPR*) while the cooperating public institution is the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin*).

A.2 Design of the Instrument used for Data Collection

The objective of the data collection process is to collect data about the level of compliance with IFRS for German and Italian firms. Based on prior literature we expect compliance to be particularly problematic whenever local GAAP deviates significantly from IFRS (Glaum et al., 2013). In addition, prior research has documented disclosure compliance to be easier to assess than measurement compliance (Street and Gray, 2001). Thus, we design our data collection instrument focusing on disclosure rules and those accounting issues where German and Italian GAAP exhibit sizeable differences between each other and IFRS. This approach also follows the idea that, if IFRS promotes comparability, this is most likely to occur when local GAAPs differ the most.

As it can be noted from Table A.1, out of all the different accounting rules, the German and Italian standards appear to exhibit high degree of heterogeneity with respect to recognition, measurement and disclosure of intangible assets, leased assets, financial assets, construction contracts, business combinations, employee benefits, and share based payments. For this reason, we identify the subset of IFRS that covers those specific accounting issues: IFRS 2 (Share-based Payment), IAS 11 (Construction Contracts), IAS 17 (Leases), IAS 19 (Employee Benefits), IAS 33 (Earnings per share), IAS 36 (Impairment of Assets), IAS 38 (Intangible Assets), and IAS 39 (Financial Instruments: Recognition and Measurement).

Table A.2 presents a comparative analysis for each of the abovementioned standards and the respective German and Italian accounting rule counterpart. Also, the table shows the expected comparability effect of IFRS adoption conditional on the ex-ante differences in local GAAP regime between Germany and Italy.

In addition, we aim to identify standards with clear-cut measurement and, in particular, disclosure rules. Because it is inherently complex in disclosure compliance studies to separate “non-compliance” from “non-disclosure” (because an item is not applicable or because it is non-material), when developing and pre-testing our instrument we attempt to minimize the impact of this problem. Thus, we focus on standards where certain disclosure requirements are mandatory, conditional on a line item being present in the balance sheet or income statement. The instrument used to collect the IFRS compliance data is presented in Table A.3. For each accounting standard, the instrument

is meant to assess applicability, degree of measurement compliance, and degree of disclosure compliance. Measurement and disclosure compliance are assessed via a number of "check-list"-type of questions directly drawn from each of the surveyed accounting standards.

A.3 Data Collection

Our IFRS compliance analysis focuses on a sample of non-financial publicly traded German and Italian firms. The sample selection starts with all German and Italian listed companies available on Worldscope. From this initial sample, firms are deleted if they do not apply local GAAP or IFRS, if they are not listed since at least 2004, and if they do not have returns data available from Datastream. Group financial reports for the fiscal year 2006 are either downloaded from the respective German and Italian stock exchange websites, or from the respective firm investor relation websites. For those companies whose group financial reports are not available online, we directly contact the investor relation representative of each firm, either via email or phone, and ask for the relevant financial reports to be delivered to us via ordinary post (if only a hard copy format is available) or by email (if an electronic format is available).

The final sample comprises the group financial reports of all Italian IFRS adopters (153 financial reports), all German late IFRS adopters (136 financial reports) as well as a sample of German early IFRS adopters (116 financial reports) that are identified by a propensity score matched procedure to match German firms to Italian firms based on industry, size, returns, earnings profitability and cash flow profitability to control for potential selection bias in our analyses.

The measurement and disclosure compliance data is hand-collected from the 2006 group financial reports using the instrument presented in Table A.3. The answers to each of the questions in the instrument are coded as "1" in case the answer to the specific question is "Yes"; "0" in case the answer is "No"; and "2" in case the answer is "Not applicable."

Each of the 2006 German (Italian) group financial report is carefully examined by a German (Italian) native speaker member of the research team: 1) to confirm that the

respective company prepares its accounts under IFRS in 2006 (this information is located in the “Note on the accounting standards used” and/or in the audit opinion); 2) to analyze the relevant sections of the financial reports and assess whether or not the respective standard surveyed is applicable in the first place; 3) to analyze the relevant sections of the financial reports and answer the questions from the instrument related to the measurement compliance of the applicable standards; 4) to analyze the relevant sections of the financial reports and answer the questions from the instrument related to the disclosure compliance of the applicable standards.

To calibrate the coding process, both researchers code the first 10 annual reports independently. The coding is then compared and discussed to reach a common understanding of the coding procedure. For the subsequent reports, cases where one researcher is unsure about the classification are cross-checked by the other researcher and consensus is being reached.

During the coding process, for each item of interest, we first evaluate whether it is applicable. As an example, in the case of accounting for goodwill, this implies that the respective questions would only be evaluated if a firm reports goodwill on its balance sheet. If the firm reports goodwill, then it has to comply with IAS 36.134 and IAS 36.135 that require the firm to provide detailed disclosures about the impairment test process. Thus, the researchers assess whether the firm conducts such an impairment test by evaluating the mandated disclosures. In this particular case, there is also no materiality threshold that means it is difficult to separate a measurement violation from a disclosure violation as it might be that a firm conducts the impairment test without making the mandatory disclosures about it. However, in line with prior literature on accounting compliance (Glaum et al., 2013; Street, 2001; Street and Gray, 2001) this eventuality is believed to be fairly unlikely. As another example: If a firm makes no reference to self-generated intangible assets throughout its financial statements, the researchers assume that the respective IAS 38-related disclosure rules are not applicable. Although this means that one might fail to identify non-compliant firms in this setting when they are completely silent about them having self-generated intangible assets, the researcher is instructed to try to make sure that the disclosure items that are surveyed are required disclosure items conditional on the balance sheet line item being reported. As

an example, if a firm happens to have intangible assets recorded in the balance sheet, then the firm is required by IAS 38.118(c) to reconcile the beginning of the period book value to the end of the period book value. If a firm fails to give this information, the researcher is instructed to view this as an indicator of non-compliance. If intangible assets happen to be non-material for the firm, they would not be recognized on the balance sheet or would be subsumed in different asset categories. The described approach and the coordination activities across the members of the research team increase the confidence that the identified compliance measure captures non-compliance with a low type 1 error (firms erroneously classified as non-compliant) and a somewhat larger type 2 error (firms erroneously classified as compliant).

To construct the dependent variable in our compliance analyses (CSCORE), we average all applicable disclosure compliance items for each of the 252 German (the 136 late adopters and the 116 early adopters) and 153 Italian firms. We focus on disclosure compliance since measurement compliance exhibits little variance and is inherently hard to identify from public sources. In addition, based on the arguments above, low measurement compliance likely triggers low disclosure compliance and thus, we assume disclosure compliance and measurement compliance to be positively correlated. As previously mentioned, to construct the compliance score, we assign the value of “1” in case the company meets the compliance threshold level for the standard investigated (i.e., the answer to the check-list question is “Yes”); we assign the value of “0” in case the company does not meet the compliance threshold level for the standard investigated (i.e., the answer to the check-list question is “No”). If an answer to a question is coded as “Not applicable”, we assign then value of “2” and exclude the answer to the question from the average. We express our compliance index (CSCORE) as a percentage. If a firm satisfies all the applicable disclosure compliance questions on the checklist, the compliance index is equal to 100%.

REFERENCES

GLAUM, M., P. SCHMIDT, D.L. STREET, and S. VOGEL 'Compliance with IFRS 3- and IAS 36-required disclosures across 17 European countries: company- and country-level determinants.' *Accounting and Business Research* 43 (2013): 163-204.

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TABLE A1

Comparison between Local GAAP and IFRS: Overview

ITEM		IFRS	GERMAN GAAP	ITALIAN GAAP
Intangible Assets	Start-up Costs	Capitalization forbidden	Capitalization optional, certain conditions apply; subsequent measurement at cost less accumulated amortization over four year horizon	Capitalization optional; initial recognition at cost; subsequent measurement at cost less any accumulated amortization and accumulated impairment losses
	Basic Research Costs	Capitalization forbidden	Capitalization forbidden	Capitalization forbidden
	Applied Research Costs	Capitalization forbidden	Capitalization forbidden	Capitalization optional; initial recognition at cost; subsequent measurement at cost less any accumulated amortization and accumulated impairment losses
	Development Costs	Capitalization mandatory if they meet the criterion; initial recognition at cost; subsequent measurement with cost model or revaluation model	Capitalization forbidden	Capitalization optional; initial recognition at cost; subsequent measurement at cost less any accumulated amortization and accumulated impairment losses
	Advertising Costs	Capitalization forbidden	Capitalization forbidden	Capitalization optional; initial recognition at cost; subsequent measurement at cost less any accumulated amortization and accumulated impairment losses
	Acquired Goodwill	Capitalization mandatory; initial recognition at cost; subsequent measurement with cost model with impairment test	Capitalization mandatory; initial recognition at cost; option to directly derecognize goodwill against equity; alternative: Subsequent measurement at cost less any accumulated amortization and impairment losses	Capitalization mandatory; initial recognition at cost; subsequent measurement at cost less any accumulated amortization and impairment losses

TABLE A1 – *Continued*

ITEM		IFRS	GERMAN GAAP	ITALIAN GAAP
Non-current Tangible Assets	Property, Plant, Equipment	Initial recognition at cost; subsequent measurement with cost model or revaluation model	Initial recognition at cost; subsequent measurement at cost less any accumulated depreciation and any accumulated impairment losses	Initial recognition at cost; subsequent measurement at cost less any accumulated depreciation and any accumulated impairment losses (revaluation allowed by tax law)
	Investment Property	Initial recognition at cost; subsequent measurement with cost model or fair value model	Initial recognition at cost; subsequent measurement at cost less any accumulated depreciation and any accumulated impairment losses	Initial recognition at cost; Subsequent measurement: Cost less any accumulated depreciation and any accumulated impairment losses (revaluation allowed by tax law)
	Leases	Capitalized (finance lease) or expensed (operating lease)	Capitalized (finance lease) or expensed (operating lease); classification depends on tax law	Expensed
	Biological Assets	Initial recognition at fair value; subsequent measurement at fair value	Initial recognition at cost; Subsequent measurement: Cost less any accumulated depreciation and any accumulated impairment losses (revaluation allowed by tax law)	Initial recognition at cost; subsequent measurement at cost less any accumulated depreciation and any accumulated impairment losses
	Non-Current Assets Held for Sale	Measurement: Lower of fair value less costs to sell and its carrying amount	Initial recognition at cost; subsequent measurement at cost less any accumulated depreciation and impairment losses	Initial recognition at cost; subsequent measurement at cost less any accumulated depreciation and impairment losses
Investments in Subsidiaries		Consolidate	Consolidate	Consolidate
Investments in Associates		Equity method	Equity method	Two options: 1. Cost; 2. Equity method
Investments in JVs		Two options: 1. Equity method; 2. Proportionate consolidation	Two options: 1. Equity method; 2. Proportionate consolidation	Two options: 1. Cost; 2. Equity method

TABLE A1 – *Continued*

ITEM		IFRS	GERMAN GAAP	ITALIAN GAAP
Inventories		Lower of cost (FIFO, WA) or market	Lower of cost (LIFO, FIFO, WA) or market	Lower of cost (LIFO, FIFO, WA) or market
Construction contracts		Percentage of completion method	Completed contract method	Two options: 1. Percentage of completion method; 2. Completed contract method
Employee Benefits		Net present value of future final obligation; Actuarial method	Net present value of future final obligation; Actuarial method; details determined by tax law	Post-employment benefit, type "defined benefit plan"; the method assumes "the employee leaves at fiscal year end"
Provisions, Contingent Liabilities and Contingent Assets		Best estimate of the expenditure + Actuarial method	Prudent estimate of the expenditure	Best estimate of the expenditure
Financial Instruments	Originated loans and receivables	Amortized cost, less reductions for impairment	Net realizable value	Net realizable value
	Held-to-maturity investments	Amortized cost, less reductions for impairment	Lower of cost or market, for long-term assets only a prolonged decline requires impairment.	Lower of cost or market
	Financial assets held for trading	FVTPL	Lower of cost or market, for long-term assets only a prolonged decline requires impairment.	Lower of cost or market
	Available-for-sale financial assets	FVTPL or FVTE (if no FV, cost)	Lower of cost or market	Lower of cost or market
	Derivatives	FVTPL - Hedge accounting permitted	Most derivatives not recognized - Hedge accounting not officially regulated but common practice	Most derivatives not recognized - Hedge accounting not permitted
Share Based Payments		FV	No regulation, diverse practice: No recognition or FV	Not recognized until exercised; just disclosure

FIFO: First in, first out; WA: Weighted average; LIFO: Last in, first out;
FV: Fair value; FVTPL: Fair value through profit and loss; FVTE: Fair value to equity (other comprehensive income).

TABLE A2

Comparability Analysis: Identified Local GAAP and IFRS

		IFRS		German GAAP		Italian GAAP	Comparability Analysis		
							Pre IFRS	Post IFRS	Expected Comparability Effect
Share-based payments	**IFRS 2**	The entity has to measure equity instruments at the fair value of goods or services received.	**HGB § 272**	No recognition required. Interpretive discussion whether recognition at fair value better reflects the true and fair view.	**OIC 19**	No recognition required.	Local GAAP no choice identical	No choice	= 0
Construction contracts	**IAS 11**	Application of the percentage of completion method if certain conditions are met. Otherwise, the modified completed contract method has to be used.	**HGB §§ 253 (1), 255 (2)**	Application of the completed contract method. Sales and net income are not recognized prior to completion.	**OIC 23**	Choice between the percentage of completion method or completed contract method.	Local GAAP options overlap	No choice	>= 0
Leases	**IAS 17**	Finance leases have to be recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments.	**HGB § 253 (1)**	Finance leases have to be recorded as an asset and a liability according to German tax rules.	**OIC 12 and OIC16**	Finance leases are not capitalized. The lease payments have to be recorded in the income statement.	Local GAAP no choice divergent	No choice	> 0

TABLE A2 – *Continued*

		IFRS		German GAAP		Italian GAAP	Comparability Analysis		
							Pre IFRS	**Post IFRS**	**Expected Comparability Effect**
Employee benefits	**IAS 19**	Post-employment benefits have to be recognized as the net present value of the future final obligation (actuarial calculation).	**HGB § 253 (1)**	Post-employment benefits have to be accrued over time to amount to the present value of the future obligation, not reflecting salary increases and similar effects (actuarial calculation).	**OIC 19**	Post-employment benefits have to be recognized as the current value of the obligation (no actuarial calculation).	Local GAAP no choice divergent	No choice	> 0
Impairment of assets	**IAS 36**	The entity has to calculate the recoverable amount as higher of value in use and fair value less cost to sell.	**HGB § 253 (2)**	The entity has to calculate the recoverable amount as value in exchange. Impairments are only required if the loss is the result of a prolonged decline in value.	**OIC 16 and OIC 24**	The entity has to calculate the recoverable amount as value in use.	Local GAAP no choice divergent	No choice	> 0
Business Combinations	**IFRS 3/IAS 36**	Goodwill from business acquisitions has to be capitalized.	**HGB §§ 301, 309 (1)**	Goodwill from business acquisitions can be capitalized or derecognized by reducing equity.	**OIC 24**	Goodwill from business acquisitions has to be capitalized.	Local GAAP options overlap	No choice	>= 0
		The entity has to perform a yearly impairment test for goodwill.		The entity has to amortize recognized goodwill.		The entity has to amortize goodwill over a 5-year period.	Local GAAP no choice identical	No choice	= 0

TABLE A2 – *Continued*

<table>
<tr><th rowspan="2"></th><th colspan="2" rowspan="2">IFRS</th><th colspan="2" rowspan="2">German GAAP</th><th colspan="2" rowspan="2">Italian GAAP</th><th colspan="3">Comparability Analysis</th></tr>
<tr><th>Pre IFRS</th><th>Post IFRS</th><th>Expected Comparability Effect</th></tr>
<tr><td rowspan="3">Intangible assets</td><td rowspan="3">IAS 38</td><td>Research costs, start-up costs, and advertising costs cannot be capitalized.</td><td rowspan="3">HGB §§ 248 (2), 253 (1)</td><td rowspan="2">Internally generated intangible assets cannot be capitalized.</td><td rowspan="3">OIC 24</td><td rowspan="2">Applied research costs and development costs can be capitalized.</td><td rowspan="2">Local GAAP options overlap</td><td rowspan="2">No choice</td><td rowspan="2">>= 0</td></tr>
<tr><td>Under certain conditions development costs have to be capitalized.</td></tr>
<tr><td>Capitalized intangible assets have to be amortized if their useful life is identifiable.</td><td>Capitalized intangible assets have to be amortized over their useful life.</td><td>Capitalized intangible assets have to be amortized over their useful life.</td><td>Local GAAP no choice identical</td><td>No choice</td><td>= 0</td></tr>
<tr><td>Financial instruments</td><td>IAS 39</td><td>Financial assets are measured at fair value upon initial recognition.</td><td>HGB §§ 253 (1,2)</td><td>Financial assets are measured at cost upon initial recognition. This causes certain derivative securities (e.g., forwards and swaps) not to be recognized upon contracting date.</td><td>OIC 3, OIC 20, and OIC 21</td><td>Financial assets are measured at cost upon initial recognition.</td><td>Local GAAP no choice identical</td><td>No choice</td><td>= 0</td></tr>
</table>

TABLE A2 – *Continued*

		IFRS		German GAAP		Italian GAAP	Comparability Analysis: Pre IFRS	Comparability Analysis: Post IFRS	Comparability Analysis: Expected Comparability Effect
Financial instruments	**IAS 39**	Trading securities, derivative securities (not designated for hedging) and available-for-sale securities are subsequently measured at fair value, with gains/losses of available-for-sale securities reflected in equity.	**HGB §§ 253 (1,2)**	All short-term financial assets are subsequently measured at lower of cost or market.	**OIC 3, OIC 20, and OIC 21**	All short-term financial assets are subsequently measured at lower of cost or market.	Local GAAP no choice identical	No choice	= 0
		Held to maturity investments are subsequently measured at amortized cost.		Long-term financial assets have to be impaired only if a prolonged decline in value is observable. If not, the impairment is voluntary.		Long-term financial assets have to be impaired only if a prolonged decline in value is observable. If not, the impairment is voluntary.	Local GAAP no choice identical	No choice	= 0
		Explicit hedge accounting rules allow the offsetting of certain gains and losses for hedging relationships. Measurement effects of hedge accounting become transparent in financial statements.		Implicit hedge accounting rules allow the offsetting of certain gains and losses for hedging relationships. Measurement effects of hedge accounting are largely not transparent in financial statements.		Information about hedge accounting gains and losses has to be provided in the notes. However, no recognition of these gains and losses is required in the financial statements.	Local GAAP options divergent	Several options	> = 0

TABLE A3

Instrument for IFRS Compliance Data Collection

IFRS 2	Applicability	Does the entity utilize share based payments?
	Measurement compliance	Does the entity measure equity instruments at the fair value of goods or services received?
	Disclosure compliance	Is there a general description of the nature and extent of share-based payment arrangements that existed during the period?
		Is there a description of how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the period was determined?
		Does the entity provide detailed information about the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position?
IAS 11	Applicability	Does the entity have construction contracts?
	Measurement Compliance	Does the entity provide initial recognition / subsequent measurement according to the percentage of completion method?
	Disclosure compliance	Does the entity provide information about the amount of contract revenue recognized?
		Does the entity provide information about the method used to determine revenue?
		Does the entity provide information about the method used to determine stage of completion?
IAS 17	Applicability	Does the entity utilize lease contracts?
	Measurement compliance	Are finance leases recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments?
	Disclosure compliance	Is the carrying amount of asset disclosed?
		Does the entity provide a reconciliation between total minimum lease payments and their present value?
		Does the entity provide information about the contingent rent recognized as an expense?
IAS 19	Applicability	Is the standard applicable?
	Measurement compliance	Are post-employment benefits recognized as the net present value of the future final obligation (actuarial calculation)?
	Disclosure compliance	Does the entity provide a general description of the post-employment benefits plan?
		Does the entity provide a description of the methods utilized to calculate any actuarial gain or losses?
		Does the entity provide a reconciliation between the actual and the booked pension liability?
		Does the entity provide a reconciliation between the beginning of the period and the end of the period value of the obligation?

TABLE A3 – *Continued*

IAS 33	Applicability	Is the standard applicable?
	Disclosure compliance	Does the entity disclose basic EPS?
		Does the entity disclose diluted EPS?
		Does the entity disclose the amounts used as the numerators in calculating basic and diluted EPS, and a reconciliation of those amounts to profit or loss attributable to the parent entity for the period?
		Does the entity disclose the weighted average number of ordinary shares used as the denominator in calculating basic and diluted EPS, and a reconciliation of these denominators to each other?
IAS 36	Applicability	Is the standard applicable?
	Measurement compliance	Does the entity calculate the recoverable amount as value in use or fair value less cost to sell?
		Does the entity perform a yearly impairment test for goodwill (if any)?
	Disclosure compliance	If recoverable amount is value in use, is the basis for determining value in use disclosed (cash flow projections, discount rate, etc.)?
		If recoverable amount is fair value less costs to sell, is the basis for determining fair value disclosed?
		If the recoverable amount is not determined for each individual asset, does the entity provide information about cash generating units?
IAS 38	Applicability	Does the entity present intangible assets in the balance sheet?
	Measurement compliance	Does the entity capitalize any of research costs, start-up costs, advertising costs?
		Does the entity expense internally generated intangible assets?
	Disclosure compliance	Is the useful life or amortization rate disclosed?
		Is the amortization method disclosed?
		Does the entity provide a reconciliation of the carrying amount at the beginning and the end of the period?
IAS 39	Applicability	Is the standard applicable?
	Measurement compliance	Is fair value the initial recognition measurement basis for financial assets?
		Is amortized cost the measurement basis for held to maturity investments?
		Is fair value to equity the measurement basis for available for sale financial assets?
		Is fair value to profit and loss the measurement basis for held for trading financial assets?
		Does the entity recognize derivatives on the balance sheet?
	Disclosure compliance	Are methods and assumptions used in estimating fair values disclosed?
		Does the entity provide a description of the enterprise's financial risk management objectives and policies?
		Does the entity provide for each category of hedge (if any): A description of the hedge; which financial instruments are designated as hedging instruments; and the nature of the risks being hedged?