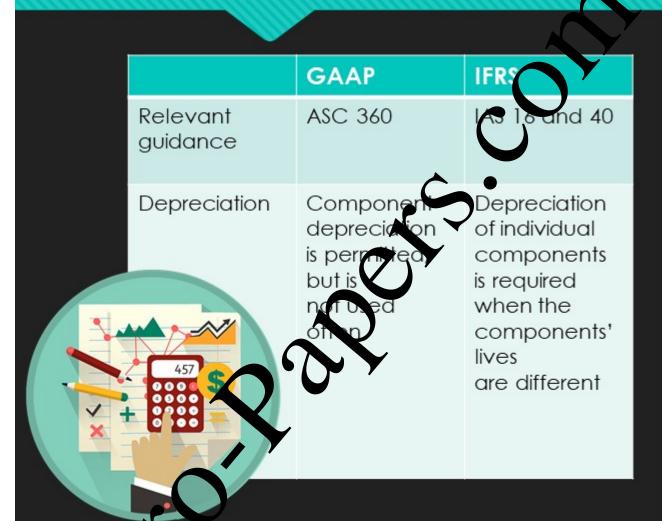
# Differences in Depre Convertible Bonds U and IFRS

### Deprecation overview under



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# Audi's financial statement (IFRS) company treat Deprecati

	Land, land rights and buildings, including buildings on third-party	Technical equipment and	Other equipment, operating and office	Payments on account and assets under	J'
£ million	land	machinery	equipment	cons uction	Tota
Cost Balance at Jan. 1, 2015	28,489	37,873	53,973	5,607	126,890
Foreign exchange differences	35	22	56	113	226
Changes in consolidated Group	129	37	44	0	210
Additions	992	1,777	4,283	5,748	12,800
Transfers	1,565	1,746	383	-4,713	-18
Disposals	173	1,625	1, 46	38	3,277
Balance at Dec. 31, 2015	31,036	39,816	58,243	7,717	136,832
Depreciation and Impairment Balance at Jan. 1, 2015	11,906	26,. 1	42,000	36	80,721
Foreign exchange differences	12	25	35	-6	69
Changes in consolidated Group	4	43	38	-	115
Additions to cumulative depreciation	8	2,691	4,539	_	8,178
Additions to cumulative impairment losses	6	107	382	58	553
Transfers	-1	71	-65	-1	3
Disposals	125	1,561	1,284	0	2,970
Reversal of impairment losses	0	1	1	7	10
Balance at Dec. 31, 2015	12,789	28,148	45,645	79	86,661
Carrying amount at Dec. 31, 2015	18,247	11,688	12,597	7,638	50,171
of which assets leaved under finance leases Canting amount at Dec 21, 12, 5	345	12	36		393

# Ford's financial statement (GAAP) how the company treat Depre

Assets					
Fiscal year is January-December, All values USD Millions.	2017	2016	2015	2014	2013
Cash & Short Term Investments	38,927	38,827	35,176	31,150	4 569
Cash Only	18,492	15,905	14,272	1 ,757	14,468
Short-Term Investments	20,435	22,922	20,904	20,	22,100
Cash & Short Term Investments Growth	0.26%	10.38%	12.92%	-14.82%	65
Cash & ST Investments / Total Assets	15.10%	16.32%	15.01%	14.93%	18.10%
Total Accounts Receivable	63,049	57,591	101,975	92,819	87,309
Accounts Receivables, Net	62,809	57,368	975	92,819	87,309
Accounts Receivables, Gross	63,818	58,244	102,34 3	93,140	87,666
Bad Debt/Doubtful Accounts	(1,009)	(8)	(373)	(321)	(357)
Other Receivables	240	53	**		
Accounts Receivable Growth	9.48%	-43.529	9.86%	6.31%	100
Accounts Receivable Turnover		-64	1.47	1.55	1.68
Inventories	9,277	8,8%	8,319	7,870	7,708
Finished Goods	6,7	5,943	5,254	5,026	5,058
Raw Materials	4,397	3,843	4,005	3,859	3,613
Progress Payments & Other	(899)	(888)	(940)	(1,015)	(963)
Other Current Assets	3,649	3,145			
Miscellaneous Current Asset	3,649	3,145	¥1		- 2
Total Current Asset	115,902	108,461	145,470	131,839	131,585
Net Property, Plant Cauipmen	63,562	60,901	57,256	53,343	47,600

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### **Disclosure of Depre**

#### O GAAP requires the following:

- Depreciation expense for the perio.
- Balance of major classes of depreciable assets, by nature of
- Accumulated depreciation, by the main classes of depreciations sheet date
- A broad explanation of n e method or methods applied in important classes of depreciable assets

#### O IFRS require that:

- depreciation be "systematic," rather than "systematic and
- the est ma ed Ceful lives and residual values, and the depresentation

U.S. GAAP only requires this review when events or circumst changed (Cardozo, 2013).



### Convertible Bonds overview und

A conversion feature can add a lot of yelve for potential botake advantage of future company growth

- Under US GAAP:
- Convertible bond can be given up for a certain num dividends of common stock, typically at the option of bondholder (Barth et al., 2013).
- The worth of a conversion feature is not recorded allowhen such boods are distributed, which means the jumps for the assumpce is the same as the that for a stobond, for ether with any discount or premium.
- Under international accounting standards (IFRS), the worth of the conversion feature is recorded alone wi the Lond obligation (Spiceland et al., 2016).



### Audi's financial statement (IFRS) explaining of treat Convertible Bonds

TRANCHE OF THE SHARE OPT	1st tranche	2nd tranche	3h a anche	4th tranche	5th t
Base conversion price	69.48	41.82	59.43	51.52	our t
Conversion price					
as from June 11, 2001	76.43				
as from October 31, 2001	79.90				
as from July 14, 2002		10.00	2		2
as from publication of quarterly report as at September 30, 2002	83.38	48.09			<i>*</i>
as from July 14, 2003			65.37		
as from publication of quarterly report as at September 30, 2003	84.85	50.18	68.34	10 10 10 10 10 10 10 10 10 10 10 10 10 1	
as from June 19, 2004				56.67	
as from publication of quarterly report as at September 30, 2004		52.28	71.32	59.25	
as from July 12, 2005		<b>'</b>			
as from publication of quarterry report as at September 37, 2005	<b>'</b>		74.29	61.82	
as from publication of quart report as at September 30, 200				64.40	
as from publication of quarterly report as at September 30, 2007					0
Beginning of conversion eriod	June 11, 2001	July 14, 2002	July 14, 2003	June 19, 2004	July 12

July 6, 2005

July 6, 2006

June 11, 2007

June 4, 2004



End of conversion

### Ford's financial statement (GAAP) explain company treat Convertible Bo

### FORD MOTOR COMPANY AND SUBSEVARIES NOTES TO THE FINANCIAL STATEMENTS

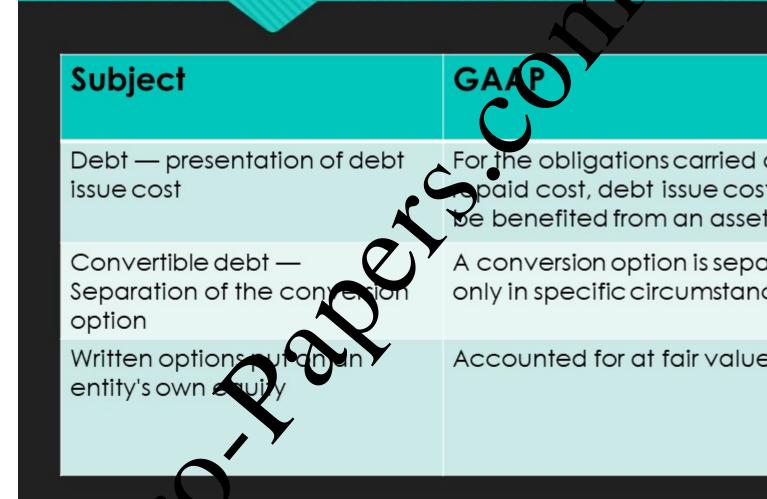
#### NOTE 17. RETIREMENT BENEFITS (Continued)

The fair value of our defined benefit pension plan assets (scluding dividends and interest receivable and \$93 million for U.S. and non-U.S. plans, respectively) by asset category at December 31 was as follows:

	U.S. Plans						Non-U.S. Plans							
		evel 1	Level 2	Level 3	Assets measured NAV (a)	Total		Level 1		Level 2		Level 3		
Asset Category Equity														
U.S. companies	\$	2,353	\$ 6		\$ -	\$	2,359	\$	1,614	\$	93	\$	_	
International companies		1,457	1.	1	7		1,484		1,278		360		1-	
Total equity		3,810	25	1	7		3,843		2,892		453		_	
Fixed Income														
U.S. government and agencies		5,157	3, 0	_	_		8,187		433		57		_	
Non-U.S. government			1,343	_	_		1,343		_		11,171		_	
Corporate bonds		-	20,637	13	_	2	20,650		_		2,352		-	
Mortgage/other asset- backed			855	_	_		855		_		242		_	
Commingled funds		_	_	_	153		153		_		379		_	
Derivative financial		27	(213)	_			(186)		5		28		_	



### Disclosure of Convertible Bonds u

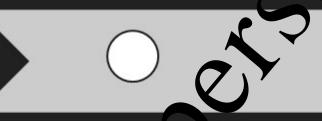


### Conclusion

IFRS use a "trigger" value, which is the greater of the asset's fair value

GAAP uses undiscounted cash flows







Under IFRS, the impairme loss represents the differer between the book valu and the "trigger" value

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