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GUIDE

Undergraduate Certificate in German HGB Standards (Germany)

Overview of German Accounting Principles

Grundsätze ordnungsmäßiger Buchführung (GoB) are the fundamental principles that govern the preparation of financial statements in Germany. They are not codified in a single paragraph but develop from case law, professional practice and the provisions of the Handelsgesetzbuch (HGB). The GoB embody concepts such as the Vorsichtsprinzip (prudence), the Vollständigkeitsprinzip (completeness), the Richtigkeitsprinzip (accuracy), the Klarheitsprinzip (clarity) and the Vergleichbarkeitsprinzip (comparability). Understanding each of these principles is essential for interpreting German accounting reports and for ensuring that the preparation of the Jahresabschluss (annual financial statements) complies with statutory requirements.

The Jahresabschluss consists of several mandatory components. The core statement is the Bilanz, which presents a snapshot of a company’s financial position at the reporting date. Accompanying the Bilanz is the Gewinn- und Verlustrechnung (GuV), which details the company’s performance over the reporting period. Larger entities must also provide an Anhang (notes) and a Lagebericht (management report). Each component contains specific terminology that students of the HGB must master.

Bilanz – The Bilanz is divided into two sides: The Aktiva (assets) and the Passiva (liabilities and equity). The left-hand side, Aktiva, records the resources owned or controlled by the entity, while the right-hand side, Passiva, records the claims on those resources. The balance must always satisfy the equation Aktiva = Passiva. This identity is a cornerstone of German accounting and reflects the dual nature of every transaction.

Aktiva is further split into Anlagevermögen (fixed assets) and Umlaufvermögen (current assets). Anlagevermögen includes long-term investments such as property, plant and equipment (PPE), intangible assets, and long-term financial assets. Umlaufvermögen comprises items that are expected to be realized, consumed or settled within one operating cycle, such as inventories, receivables, cash and cash equivalents, and short-term investments.

Passiva consists of Eigenkapital (equity) and Fremdkapital (liabilities). Eigenkapital represents the residual interest of the owners after deducting liabilities from assets. It includes the share capital, retained earnings, reserves, and any capital contributed by shareholders. Fremdkapital includes all obligations to external parties, such as loans, trade payables, tax liabilities, and provisions.

The term Rückstellung (provision) refers to a liability of uncertain timing or amount that a company must recognize when a present obligation exists as a result of a past event, and when a reliable estimate can be made. Examples include warranty provisions, pension obligations, and restructuring provisions. The HGB requires that provisions be measured at the best estimate of the amount needed to settle the obligation, and they must be reviewed each reporting period for changes in the underlying assumptions.

A related concept is the Rücklage (reserve). Unlike provisions, reserves are part of equity and are created from retained earnings in order to strengthen the company's capital structure. Typical reserves in German practice include the legal reserve (gesetzliche Rücklage), the statutory reserve for small and medium-sized enterprises, and the capital reserve (Kapitalrücklage).

Inventur and Inventar are foundational activities. Inventur is the physical count of all assets and liabilities at a specific point in time, usually the balance-sheet date. The result of the inventory is the Inventar, a detailed list that records the quantities, condition and valuation of each item. The Inventar serves as the basis for the opening balances of the Bilanz and for the subsequent accounting periods.

Bewertungsgrundsätze (valuation principles) define how items are measured in the financial statements. The HGB prescribes several key principles:

1. Anschaffungskostenprinzip – Assets are recorded at their acquisition cost, which includes purchase price, import duties, non-recoverable taxes, and all costs necessary to bring the asset to the condition required for its intended use. For example, when a company purchases a machine for €100,000, the installation and testing costs of €5,000 are added, resulting in a capitalized cost of €105,000.

2. Niederstwertprinzip – When the market value of an asset falls below its book value, the asset must be written down to the lower of cost or market value. This principle reflects the prudence required by the GoB. An illustration is a warehouse inventory originally valued at €50,000 that becomes obsolete; the company must reduce the carrying amount to its net realizable value, say €20,000, and recognize a loss of €30,000.

3. Imparitätsprinzip – Gains are recognized only when they are realized, whereas losses must be recognized as soon as they become probable. This asymmetry ensures that the financial statements do not overstate assets or income.

4. Realisationsprinzip – Revenue is recognized when the performance obligation is fulfilled and the amount can be reliably measured. For a German manufacturing firm, revenue from the sale of goods is recorded at the point of delivery, not at the time of order receipt.

5. Periodenabgrenzungsprinzip (accrual principle) – Expenses and revenues must be matched to the period in which they are incurred or earned, regardless of cash flow timing. An example is the allocation of insurance premiums paid in advance over the coverage period.

6. Stichtagsprinzip – The Bilanz reflects the financial position at a specific reporting date, usually the end of the fiscal year. All valuations must be made as of that date, and any events occurring after that date are disclosed in the notes if they have a material impact.

Abschreibung (depreciation) is the systematic allocation of the acquisition cost of a tangible fixed asset over its useful life. German law distinguishes between regular depreciation (lineare Abschreibung) and accelerated methods such as the degressive Abschreibung. The HGB permits a maximum linear rate of 2.5 % For buildings and 5 % for other assets, unless special tax provisions apply. For instance, a piece of equipment costing €200,000 with an estimated useful life of 10 years would be depreciated at €20,000 per year under the linear method.

AfA (Absetzung für Abnutzung) is the term used in tax law for depreciation. While the HGB focuses on the financial reporting perspective, tax depreciation may differ in rates and methods, leading to temporary differences that give rise to latente Steuern (deferred taxes). These are recognized in the Bilanz as assets or liabilities, reflecting the future tax effects of temporary differences.

Rücklage and Gewinnrücklage (profit reserve) are created by transferring part of the current year's profit to equity. This practice strengthens the capital base and can be required by law for certain types of companies, such as Aktiengesellschaften (AG) and Gesellschaften mit beschränkter Haftung (GmbH). The legal reserve, for example, must be built up until it reaches 10 % of the share capital.

Forderungen (receivables) are amounts owed to the company by customers, other businesses or public authorities. They are classified as current assets if they are expected to be settled within one year, or as non-current assets if the settlement period exceeds one year. The valuation of receivables follows the principle of Einzelwertberichtigung (individual provision) for specific doubtful accounts, and the pauschale Wertberichtigung (general provision) for the overall portfolio based on historical default rates.

Verbindlichkeiten (payables) are obligations to transfer economic benefits to external parties. They include trade payables, tax liabilities, social security contributions, and accrued expenses. Under the HGB, payables are measured at the amount of the obligation, i.E., The undiscounted cash amount required to settle the liability.

Eigenkapital is broken down into several sub-components:

- Gezeichnetes Kapital (share capital) – the amount contributed by shareholders, recorded at the nominal value of the shares issued.
- Kapitalrücklage – additional contributions by shareholders that exceed the nominal share value, such as premiums on share issuance.
- Gewinnrücklagen – reserves created from retained earnings, including the legal reserve, statutory reserve, and other voluntary reserves.
- Jahresüberschuss (net profit) – the result of the GuV for the reporting year, which may be transferred to retained earnings or distributed as dividends.

Passivposten must be ordered in a specific hierarchy according to §§ 266 and 277 HGB. The order begins with equity, followed by provisions, then liabilities, and finally the closing balances of the assets. This structure reflects the priority of claims and aids users in assessing the solvency of the enterprise.

The Gewinn- und Verlustrechnung (GuV) is presented in one of two formats: The total approach

(Gesamtkostenverfahren) or the cost-type approach (Umsatzkostenverfahren). The total approach begins with total revenues, subtracts the cost of goods sold, and then adds or subtracts operating expenses, resulting in the operating profit. The cost-type approach starts with the net sales and directly matches those sales with the cost of goods sold, providing a clearer picture of the gross margin. German companies may choose either method, but the chosen method must be applied consistently from one period to the next.

Key items in the GuV include:

- Umsatzerlöse (sales revenue) – the proceeds from the sale of goods and services.
- Bestandsveränderungen (change in inventories) – the difference between opening and closing inventories of finished goods and work in progress.
- Rohergebnis (gross profit) – sales revenue minus cost of goods sold.
- Betriebsaufwand (operating expenses) – personnel costs, depreciation, amortization, and other operating costs.
- Finanzergebnis (financial result) – interest income and expense, as well as gains or losses from the disposal of financial assets.
- Steuern vom Einkommen (income taxes) – the tax expense related to the profit for the period.
- Jahresüberschuss – the final profit after tax.

Anhang (notes) provides supplementary information required by §§ 285 et seq. HGB. The notes disclose accounting policies, detailed breakdowns of balance-sheet items, contingent liabilities, commitments, and explanations of significant events after the reporting date. For example, a company must disclose the composition of its long-term debt, the maturity schedule, the interest rates, and any covenants that could affect future cash flows.

The Lagebericht (management report) offers a narrative overview of the company's development, performance, risks, and future outlook. Although not part of the core financial statements, the Lagebericht is mandatory for larger entities and provides qualitative context that complements the quantitative data. It must address the business environment, significant events, risk management, research and development activities, and sustainability considerations.

Stichtag (balance-sheet date) is the specific point in time at which the Bilanz is drawn. All valuations, such as the fair value of financial instruments, are determined as of this date. The HGB requires that the balance-sheet date be the end of the fiscal year, but companies may adopt a different fiscal year provided it is consistently applied and disclosed.

Bilanzgliederung (balance-sheet layout) follows a prescribed order. The Aktiva section lists fixed assets first, followed by current assets. The Passiva section starts with equity, then provisions, followed by liabilities, and finally the closing balances of assets. This standardized layout facilitates comparability across companies and enhances the readability of the statements.

Kontenrahmen (chart of accounts) is a systematic arrangement of account numbers and titles that reflects the structure of the Bilanz and GuV. German accounting commonly uses the SKR (Standardkontenrahmen) published by the DATEV association. A well-designed Kontenrahmen ensures that each transaction is recorded in the appropriate account, supporting accurate financial reporting and compliance with GoB.

Haben (credit) and Soll (debit) are the two sides of every journal entry. In the double-entry system, each transaction must affect at least two accounts, with total debits equaling total credits. For example, when a company purchases raw material on credit, the raw-material inventory account is debited (increase in assets) and the accounts-payable account is credited (increase in liabilities).

Umsatzsteuer-Voranmeldung (VAT advance return) is a periodic tax filing that affects the accounting of sales and purchases. Companies must record VAT payable or receivable in separate accounts, ensuring that the net effect on cash flow is correctly reflected. The HGB requires that VAT amounts be disclosed separately in the notes, distinguishing between input tax (Vorsteuer) and output tax (Umsatzsteuer).

Latente Steuern (deferred taxes) arise when there are temporary differences between the tax base of an asset or liability and its accounting value. The HGB mandates that deferred tax assets and liabilities be recognized for all taxable and deductible temporary differences, except for certain exemptions. The calculation involves applying the enacted tax rate to the temporary differences, and the resulting amounts are presented in the Bilanz under separate headings.

Wertberichtigungen (value adjustments) encompass both provisions and allowances for doubtful debts. For receivables, the individual provision method requires assessing each debtor’s creditworthiness and estimating the recoverable amount. The general provision method uses a statistical approach, often based on a historical default rate. These adjustments reduce the carrying amount of receivables and are recognized as expenses in the GuV.

Bewertungsreserve (valuation reserve) is a component of equity that captures the upward revaluation of assets. Under German law, upward revaluations are generally prohibited for most assets, except for specific cases such as the revaluation of real estate under § 253 HGB. When allowed, the increase is recorded in a separate reserve, which can later be transferred to retained earnings upon disposal of the asset.

Abschlussperiode (closing period) refers to the time frame during which the financial statements are finalized. The period includes the preparation of the Bilanz, GuV, Anhang, and Lagebericht, as well as the audit process for companies subject to statutory audit. The closing period typically follows the end of the fiscal year and may extend several weeks or months, depending on the complexity of the entity.

Jahresabschlussprüfung (annual audit) is mandatory for certain entities, such as public companies, banks, insurance firms, and larger private enterprises meeting specific size thresholds (e.G., Balance-sheet total > €20 million, revenue > €40 million, or more than 250 employees). The auditor evaluates whether the financial statements are prepared in accordance with the HGB and GoB, and issues an audit opinion that can be unqualified, qualified, adverse, or a disclaimer of opinion. The audit process involves testing the internal controls, substantive testing of balances, and verification of compliance with statutory disclosures.

Stille Reserven (hidden reserves) are created when assets are valued below their fair market value, intentionally leaving a cushion that can be realized in future periods. While not required by the HGB, companies may maintain silent reserves for strategic reasons. However, the creation of excessive silent reserves can be viewed as a violation of the prudence principle if it leads to a systematic understatement of assets.

Konzernabschluss (consolidated financial statements) is required for parent companies that control one or more subsidiaries. The consolidation process involves eliminating intercompany transactions, aligning accounting policies across entities, and presenting the combined financial position and results as a single economic entity. The HGB provides detailed rules for consolidation, including the treatment of goodwill, minority interests, and deferred taxes.

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination. Under the HGB, goodwill is capitalized as an intangible asset and is subject to systematic amortization, typically over a period not exceeding 15 years. The amortization expense is recorded in the GuV, reducing the reported profit.

Minority Interest (non-controlling interest) represents the portion of a subsidiary's equity not owned by the parent company. In the consolidated Bilanz, minority interest is presented separately within equity, distinguishing the parent's claim from that of other shareholders. The corresponding share of profit or loss is also disclosed in the GuV.

Forderungen aus Lieferungen und Leistungen (trade receivables) and Verbindlichkeiten aus Lieferungen und Leistungen (trade payables) are the most common current-asset and current-liability accounts. Their management directly influences working-capital efficiency. Companies often implement credit-risk assessments, early-payment discounts, and supplier negotiation strategies to optimize cash conversion cycles.

Cash-Flow-Rechnung is not a mandatory component under the HGB for most entities, but many companies prepare it voluntarily to provide additional insight into liquidity. The cash-flow statement classifies cash movements into operating, investing, and financing activities, following the indirect method that starts with the net profit and adjusts for non-cash items such as depreciation, changes in working capital, and deferred taxes.

Rechnungslegungsgrundsätze (accounting standards) in Germany are primarily derived from the HGB. However, for companies listed on a stock exchange, International Financial Reporting Standards (IFRS) become mandatory for the consolidated statements. This dual reporting environment creates challenges for multinational corporations, which must reconcile differences between HGB and IFRS, particularly regarding asset valuation, impairment testing, and presentation of equity.

Impairment under IFRS follows the value-in-use and fair-value tests, whereas the HGB relies on the lower of cost or market approach. Consequently, a German-listed subsidiary may report a higher carrying amount for certain assets under HGB than under IFRS, leading to differences in profit and equity. Practitioners must be adept at maintaining parallel accounting records and preparing reconciliation schedules.

Wertorientierte Berichterstattung (value-oriented reporting) is a concept gaining traction in German corporate governance. It emphasizes the relevance of market-based valuations for managerial decision-making and investor communication. While the HGB remains conservative, many firms supplement their statutory reports with management-level disclosures that reflect fair-value assessments, especially for financial instruments, investment properties, and intangible assets.

Kontrollsystem (control system) is a critical element for ensuring compliance with GoB. Internal controls encompass segregation of duties, authorization procedures, reconciliations, and periodic reviews. Effective controls reduce the risk of material misstatement, fraud, and non-compliance with statutory filing deadlines. Companies subject to audit must document and test their internal control environment as part of the audit scope.

Audit Trail refers to the documented evidence that links each transaction to its source documents, supporting entries in the journal and ledger. A robust audit trail is essential for verifying the authenticity of financial data and for meeting the HGB requirement of traceability. Modern accounting software provides automated audit trails, but firms must still ensure that manual adjustments are properly justified and recorded.

Fiskaljahr (fiscal year) may differ from the calendar year, and the HGB permits companies to select a fiscal year that aligns with their business cycle. However, any change in fiscal year must be disclosed in the notes, and comparative figures for the prior year must be restated to reflect the new reporting period.

Bilanzierungspflicht (mandatory balance-sheet requirement) applies to merchants (Kaufleute) defined in § 1 HGB, as well as to entities that voluntarily opt for a commercial balance sheet. Certain small entities may be exempt and can instead prepare a simplified income-statement. Nevertheless, even exempt entities may be required to produce a Bilanz for tax purposes if they exceed thresholds defined in the German tax code.

Gewinnverwendung (profit distribution) outlines how the net profit is allocated among retained earnings, reserves, dividends, and other uses. The HGB mandates that shareholders approve the distribution plan at the annual general meeting. The decision must consider legal reserves, statutory reserves, and any contractual obligations that restrict dividend payments.

Dividendenpolitik (dividend policy) is a strategic decision that influences investor expectations and the company’s capital structure. Under German law, dividends may only be paid if the equity after distribution remains at least equal to the statutory minimum capital (for AG) and if the company’s balance-sheet total does not fall below the legal reserve requirement. Companies must disclose dividend amounts and the rationale behind the policy in the Lagebericht.

Eigenkapitalquote (equity ratio) is a key solvency indicator calculated as equity divided by total assets. A higher equity ratio signals a stronger capital base and lower financial risk. German banks and credit rating agencies closely monitor this ratio, especially for companies in capital-intensive industries such as manufacturing and utilities.

Liquiditätskennzahl (liquidity ratio) measures the ability to meet short-term obligations. Common ratios include the current ratio (current assets ÷ current liabilities) and the quick ratio (cash + receivables ÷ current liabilities). While the HGB does not prescribe specific liquidity thresholds, management must monitor these ratios to avoid breaching covenant clauses in loan agreements.

Kapitalflussrechnung (cash-flow statement) may be required for listed companies or for those seeking external financing. The statement helps stakeholders assess the company's ability to generate cash from operations, fund investments, and service debt. For German SMEs, a cash-flow analysis is often performed internally to support budgeting and financing decisions.

Rechnungslegungswahlrecht (choice of accounting framework) allows certain entities to elect between the HGB and IFRS for their consolidated statements, provided they meet the criteria for listed status. The choice impacts not only the presentation but also the underlying measurement bases, disclosure requirements, and the level of detail required in the Anhang. Companies must disclose the chosen framework and justify any deviations from the statutory provisions.

International Financial Reporting Standards (IFRS) differ from the HGB in several respects. One notable difference is the treatment of development costs: Under IFRS, such costs can be capitalized when certain criteria are met, whereas the HGB generally requires immediate expense recognition. Another distinction lies in the presentation of equity: IFRS separates components such as other comprehensive income, while the HGB aggregates them within retained earnings.

Bilanzpolitik (balance-sheet policy) refers to the set of decisions made by management regarding the timing and method of recognizing assets, liabilities, and equity. Examples include the choice between leasing and purchasing, the decision to capitalize versus expense certain costs, and the selection of depreciation methods. These policy choices can materially affect key financial ratios and therefore must be disclosed in the notes.

Stetigkeit (consistency) is a GoB principle that requires a company to apply accounting policies consistently from one period to the next unless a change is justified by a new standard or a more appropriate method. Any change in policy must be disclosed, and the impact on prior periods must be restated or explained.

Risikomanagement (risk management) is increasingly integrated into the Lagebericht. Companies must identify, assess, and disclose material risks that could affect the financial position, such as market risk, credit risk, operational risk, and regulatory risk. The HGB does not prescribe a specific risk-management framework, but the German Corporate Governance Code encourages transparent reporting of risk-related information.

Nachtragsbericht (subsequent events report) covers events that occur after the balance-sheet date but before the financial statements are authorized for release. Significant events, such as a major acquisition, a loss of a key customer, or a legal settlement, must be disclosed if they have a material impact on the company’s financial position. The HGB distinguishes between adjusting events (which require restatement of the financial statements) and non-adjusting events (which are disclosed in the notes).

Verlustvortrag (loss carry-forward) allows a company to offset future profits with accumulated losses, subject to certain limitations. Under German tax law, losses can be carried forward indefinitely, but the HGB requires that a loss carry-forward be disclosed in the notes, indicating the amount that can be utilized in future periods.

Abschreibung von immateriellen Vermögensgegenständen (amortization of intangibles) follows specific rules. Intangible assets such as patents, licenses, and software are amortized over their useful life, not exceeding 15 years unless a longer period can be justified. The HGB also permits the creation of a “Sonderposten” for certain intangible assets, which can be amortized on a different schedule.

Bilanzanalyse (financial analysis) uses ratios derived from the Bilanz and GuV to evaluate performance. Common ratios include return on equity (ROE), return on assets (ROA), earnings before interest and taxes (EBIT) margin, and the debt-to-equity ratio. Analysts compare these figures with industry benchmarks and historical trends to assess profitability, efficiency, and solvency.

Kontenplan (account plan) is the detailed structure of the chart of accounts. It assigns a unique number to each account, facilitating automated posting and reporting. The German standard SKR 03 and SKR 04 provide templates for various industries, ensuring that accounts are grouped logically and that the Bilanz and GuV can be generated automatically.

Umsatzrealisierung (revenue recognition) under the HGB follows the principle that revenue is realized when the performance obligation is fulfilled and the amount is reliably measurable. For construction contracts, revenue may be recognized on a percentage-of-completion basis if the contract terms allow for reliable measurement of progress. Otherwise, the completed-contract method is applied, delaying revenue until the project is finished.

Aufwandskonten (expense accounts) are classified by function (e.G., Personnel expenses, material expenses) or by nature (e.G., Depreciation, interest). The choice influences the presentation of the GuV. Functional classification aligns with the total-cost approach, while nature-based classification aligns with the cost-type approach. Companies must be consistent in their classification to meet the GoB.

Ertragskonten (revenue accounts) capture all inflows from core business activities. They are distinguished from other income, such as gains from the sale of fixed assets, which are recorded separately as extraordinary items. The separation ensures that operating performance is not distorted by one-off events.

Abschlüsse von Tochtergesellschaften (subsidiary financial statements) must be prepared in accordance with the HGB if the parent prepares consolidated statements under German law. The subsidiary's statements may be prepared using IFRS if the parent's consolidated statements are IFRS-based, but the subsidiary must still produce a German-law-compliant Bilanz for domestic filing.

Vorschriften zur Offenlegung (disclosure requirements) are extensive. The HGB mandates specific disclosures for each balance-sheet item, such as the breakdown of fixed assets by asset class, the composition of long-term debt, and the nature of contingent liabilities. Failure to disclose required information can result in legal penalties and affect the audit opinion.

Abschreibung von Sachanlagen (depreciation of tangible assets) must consider the asset's residual value, which is the estimated amount that could be realized at the end of its useful life, after deducting disposal costs. The residual value is subtracted from the acquisition cost, and the remainder is allocated over the useful life. For example, a machine acquired for €120,000 with a residual value of €20,000 and a useful life of 10 years would be depreciated on a linear basis at €10,000 per year.

Wertminderung von Finanzanlagen (impairment of financial assets) occurs when the fair value of an investment falls below its carrying amount and the decline is considered permanent. The HGB requires that such impairments be recognized as losses in the GuV, and the reduced amount becomes the new carrying value. Reversals of impairments are generally prohibited, reflecting the prudence principle.

Verbindlichkeiten aus Lieferungen und Leistungen (trade payables) are often managed through payment terms negotiated with suppliers. Early-payment discounts (Skonto) can be used to reduce the effective cost of purchases, while extended payment terms improve cash flow. Companies must record the discount as a reduction of expense, not as a separate income item, to comply with GoB.

Abschreibung von Gebäuden (depreciation of buildings) is subject to a maximum linear rate of 2.5 % Under the HGB, resulting in a useful life of up to 40 years. However, tax law may allow faster depreciation for certain energy-efficient renovations or for buildings used for specific purposes, creating temporary differences that lead to deferred tax assets or liabilities.

Bewertung von Vorräten (inventory valuation) follows the principle of lower of cost or market. Inventories are initially recorded at acquisition cost, which includes purchase price, freight, handling, and other directly attributable costs. At each reporting date, inventories are tested for obsolescence or price decline, and a write-down is made if the market value is lower. The write-down is recorded as an expense in the GuV and reduces the inventory balance on the Bilanz.

Rückstellungen für Pensionen (pension provisions) are calculated using actuarial assumptions such as discount rate, salary growth, and mortality. The HGB requires that the present value of the obligation be measured using a market-consistent discount rate. Changes in assumptions affect the amount of the provision and are recognized in the GuV as actuarial gains or losses.

Verbindlichkeiten aus Steuern (tax liabilities) include corporate income tax, trade tax, and value-added tax.

Tax liabilities are recorded at the amount due, without discounting. The HGB requires that the tax expense be shown separately in the GuV, distinguishing between current tax expense and deferred tax expense.

Umsatzsteuer-Vorauszahlung (VAT prepayment) is recorded as a liability until the tax authority confirms the amount due. The company must reconcile the VAT payable account each month, ensuring that input tax credit and output tax liability are correctly offset. The net VAT position appears in the notes as a separate line item.

Verbindlichkeiten aus Lieferungen und Leistungen are also subject to the “Stichtagsprinzip.” At the balance-sheet date, all outstanding invoices must be recognized, even if the payment will be made after the reporting period. This ensures that the Bilanz accurately reflects the company’s obligations at the reporting date.

Abschlüsse von Joint Ventures (joint-venture financial statements) may be accounted for using the equity method if the joint venture is not fully consolidated. Under the equity method, the investor recognizes its share of the joint venture’s profit or loss in its own GuV and adjusts the carrying amount of the investment on the Bilanz. Disclosures must include the nature of the joint venture, the investor’s share, and any significant restrictions.

Verbindlichkeiten aus Leasingverhältnissen (lease liabilities) are treated differently under the HGB and IFRS. The HGB permits operating leases to be kept off the Bilanz, with lease payments expensed as incurred. However, for public companies that prepare IFRS-consolidated statements, leases are capitalized, resulting in a right-of-use asset and a corresponding lease liability on the Bilanz.

Wertaufholung (reversal of depreciation) is allowed under the HGB when an asset’s recoverable amount exceeds its current carrying amount, provided that the increase does not exceed the original acquisition cost less accumulated depreciation. The reversal is recognized as a gain in the GuV, subject to the prudence principle.

Kontenrahmen SKR 03 is widely used by service-oriented companies, while SKR 04 is preferred by manufacturing firms. Both frameworks provide a systematic numbering system that aligns with the Bilanzgliederung, facilitating automated report generation and ensuring compliance with statutory presentation requirements.

Abschlüsse von Genossenschaften (cooperative financial statements) follow specific provisions in the HGB, such as the requirement to disclose member equity, retained earnings, and the allocation of surplus to members. Cooperative accounting also emphasizes the principle of member participation, reflected in the distribution of dividends based on patronage rather than share capital.

Verbindlichkeiten aus Lieferungen und Leistungen may be restructured through debt-reorganization agreements. The HGB requires that any forgiveness of debt be recognized as a gain in the GuV, unless the forgiveness is a result of a settlement that also involves a loss. The accounting treatment must reflect the economic substance of the transaction.

Bilanzkennzahlen (balance-sheet ratios) are essential tools for stakeholders. The Eigenkapitalquote, Fremdkapitalquote (debt ratio), Verschuldungsgrad (leverage), and Liquiditätsgrad (liquidity) provide insight into the company’s financial health. Analysts often compare these ratios to industry averages and to the company’s own historical performance.