

Notes to the consolidated financial statements

Basis of presentation

[1] GENERAL INFORMATION ON THE COMPANY

KION GROUP AG, whose registered office is at Abraham-Lincoln-Strasse 21, 65189 Wiesbaden, Germany, is entered in the commercial register at the Wiesbaden local court under reference HRB 27060. The Company has had a new business address since November 2017: Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, Germany.

Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China, is the company that prepares the global consolidated financial statements for the largest number of affiliated companies. These consolidated financial statements are not publicly available.

Weichai Power Co., Ltd., Weifang, People's Republic of China, is the company that prepares the global consolidated financial statements for the smallest number of affiliated companies. These are available in English on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the company (www.weichaipower.com).

The KION Group is a global leader in industrial trucks, warehouse technology, related services and supply chain solutions. In 2017, the Group's approximately 32,000 highly skilled employees generated €7,653.6 million in revenue (2016: €5,587.2 million).

The consolidated financial statements and the combined group management report and management report of the Company were prepared by the Executive Board of KION GROUP AG on 21 February 2018.

[2] BASIS OF PREPARATION

The consolidated financial statements of the KION Group for the financial year ended 31 December 2017 have been prepared in accordance with section 315e of the German Commercial Code (HGB) in conjunction with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) applicable as at the reporting date as well as the associated interpretations (IFRICs) of the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the application of international accounting standards. All of the IFRSs and IFRICs that had been enacted by the reporting date and that were required to be applied in the 2017 financial year have been applied in preparing the consolidated financial statements.

In order to improve the clarity of presentation, certain items are aggregated in the statement of financial position and the income statement. The items concerned are disclosed and explained separately in the notes. Assets and liabilities are broken down into current and non-current items in accordance with IAS 1.60. The consolidated income statement is prepared in accordance with the cost of sales (function-of-expense) method.

The consolidated financial statements are prepared in euros, which is the Group's functional currency and reporting currency. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. The addition of the totals presented may result in minor rounding differences. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros. The separate financial statements of the subsidiaries included in the consolidation were prepared as at the same reporting date as the annual financial statements of KION GROUP AG.

Financial reporting standards to be adopted for the first time in the current financial year

The following financial reporting standards were adopted for the first time in 2017:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities': amendments in connection with the annual improvements to IFRSs (2014–2016)
- Amendments to IAS 7 'Statement of Cash Flows': amendments in connection with the disclosure initiative
- Amendments to IAS 12 'Income Taxes': amendments relating to the recognition of deferred tax assets for unrealised losses on available-for-sale financial assets.

The first-time adoption of these amendments to standards has had no significant effect on presentation of the financial performance, financial position or notes to the financial statements of the KION Group. To provide a more detailed overview of the KION Group's financing-related incoming and outgoing payments, a reconciliation of liabilities arising from financing activities in the current reporting period has been added in note [37] in connection with improvements to the disclosure requirements.

Financial reporting standards released but not yet adopted

In its consolidated financial statements for the year ended 31 December 2017, the KION Group has not applied the following standards and interpretations, which have been issued by the IASB but were not yet required to be adopted in 2017:

- Amendments to IFRS 2 'Share-based Payment': amendments relating to the classification and measurement of share-based payment transactions
- Amendments to IFRS 4 'Insurance Contracts': exempting provisions relating to the adoption of IFRS 9 'Financial Instruments' before the effective date of the new version of IFRS 4
- IFRS 9 'Financial Instruments'

- Amendments to IFRS 9 'Financial Instruments': amendments relating to the classification of particular prepayable financial assets
- IFRS 15 'Revenue from Contracts with Customers'
- Clarifications to IFRS 15 'Revenue from Contracts with Customers': amendments relating to the identification of performance obligations, classification as principal or agent, revenue from licences and transition relief
- IFRS 16 'Leases'
- IFRS 17 'Insurance Contracts'
- Amendments to IAS 19 'Employee Benefits': amendments in connection with the remeasurement of net defined benefit liabilities resulting from plan amendments, curtailments or settlements
- Amendments to IAS 28 'Investments in Associates and Joint Ventures': amendments in connection with the annual improvements to IFRSs (2014–2016)
- Amendments to IAS 28 'Investments in Associates and Joint Ventures': clarification relating to the accounting treatment of long-term interests that form part of the net investment in the associate or joint venture
- Amendments to IAS 40 'Investment Property': clarification in relation to transfers of property to, or from, investment property
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to IFRSs (2015–2017).

These standards and interpretations are expected to be applied by the entities included in the KION Group only from the date of mandatory initial application. An exception is IFRS 16 'Leases', which because of its interactions with IFRS 15 'Revenue from Contracts with Customers' is being adopted early, on 1 January 2018.

For the majority of financial assets, the new classification rules in IFRS 9 do not require any change to the respective measurement model. However, the first-time adoption of IFRS 9 primarily results in changes to the subsequent measurement of financial assets. The KION Group applies the simplified impairment approach of IFRS 9 for the majority of financial assets and thus recognises life-time expected losses. As a result of the new impairment model, which is based on expected losses, the KION Group expects the loss allowance recognised for counterparty risks to be reduced by between €25.0 million and €35.0 million. The KION Group is adopting IFRS 9 for the first time from 1 January 2018; as permitted under the applicable transitional provisions, the prior-year figures will not be restated. Furthermore, it is expected that all existing hedging relationships will also satisfy the requirements in IFRS 9 regarding hedge accounting. The amended hedge accounting requirements are applied prospectively.

Based on the analysis of the implications of the first-time adoption of IFRS 15 as at the transition date, it is expected that the revenue recognition pattern (point in time vs. over time) for the vast majority of today's new business and service business contracts as well as construction contracts will not change. In the Supply Chain Solutions segment, KION expects that revenue will have to be recognised later for only a few, individual construction contracts currently accounted for by the percentage-of-completion method in accordance with IAS 11, because the IFRS 15 criteria for revenue recognition over time are not met. The resulting effect on the financial position of the KION Group is expected to be less than €50.0 million and for the financial performance insignificant. The KION Group is adopting IFRS 15 retrospectively for the first time with effect from 1 January 2018 and is restating the prior-year figures accordingly. Overall, there is no material impact on retained earnings as at 1 January 2017.

Analysis of the first-time adoption of IFRS 16 indicates that, as at the transition date, all off-balance procurement leases that were previously recognised as operating leases must in future be recorded in the statement of financial position as a right of use asset plus a corresponding lease liability. This will result in additional right of use assets of between €240.0 million and €280.0 million as well as liabilities from procurement leases of between €260.0 million and €300.0 million. Moreover, in relation to indirect end customer financing, the application of IFRS 15 and IFRS 16 is expected to result in a not insignificant proportion

of such transactions – previously regarded as sales transactions – being categorised as leases in future. In particular, this will cause leased assets to rise by between €660.0 million and €720.0 million. Correspondingly, there will be additional residual-value liabilities of between €290.0 million and €350.0 million as well as deferred revenues of between €520.0 million and €580.0 million. The KION Group is adopting IFRS 16 retrospectively for the first time with effect from 1 January 2018; it will restate the prior-year figures in accordance with the pertinent transitional provisions. As a result of retrospective adoption, the decrease in retained earnings as at 1 January 2017 is likely to be in the region of €145.0 million to €195.0 million.

The effects of the first-time adoption of the other aforementioned standards and interpretations on the presentation of the financial position and financial performance of the KION Group are expected to be immaterial.

[3] PRINCIPLES OF CONSOLIDATION

Acquisitions are accounted for using the acquisition method. In accordance with IFRS 3, the identifiable assets and the liabilities assumed on the acquisition date are recognised separately from goodwill, irrespective of the extent of any non-controlling interests. The identifiable assets acquired and the liabilities assumed are measured at their fair value.

The amount recognised as goodwill is calculated as the amount by which the acquisition cost, the amount of non-controlling interests in the acquiree and the fair value of all previously held equity interest at the acquisition date exceeds the fair value of the acquiree's net assets. If the cost of acquisition is lower than the fair value of the acquiree's net assets, the difference is recognised in income.

For each acquisition, the Group decides on a case-by-case basis whether the non-controlling interest in the acquiree is recognised at fair value or as a proportion of the net assets of the acquiree. KION GROUP AG recognises non-controlling interests at the proportionate value of the net assets attributable to them excluding goodwill.

In the case of business combinations in stages, previously held equity interests are recognised at their fair value at the acquisition date. The difference between their carrying amount and fair value is recognised in the consolidated income statement.

For the purpose of impairment testing, goodwill is allocated to cash-generating units that are likely to benefit from the business combination.

Transaction costs are immediately taken to income. Contingent consideration elements are included at fair value at the date of acquisition when determining the purchase consideration. Contingent consideration elements may consist of equity instruments or financial liabilities. Depending on the category, changes in their fair value are included in subsequent measurements.

The consolidated financial statements include all of the parent company's material subsidiaries. Intragroup balances, transactions, income and expenses, and gains and losses on intercompany transactions are eliminated in full. Deferred taxes are recognised on temporary differences arising from consolidation transactions.

Transactions with non-controlling interests are treated as transactions with the Group's equity providers. Differences between the consideration paid for the acquisition of a non-controlling interest and the relevant proportion of the carrying amount of the subsidiary's net assets are recognised in equity. Gains and losses arising from the sale of non-controlling interests are also recognised in equity, provided there is no change in control.

Associates and joint ventures that are of material importance to the presentation of the financial position and financial performance of the KION Group are accounted for using the equity method.

[4] BASIS OF CONSOLIDATION

KION GROUP AG's equity investments include subsidiaries, joint ventures, associates and financial investments.

In addition to KION GROUP AG, the consolidated financial statements of the KION Group include, using the acquisition method, all material subsidiaries over which KION GROUP AG exercises control. KION GROUP AG controls a subsidiary if it has decision-making power over the main activities of the entity and can use this power to affect the amount of the variable returns to which it is exposed as a result of the equity investment. Subsidiaries acquired in the course of the financial year are consolidated from the date on which control is obtained. Companies sold in the course of the financial year are deconsolidated from the date on which control is lost.

A joint venture is an equity interest in which the entity is jointly managed by companies in the KION Group and one or more partners on the basis of a contractual agreement, and these parties have rights to the net assets of the joint venture.

Associates are entities in which companies in the KION Group are able to exercise significant influence, either directly or indirectly, over the financial and operating policies of the entity concerned. Significant influence is assumed when KION GROUP AG holds between 20 per cent and 50 per cent of the voting rights.

Equity interests over which KION GROUP companies are unable to exercise control or a significant influence, or that are not jointly controlled by them, are classified as financial investments.

The number of equity investments broken down by category is shown in > **TABLE 045**.

Shareholdings by categories

TABLE 045

	01/01/2017	Additions	Disposals	31/12/2017
Consolidated subsidiaries	139	7	8	138
Domestic	25	1	2	24
Foreign	114	6	6	114
Equity-accounted associates and joint ventures	9	–	–	9
Domestic	5	–	–	5
Foreign	4	–	–	4
Non-consolidated subsidiaries and other investments	60	3	7	56
Domestic	13	3	1	15
Foreign	47	–	6	41

A total of 24 German (2016: 25) and 114 foreign (2016: 114) subsidiaries were fully consolidated in addition to KION GROUP AG as at 31 December 2017.

In connection with the integration of Egemin and Retrotech into Dematic, a total of five subsidiaries were merged into other subsidiaries and were therefore no longer included in the basis of consolidation. KION Supply Chain Solutions Czech, s.r.o., Český Krumlov, Czech Republic, was founded in January 2017 and will start manufacturing modules for Dematic's automated conveyor systems from early 2018.

As had been the case a year earlier, nine joint ventures and associates were accounted for under the equity method as at 31 December 2017. In each case, the last available annual financial statements were used as the basis for measurement.

Equity investments in 56 (2016: 60) companies with minimal business volumes or no business operations were generally recognised at amortised cost. This includes the start-up Comnovo GmbH, which was acquired by Linde Material Handling GmbH in July 2017. The financial investment in Balyo SA is measured at fair value due to Balyo's IPO in 2017.

These non-consolidated subsidiaries and other equity investments (joint ventures and associates that are not accounted for using the equity method, plus financial investments) are of minor importance to the presentation of the financial position and financial performance of the KION Group, both individually and as a whole.

Where other requirements are met, the fully consolidated companies listed in > TABLE 046 are exempt from the obligation to disclose annual financial statements and to prepare notes to the financial statements and management reports in accordance with sections 264 (3) and 264b HGB on account of their inclusion in the consolidated financial statements. In the case of STILL Financial Services GmbH, it has been decided solely not to disclose the annual financial statements.

A detailed overview of all the direct and indirect shareholdings of KION GROUP AG is shown in the list of shareholdings (note [47]).

German entities exempted from disclosure requirements

TABLE 046

Entities exempted	Head office
BlackForxx GmbH	Stuhr
Eisenwerk Weilbach GmbH	Wiesbaden
Fahrzeugbau GmbH Geisa	Geisa
KION Financial Services GmbH	Wiesbaden
KION Information Management Services GmbH	Frankfurt am Main
KION Warehouse Systems GmbH	Reutlingen
Klaus Pahlke GmbH & Co. Fördertechnik KG	Haan
Linde Material Handling GmbH	Aschaffenburg
LMH Immobilien GmbH & Co. KG	Aschaffenburg
LMH Immobilien Holding GmbH & Co. KG	Aschaffenburg
LR Intralogistik GmbH	Wörth an der Isar
Schrader Industriefahrzeuge GmbH & Co. KG	Essen
STILL Financial Services GmbH	Hamburg
STILL Gesellschaft mit beschränkter Haftung	Hamburg
Urban-Transporte Gesellschaft mit beschränkter Haftung	Unterschleißheim

[5] ACQUISITIONS

Dematic purchase price allocation

The purchase price allocation for the acquisition of DH Services Luxembourg Holding S.à r.l., Luxembourg, on 1 November 2016 that was recognised in the consolidated financial statements of KION GROUP AG as at 31 December 2016 was provisional.

As part of the finalisation of the purchase price allocation (PPA) for the acquisition of Dematic in the third quarter of 2017, the intangible assets were allocated to individual companies. This adjustment resulted in a reduction of deferred tax liabilities and a corresponding decline of €13.1 million in goodwill.

As a result of the retrospective restatement of the purchase price allocation as at 1 November 2016, adjustments were also made to the carrying amounts as at 31 December 2016. These adjustments are presented in > TABLE 047.

Currency translation effects as at 31 December 2016 fell by a total of €39.4 million because goodwill and other intangible assets had been allocated to individual companies for the purposes of foreign currency translation. The retrospective adjustments to

the purchase price allocations did not have a material impact on the KION Group's consolidated income statement.

Other acquisitions

With effect from 3 October 2017, the remaining share capital and voting rights (75.0 per cent) in Nordtruck AB, Örnköldsvik, Sweden, were acquired. The purchase consideration for these shares was €4.8 million. Remeasurement of the investment of 25.0 per cent previously held, which had been recognised at cost, resulted in a fair value of €1.6 million. The difference of €1.5 million resulting from remeasurement was taken to income and recognised in the consolidated income statement under other income.

Furthermore, the remaining share capital and voting rights (50.0 per cent) in Eisengiesserei Dinklage GmbH, Dinklage, Germany, were acquired with effect from 15 November 2017. The purchase consideration for these shares was €2.4 million. Remeasurement of the investment of 50.0 per cent previously held, which had been recognised at cost, resulted in a fair value of €2.4 million. The difference of €0.9 million resulting from remeasurement was taken to income and recognised in the consolidated income statement under other income.

Consolidated statement of financial position

TABLE 047

in € million	31/12/2016 Before Adjustments	Adjustment Purchase price allocation Dematic	Effects from exchange differences	31/12/2016 After Adjustments
Assets				
Goodwill	3,605.8	-13.1	-19.8	3,572.9
Other intangible assets	2,630.9	0.0	-28.2	2,602.7
Other property, plant and equipment	679.1	-	-0.8	678.3
Deferred taxes	420.2	-0.3	-0.1	419.8
Equity and liabilities				
Accumulated other comprehensive income	-207.0	-	-39.4	-246.4
Deferred taxes	905.3	-13.3	-9.5	882.5

Impact of the other acquisitions on the financial position of the KION Group

TABLE 048

in € million	Fair value at the acquisition date
Goodwill	9.5
Other property, plant and equipment	3.7
Leased/Rental assets	1.0
Lease receivables	7.3
Trade receivables	3.8
Cash and cash equivalents	0.3
Other assets	5.2
Total assets	30.7
Financial liabilities	4.0
Lease liabilities	7.9
Trade payables	3.6
Other liabilities	4.1
Total liabilities	19.6
Total net assets	11.1
Cash payment	7.2
Consideration transferred	7.2
Previously held share of equity	4.0
Total	11.1

The impact of these acquisitions on the consolidated financial statements of KION GROUP AG based on the figures available at their acquisition dates is shown in > TABLE 048.

The goodwill constitutes the strategic, technological and geographical synergies that the KION Group expects to derive from these business combinations. None of the goodwill arising from the other acquisitions is currently tax deductible. The goodwill derived from Nordtruck AB is assigned to the LMH EMEA Operating Unit, while that derived from Eisengiesserei Dinklage GmbH is assigned to the STILL EMEA Operating Unit.

The line item 'Acquisition of subsidiaries (net of cash acquired) and other equity investments' in the consolidated statement of cash flows contains a net cash outflow totalling €6.9 million for these transactions.

The purchase price allocations for the other acquisitions presented were considered provisional as at 31 December 2017 because some details, particularly the measurement of intangible assets, provisions and leases, had not yet been fully evaluated. In addition, the deferred taxes should be considered provisional.

[6] CURRENCY TRANSLATION

Financial statements in foreign currencies are translated in accordance with the functional currency concept (IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The functional currency is the currency of the primary economic environment in which an entity operates. The modified closing-rate method is used for currency translation.

The assets and liabilities of foreign subsidiaries, including goodwill, are translated at the middle spot exchange rate, i.e. at the average of the bid or offer rates on the reporting date. Income and expenses are translated at the average rate. With the exception of income and expenses recognised as other comprehensive income (loss), equity is recognised at historical rates. The resulting translation differences are not taken to income and are recognised in other comprehensive income (loss) until subsidiaries are disposed of.

The financial statements of foreign equity-accounted investments are also translated using the method described above.

Transactions of the consolidated entities in foreign currencies are translated into the relevant company's functional currency at the rate prevailing on the transaction date. On the reporting date, monetary items are translated at the closing rate and non-monetary items at the rate prevailing on the transaction date. Currency

translation differences are taken to income and recognised in other income/expenses or in net financial income/expenses.

The translation rates used for currencies that are material to the financial statements are listed in > **TABLE 049**.

[7] ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are, besides the aforementioned accounting policies to be adopted for the first time in 2017, fundamentally the same as those used for the year ended 31 December 2016. These consolidated financial statements are based on the financial statements of the parent company and its consolidated subsidiaries prepared in accordance with the standard accounting policies applicable throughout the KION Group.

Revenue recognition

Revenue is the fair value of the consideration received for the sale of products and services and rental and lease income (excluding VAT) after deduction of trade discounts and rebates. In accordance with IAS 18, revenue is recognised when it is sufficiently probable

Major foreign currency rates in €

TABLE 049

	Average rate		Closing rate	
	2017	2016	2017	2016
Australia (AUD)	1.4734	1.4884	1.5372	1.4597
Brazil (BRL)	3.6090	3.8560	3.9785	3.4288
China (CNY)	7.6292	7.3501	7.8024	7.3382
United Kingdom (GBP)	0.8764	0.8193	0.8881	0.8535
U.S.A. (USD)	1.1300	1.1069	1.2005	1.0517

that a future economic benefit will accrue to the entity and that it can be reliably measured. Other criteria may arise, depending on each individual transaction, such as:

Sale of goods

Revenue from the sale of goods is recognised when the KION Group delivers goods to a customer, the risks and rewards incidental to the ownership of the goods sold are substantially transferred to the customer and the flow of benefits to the Group is considered to be sufficiently probable. If a customer is expected to accept goods but has yet to do so, the corresponding revenue is only recognised when the goods are accepted. Appropriate provisions are recognised for risks relating to the sale of goods.

Rendering of services

Revenue from the rendering of services is recognised in the year in which the services are rendered. For services provided over several periods, revenue is recognised in accordance with the proportion of the total services rendered in each period (stage of completion). Revenue from long-term service agreements is therefore recognised on the basis of the average term of the service agreements and in line with progressive costs (constant margin).

Revenue from financial service transactions is recognised in the amount of the sale value of the leased asset if classified as a finance lease and in the amount of the lease payments if classified as an operating lease. If industrial trucks are first sold to and then leased back from a finance partner to refinance leases, the selling margin in connection with an operating lease sub-lease is deferred and recognised as revenue in profit or loss over the term of the refinancing. In addition, as part of the financial services provided by the Group, industrial trucks are sold to finance partners who enter into leases directly with the end customer ('indirect end customer finance'). If significant risks and rewards remain with KION Group companies as a result of an agreed residual value guarantee that accounts for more than 10 per cent of the asset's value or as a result of an agreed customer default guarantee ('sale with risk'), the proceeds from the sale are deferred and recognised as revenue on a straight-line basis over the term until the residual value guarantee or the default guarantee expires.

Construction contracts

Revenue from construction contracts is recognised according to the stage of completion (percentage-of-completion method).

Interest income and royalties

Interest income is recognised pro rata temporis in accordance with the effective interest method. Income from royalties is deferred in accordance with the substance of the relevant agreements and recognised pro rata temporis.

Cost of sales

The cost of sales comprises the cost of goods and services sold and includes directly attributable material and labour costs as well as directly attributable overheads, including depreciation of production equipment, amortisation expense on capitalised development costs and certain intangible assets, and write-downs of inventories. Cost of sales also includes additions to warranty provisions, which are recognised in the amount of the estimated cost at the date on which the related product is sold.

Financial income and expenses

Financial income and expenses mainly consist of interest expenses on financial liabilities, interest income from financial receivables, interest income from leases and the interest cost on leases, exchange rate gains and losses on financial activities and the net interest cost of the defined benefit obligation.

Interest income and expenses are recognised in profit and loss in accordance with the effective interest method. The effective interest method is used for calculating the amortised cost of a financial asset or financial liability and the allocation of interest income and interest expenses over the relevant periods.

Dividends are recognised in income when a resolution on distribution has been passed. They are reported in the consolidated income statement under other income, provided they are dividends from subsidiaries carried at cost.

Goodwill

Goodwill has an indefinite useful life and is therefore not amortised. Instead, it is tested for impairment in accordance with IAS 36 'Impairment of Assets' at least once a year, and more frequently if there are indications that the asset might be impaired.

Impairment testing for goodwill is performed at the level of the individual cash-generating units (CGUs) or groups of CGUs. A CGU is defined as the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. CGUs are generally based on the lowest level of an entity at which – for internal management purposes – the management systematically monitors and controls goodwill. However, a CGU may not be larger than an operating segment as defined in IFRS 8 'Operating Segments'.

For the purposes of internal and external reporting, the activities of the KION Group are broken down into the Industrial Trucks & Services, Supply Chain Solutions and Corporate Services segments. The 2017 forecast, the budget for 2018, the medium-term planning for 2019 to 2020 and the KION Group's internal projections for 2021 to 2022 were drawn up on the basis of this reporting structure.

The CGUs identified for the purposes of testing goodwill and brand names for impairment equate to the Operating Units LMH EMEA, STILL EMEA, KION APAC, KION Americas in the segment Industrial Trucks & Services and Dematic in the segment Supply Chain Solutions.

The recoverable amount of a CGU is determined by calculating its value in use on the basis of the discounted cash flow method. The cash flows forecast for the next five years are included in the calculation for the impairment test in accordance with IAS 36.33(b). The financial forecasts are based on assumptions relating to the development of the global economy, commodity prices and exchange rates. Cash flows beyond the five-year planning horizon were extrapolated for the LMH EMEA, STILL EMEA, KION APAC, KION Americas and Dematic CGUs using a growth rate of 0.5 per cent (2016: 0.5 per cent).

CGU cash flows are discounted using a weighted average cost of capital (WACC) that reflects current market assessments of the specific risks to individual CGUs.

Yield curve data from the European Central Bank (three-month average, rounded) was used to determine the risk-free interest rate; as at 1 November 2017, the rate was 1.25 per cent (1 November 2016: 0.6 per cent). The market risk premium derived from empirical studies of the capital markets was set at 6.75 per cent (2016: 7.0 per cent) and was within the band recommended by the technical committee for business valuation and administration (FAUB) of the German Institute of Auditors (IDW), which is 5.5 per cent to 7.0 per cent.

The implied return on equity was 8.0 per cent, which was slightly higher than in the previous year (2016: 7.6 per cent). The mark-up for the assumed country risk was 0.16 per cent for the LMH EMEA CGU (2016: 0.16 per cent), 0.19 per cent for the STILL EMEA CGU (2016: 0.21 per cent), 0.85 per cent for the KION APAC CGU (2016: 0.78 per cent), 1.62 per cent for the KION Americas CGU (2016: 1.67 per cent) and 0.11 per cent for the Dematic CGU (2016: 0.15 per cent).

The underlying capital structure for the LMH EMEA, STILL EMEA, KION APAC and KION Americas CGUs is determined by comparing peer group companies in the same sector. The beta factor derived from this peer group was 1.05 (2016: 1.00). A leverage ratio of 26.8 per cent (2016: 25.8 per cent) was calculated based on the capital structure determined for the peer group. Based on a sector-specific peer group, a leveraged beta of 0.89 (2016: 0.88) and a leverage ratio of 0.0 per cent (2016: 1.8 per cent) were used for the Dematic CGU.

The WACC before tax, which is used to discount the estimated cash flows, was calculated at 9.3 per cent for LMH EMEA, 9.3 per cent for STILL EMEA, 8.9 per cent for KION APAC, 11.7 per cent for KION Americas and 9.8 per cent for Dematic. The WACC after tax was 6.6 per cent for LMH EMEA, 6.7 per cent for STILL EMEA, 7.6 per cent for KION APAC, 7.8 per cent for KION Americas and 7.6 per cent for Dematic.

The impairment test carried out in the fourth quarter of 2017 did not reveal any need to recognise impairment losses for the existing goodwill recognised for the LMH EMEA, STILL EMEA, KION APAC, KION Americas and Dematic CGUs. Using sensitivity analysis, it was determined that no impairment losses need to be recognised for goodwill, even if key assumptions vary within realistic limits, in particular variations in WACC of plus or minus 100 basis points.

Other intangible assets

Other purchased intangible assets with a finite useful life are carried at historical cost less all accumulated amortisation and all accumulated impairment losses. If events or market developments suggest impairment has occurred, impairment tests are carried out on the carrying amount of items classified as other intangible assets with a finite useful life. The carrying amount of an asset is compared with its recoverable amount, which is defined as the higher of its value in use and its fair value less costs to sell. If the reasons for recognising impairment losses in the past no longer apply, the relevant impairment losses are reversed, but subject to a limit such that the carrying amount of the asset is no higher than its amortised cost.

Other intangible assets with an indefinite useful life are carried at cost and are capitalised brand names. Brand names are not amortised because they have been established in the market for a number of years and there is no foreseeable end to their useful life. In accordance with IAS 36, they are tested for impairment at least once a year or whenever there are indications that the asset might be impaired. The impairment test is performed in the same way as the impairment test for goodwill and uses the same assumptions. Assessments of indefinite useful life are carried out in every period.

Development costs are capitalised if the following can be demonstrated:

- the technical feasibility of the intangible asset,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,

- the likelihood that the intangible asset will generate future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalised development costs include all costs and overheads directly attributable to the development process. Once they have been initially capitalised, these costs and internally generated intangible assets – particularly internally generated software – are carried at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangible assets are not qualifying assets so finance costs are not capitalised. All non-qualifying development costs are expensed as incurred and reported in the income statement under research and development costs together with research costs.

Amortisation of intangible assets with a finite useful life is recognised on a straight-line basis and, with the exception of the amortisation expense on capitalised development costs, is reported under functional costs. The impairment losses on intangible assets are reported under other expenses.

The useful lives shown in > TABLE 050 are applied in determining the carrying amounts of other intangible assets.

Useful life of other intangible assets

TABLE 050

	Years
Customer relationships/client base	4–15
Technology	10–15
Development costs	5–7
Patents and licences	3–15
Software	2–10

Leases/short-term rentals

KION Group entities lease industrial trucks and related items of equipment to their customers in order to promote sales. The leases may be of a short-term nature (short-term rental) or long-term nature (leasing).

Entities in the KION Group enter into leases as lessors and as lessees. In line with IAS 17, these contracts are classified as finance leases if substantially all of the risks and rewards incidental to ownership of the leased/rental asset are transferred to the lessee. All other rentals and leases are classified as operating leases, again in accordance with IAS 17.

If a KION Group entity enters into a finance lease as the lessor, the future lease payments to be made by the customer are recognised as lease receivables at an amount equal to the net investment in the lease. Interest income is allocated to each reporting period in order to ensure a constant return on the outstanding net investment in the lease.

Leased assets

If the beneficial ownership of leased assets remains with a KION Group entity as the lessor under an operating lease, the assets are reported as leased assets in a separate item in the statement of financial position. The leased assets are carried at cost and depreciated on a straight-line basis over the term of the underlying leases.

To fund leases, industrial trucks are generally sold to leasing companies. The industrial trucks are then leased back to entities in the Industrial Trucks & Services segment (head lease), who sub-lease them to external end customers (described below as 'sale and leaseback sub-leases'). If, in the case of sale and leaseback sub-leases, the risks and rewards incidental to the head lease are substantially borne by entities in the Industrial Trucks & Services segment, the corresponding assets are reported as leased assets within non-current assets. These leased assets are reported in the statement of financial position at the lower of the present value of the minimum lease payments and fair value. However, if substantially the risks and rewards incidental to the head lease are transferred to the end customer, a corresponding lease receivable is recognised. In both cases, the funding items

for these long-term customer leases, which are funded for terms that match those of the leases, are recognised as lease liabilities.

Rental assets

Rental assets are assets resulting from short-term rentals as well as industrial trucks in relation to which significant risks and rewards remain with the KION Group despite the trucks having been sold ('sale with risk').

In the case of short-term rentals, entities in the Industrial Trucks & Services segment rent industrial trucks to end customers directly. Short-term rental agreements usually have a term of one day to one year. The risks and rewards remain substantially with the entities in the Industrial Trucks & Services segment. The industrial trucks are carried at cost and depreciated on a straight-line basis over the normal useful life of between five and seven years, depending on the product group. If a sale-and-leaseback arrangement is in place for refinancing purposes, the assets are reported in the statement of financial position at the lower of the present value of the minimum rental payments and fair value.

In an indirect end customer finance arrangement, industrial trucks are sold to finance partners who enter into leases with end customers. If entities in the Industrial Trucks & Services segment provide residual value guarantees on a significant scale or provide a customer default guarantee ('sale with risk'), these transactions, which are classified as sale agreements under civil law, are recognised in accordance with the provisions relating to lessors with operating leases in conjunction with the IFRS principles for revenue recognition. In this case, the trucks are recognised as assets in the statement of financial position at their cost on the date of the sale and written down to their guaranteed residual value, or zero, on a straight-line basis over the period until the residual value guarantee or the customer default guarantee expires. If the KION Group provides a residual value guarantee, an amount equivalent to the residual value obligation is recognised under other financial liabilities.

Other property, plant and equipment

Property, plant and equipment is carried at cost less straight-line depreciation and impairment losses. The cost of internally generated machinery and equipment includes all costs directly attributable to the production process and an appropriate portion of production overheads. This includes production-related depreciation and proportionate costs for administration and social insurance/employee benefits.

The cost of property, plant and equipment is reduced by the amount of any government grants received, provided the relevant requirements are met. Expenses for maintenance and repairs are recognised in income to the extent that they are not required to be capitalised. Borrowing costs are capitalised for certain items of property, plant and equipment whose acquisition or production exceeds one year as soon as the definition of a qualifying asset is met. As was the case in the previous year, there were no qualifying assets in 2017.

Depreciation of property, plant and equipment is recognised on a straight-line basis and reported under functional costs. The useful lives and depreciation methods are reviewed annually and adjusted to reflect changes in conditions.

The useful lives below are applied in determining the carrying amounts of items of property, plant and equipment. > **TABLE 051**

KION Group companies also lease property, plant and equipment for their own use through finance leases, which are recognised as other property, plant and equipment. In this case, the lower of the fair value and present value of future lease payments is recognised at the inception of the lease. A corresponding liability to the lessor is recognised under other financial liabilities in the statement of financial position.

Property, plant and equipment covered by finance leases is depreciated over the shorter of its useful life or the term of the lease, unless title to the leased assets passes to the lessee when the lease expires, in which case the property, plant and equipment is depreciated and the other financial liabilities are reversed over the useful life of the leased assets.

The difference between total finance lease liabilities and the fair value of the financed leased assets represents the finance charge which is recognised in the income statement over the term of the lease at a constant rate of interest on the outstanding balance in each period. At the end of the lease term, the leased assets are returned or purchased, or the contract is extended.

If there are certain indications of impairment of the property, plant and equipment, the assets are tested for impairment by comparing the residual carrying amount of the assets with their recoverable amount, which is defined as the higher of value in use and fair value less costs to sell. If the residual carrying amount is greater than the recoverable amount, an impairment loss is recognised for an asset. The impairment losses on property, plant and equipment are reported under other expenses.

If the recoverable amount is calculated on the basis of value in use, the expected future cash flows are discounted using a risk-adjusted discount rate, taking into account the current and future level of earnings and segment-specific, technological, economic and general trends.

If an impairment test for an item of property, plant and equipment is performed at the level of a cash-generating unit to which goodwill is allocated and results in the recognition of an impairment loss, first the goodwill and, subsequently, the assets must be written down in proportion to their relative carrying amounts. If the reason for an impairment loss recognised in prior years no longer applies, the relevant impairment losses are reversed, but

Useful life of other property, plant and equipment

TABLE 051

	Years
Buildings	10–50
Plant and machinery	3–15
Office furniture and equipment	2–15

subject to a limit such that the carrying amount of the asset is no higher than its amortised cost. This does not apply to goodwill.

Equity-accounted investments

In accordance with the equity method, associates and joint ventures are measured as the proportion of the interest in the equity of the investee. They are initially carried at cost. Subsequently, the carrying amount of the equity investment is adjusted in line with any changes to the KION Group's interest in the net assets of the investee. The KION Group's interest in the profit or loss generated after acquisition is recognised in income. Other changes in the equity of associates and joint ventures are recognised in other comprehensive income (loss) in the consolidated financial statements in proportion to the Group's interest in the associate or joint venture.

If the Group's interest in the losses made by an associate or joint venture exceeds the carrying amount of the proportionate equity attributable to the Group, no additional losses are recognised. Any goodwill arising from the acquisition of an associate or joint venture is included in the carrying amount of the investment in the associate or joint venture.

If there is evidence that an associate or joint venture may be impaired, the carrying amount of the investment in question is tested for impairment. The carrying amount of the asset is compared with its recoverable amount. If the carrying amount is greater than the recoverable amount, an impairment loss is recognised for the equity investment.

Income taxes

In the consolidated financial statements, current and deferred taxes are recognised on the basis of the tax laws of the jurisdictions involved. Deferred taxes are recognised in other comprehensive income (loss) if they relate to transactions also recognised in other comprehensive income (loss).

Deferred tax assets and liabilities are recognised in accordance with the liability method for all temporary differences between the IFRS carrying amounts and the tax base, as well as for temporary consolidation measures.

Deferred tax assets also include tax refund claims that arise from the expected utilisation of existing tax loss carryforwards and interest carryforwards in subsequent years and whose utilisation is reasonably certain according to current forecasts. On the basis of this estimate, deferred tax assets have been recognised on some loss carryforwards and interest carryforwards.

Deferred taxes are determined on the basis of the tax rates that will apply at the recovery date, or have been announced, in accordance with the current legal situation in each country concerned. In accordance with the provisions in IAS 12, deferred tax assets and liabilities are not discounted. Deferred tax assets are offset against deferred tax liabilities to the extent that they have the same maturity and relate to the same taxation authority.

Inventories

Inventories are carried at the lower of cost and net realisable value. The acquisition costs of raw materials and merchandise are calculated on the basis of an average. The cost of finished goods and work in progress includes direct costs and an appropriate portion of the material and production overheads and production-related depreciation directly attributable to the production process. Administrative costs and social insurance/employee benefits are included to the extent that they are attributable to the production process. The amount recognised is an average value or a value determined in accordance with the FIFO method.

Net realisable value is the selling price that can be realised less the estimated costs of completion and the estimated costs necessary to make the sale.

Write-downs are recognised for inventory risks resulting from duration of storage, impaired recoverability, etc. If the reasons for the recognition of the write-downs no longer apply, they are reversed, but subject to a limit such that the carrying amount of the asset is no higher than its cost.

Construction contracts

Receivables and revenue from construction contracts are recognised according to the stage of completion (percentage-of-com-

pletion method). The percentage of completion is the proportion of contract costs incurred up to the reporting date compared to the total estimated contract costs as at the reporting date (cost-to-cost method). Under the percentage-of-completion method, construction contracts are measured at the amount of the contract costs incurred to date plus the pro rata profit earned according to the percentage of completion. If it is probable that the total contract costs will exceed the contract revenue, the expected loss is immediately recognised as an expense in the financial year in which the loss becomes apparent. If the contract costs incurred and the profit and loss recognised exceed the progress billings, the excess is recognised as an asset under trade receivables (see note [26]). If the progress billings exceed the capitalised costs and recognised profit and loss, the excess is recognised as a liability under other liabilities (see note [35]).

If the outcome of a construction contract cannot be reliably estimated, the likely achievable revenue is recognised up to the amount of the costs incurred. Contract costs are recognised as an expense in the period in which they are incurred. Variations in the contract work, claims and incentive payments are recognised if they are likely to result in revenue and their amount can be reliably estimated.

Trade receivables

In the first period in which they are recognised, trade receivables categorised as loans and receivables (LaR) are carried at fair value including directly attributable transaction costs. In subsequent periods they are measured at amortised cost using the effective interest method. Appropriate valuation allowances are recognised for identifiable individual risks. Low-interest or non-interest-bearing receivables due in more than one year are carried at their present value.

Cash and cash equivalents

Cash and cash equivalents comprise cash, credit balances with banks and current financial assets that can be transformed into cash at any time and are only subject to a minor level of volatility.

Other financial assets

Primary financial assets are initially recognised and derecognised in the financial statements on their settlement dates.

The KION Group differentiates between financial assets held for trading at fair value through profit or loss (FAHfT), available for sale financial assets (AfS) and financial assets classified as loans and receivables (LaR).

The FAHfT category contains derivative financial instruments that do not form part of a formally documented hedge. Derivative financial instruments forming part of a documented hedge are not assigned to any of the IAS 39 measurement categories.

Available-for-sale financial assets (AfS) are carried at fair value. Unrealised gains and losses, including deferred taxes, are reported in other comprehensive income (loss) until they are realised. Equity investments for which no market price is available are carried at cost less impairment losses, as observable fair values are not available and reliable results cannot be obtained using other permitted valuation techniques. At present there is no intention to sell these financial instruments.

In the first period in which they are recognised, financial assets categorised as loans and receivables (LaR) are carried at fair value including directly attributable transaction costs. In subsequent periods they are measured at amortised cost using the effective interest method. Appropriate valuation allowances are recognised for identifiable individual risks. Low-interest or non-interest-bearing receivables due in more than one year are carried at their present value.

Carrying amounts of financial assets are tested for impairment on every reporting date and whenever indications of impairment arise. If there is an objective indication of impairment (such as a borrower being in significant financial difficulties), an impairment loss must be recognised directly in the income statement.

If objective facts in favour of reversing impairment losses are present on the reporting date, reversals are carried out to an appropriate extent. The recognition of reversals must not result in a carrying amount greater than the amortised cost that would have arisen if the impairment loss had not been recognised. In the case of debt instruments classified as available-for-sale financial assets (AfS), reversals of impairment losses are recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are measured at their fair value and are reported as financial assets or financial liabilities as at the reporting date. They are initially recognised and derecognised in the financial statements on their settlement dates.

Currently, derivative financial instruments in the KION Group mainly comprise currency forwards and interest-rate swaps that are used for hedging purposes to mitigate currency risk and interest-rate risk.

In accordance with IAS 39, all derivative financial instruments must be measured at their fair value irrespective of an entity's purpose or intention in entering into the derivative contract. The KION Group currently uses cash flow hedges for currency risk and interest-rate risk.

In the case of cash flow hedges, derivatives are employed to hedge future cash flow risks from existing hedged items, planned transactions and firm obligations not reported in the statement of financial position. The effective portion of changes in the fair value of derivatives is initially recognised in other comprehensive income (loss) and is subsequently reclassified to the income statement when the corresponding hedged item is also recognised. The ineffective portion of the changes in fair value is recognised immediately in the income statement.

If the criteria for hedge accounting are not satisfied, changes in the fair value of derivative financial instruments are recognised in the income statement.

Further information on risk management and accounting for derivative financial instruments can be found in notes [39] and [40].

Retirement benefit obligation

The retirement benefit obligation is calculated in accordance with the projected unit credit method. Future pension obligations are measured on the basis of the pro rata vested benefit entitlements as at the reporting date and discounted to their present value. The calculations include assumptions about future changes in certain parameters, such as expected salary and pension increases and biometric factors affecting the amount of future benefits. Pension provisions are reduced by the fair value of the

plan assets used to cover the Group's benefit obligations. Plan assets are measured at fair value.

Remeasurements, including deferred taxes, are recognised in other comprehensive income (loss). It is not permitted to reclassify remeasurements recognised in other comprehensive income (loss) to profit or loss in future periods. The cost of additions to pension provisions is allocated to functional costs. The interest cost on pension obligations and the interest income from plan assets are netted and reported in net financial income/expenses. Further details can be found in note [29].

Other provisions

Other provisions are recognised when the Group has a legal or constructive obligation to a third party as the result of a past event that is likely to lead to a future outflow of resources and that can be reliably estimated. Where there is a range of possible outcomes and each individual point within the range has an equal probability of occurring, a provision is recognised in the amount of the mean of the individual points. Measurement is at full cost. Provisions for identifiable risks and contingent liabilities are recognised in the amount that represents the best estimate of the cost required to settle the obligations. Recourse claims are not taken into account. The settlement amount also includes cost increases identifiable as at the reporting date. Provisions with a maturity of more than twelve months are discounted using the standard market interest rate. The discount rate is a before-tax rate that reflects current market expectations for the time value of money and the specific risks inherent in the liability. The interest cost from unwinding the discount is recognised in interest expenses.

Warranty provisions are recognised on the basis of past or estimated future claim statistics. The corresponding expense is recognised in cost of sales at the date on which the revenue is recognised. Individual provisions are recognised for claims that are known to the Group.

Provisions for expected losses from onerous contracts and other business obligations are measured on the basis of the work yet to be performed.

A restructuring provision is recognised when a KION Group entity has prepared a detailed, formal restructuring plan and this

plan has raised the valid expectation in those affected that the entity will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The measurement of a restructuring provision only includes the direct expenditures arising from the restructuring and not associated with the ongoing activities of the entity concerned.

Share-based payments

IFRS 2 distinguishes between equity-settled and cash-settled share-based payment transactions.

Equity-settled share-based payment transactions are recognised at their fair value at the date of grant. The fair value of the obligation is recognised as an expense under functional costs over the vesting period and offset against capital reserves.

The portion of the fair value of cash-settled share-based payments that is attributable to service provided up to the valuation date is recognised as an expense under functional costs and is also reported as a liability. The fair value is recalculated on each reporting date until the end of the performance period. Any change in the fair value of the obligation must be recognised (pro rata temporis) under expenses.

Financial liabilities and other financial liabilities

The KION Group differentiates between financial liabilities held for trading at fair value through profit or loss (FLHfT) and financial liabilities at amortised cost using the effective interest method (FLaC).

The FLHfT category contains derivative financial instruments that do not form part of a formally documented hedge. These are reported under other financial liabilities and must be carried at fair value through profit or loss. Derivative financial instruments forming part of a documented hedge are not assigned to any of the IAS 39 measurement categories.

All other financial liabilities reported under financial liabilities or other financial liabilities must be categorised as FLaC. These liabilities are initially recognised at fair value at the time they are entered into. Directly attributable transaction costs are deducted. These liabilities are then measured at amortised

cost. Any differences between historical cost and the settlement amount are recognised in accordance with the effective interest method.

Trade payables

Trade payables are categorised as FLaC and, in the first period in which they are recognised, are carried at fair value net of the directly attributable transaction costs. In subsequent periods, these liabilities are measured at amortised cost using the effective interest method. Low-interest or non-interest-bearing liabilities due in more than one year are carried at their present value.

Assumptions and estimates

The preparation of the IFRS consolidated financial statements requires the use of assumptions and estimates for certain line items that affect recognition and measurement in the statement of financial position and the income statement. The actual amounts realised may differ from estimates. Assumptions and estimates are applied in particular:

- in assessing the need for and the amount of impairment losses on intangible assets, property, plant and equipment, and inventories,
- in determining the useful life of non-current assets,
- in classifying leases,
- in recognising and measuring defined benefit pension obligations and other provisions,
- in recognising and measuring current and deferred taxes,
- in recognising and measuring assets acquired and liabilities assumed in connection with business combinations, and
- in evaluating the stage of completion in the case of long-term construction contracts.

Goodwill is tested for impairment annually at the level of the cash-generating units to which goodwill is allocated, applying the budget for 2018 and the medium-term planning for 2019 to 2020 combined with the growth predicted in the market forecasts for the projections for 2021 to 2022 and assuming division-specific

growth rates for the period thereafter. Any material changes to these and other factors might result in the recognition of impairment losses. Further information on goodwill can be found earlier in this note and in note [17].

Information on leases can be found in the sections on leases/short-term rentals, leased assets, rental assets and other property, plant and equipment in this note.

Defined benefit pension obligations are calculated on the basis of actuarial parameters. As differences due to remeasurements are taken to other comprehensive income (loss), any change in these parameters would not affect the net profit for the current period. For further details about sensitivity analysis in relation to the impact of all significant assumptions, please refer to the information about the retirement benefit obligation in note [29].

The recognition and measurement of other provisions is based on an estimate of the probability of the future outflow of resources, supplemented by past experience and the circumstances known to the Group at the reporting date. Accordingly, the actual outflow of resources for a given event may be different from the amount recognised in other provisions. Further details can be found in note [32].

Significant estimates are involved in calculating income taxes. These estimates may change on the basis of new information and experience (see also note [14]). In the year under review, this new information concerns the future tax rates in the US, which have a direct impact on the level of deferred taxes. Deferred tax assets on tax loss carryforwards and interest carryforwards are recognised on the basis of an estimate of the future recoverability of the tax benefit, i.e. an assumption as to whether sufficient taxable income or tax relief will be available against which the carryforwards can be utilised. The actual amount of taxable income in future periods, and hence the actual utilisation of tax loss carryforwards and interest carryforwards, may be different from the estimates made when the corresponding deferred tax assets were recognised.

On first-time consolidation of an acquisition, all identifiable assets and liabilities are recognised at their fair value at the acquisition date. The fair values of identifiable assets are determined using appropriate valuation techniques. These measurements are based, for example, on estimates of future cash flows, expected growth rates, exchange rates, discount rates and useful lives. In the event of material changes to assumptions or circumstances, estimates must be reassessed and this can lead to the recognition of an impairment loss for the asset concerned. For further information on acquisitions, see note [5].

Construction contracts are accounted for using the percentage-of-completion method based on management estimates of the contract costs incurred. If estimates change, or if there are differences between planned and actual costs, this is directly reflected in the profit or loss from construction contracts. The Operating Units continually review the cost estimates and adjust them as appropriate. Further information on construction contracts can be found earlier in this note.

Where necessary, the KION Group's accounting departments receive assistance from external advisors when making the estimates required.

The carrying amounts of the affected line items can be found in the relevant notes/the consolidated statement of financial position.

The impact of a change to an estimate is recognised prospectively when it becomes known and assumptions are adjusted accordingly.