Inventories

Inventories are valued at acquisition or manufacturing costs or at the lower net realizable values derived from the selling price at the balance sheet date. As a general rule, the acquisition cost of merchandise is determined using the average cost method. Value adjustments are determined in a uniform manner throughout the Group, depending on the age of the goods concerned. Risks due to fashion trends are adequately taken into account.

Receivables and Other Short-term Assets

Trade receivables and other receivables as well as financial assets are stated at nominal value net of value adjustments. All recognizable risks are sufficiently accounted for in the form of individual risk assessment or on the basis of historical values.

Property, Plant and Equipment

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation. The depreciation period depend on the item's useful life. As a general rule, the straight-line method of depreciation is applied. The useful life depends on the type of assets involved:

	Depreciation period
Buildings	10 to 50 years
Machines, machine equipment and technical equipment, business and factory equipment	3 to 10 years

Cost of maintenance and repair is recorded as expense at the time of origin. Significant improvements and renewals are capitalized. Interest on outside capital is reported as current expense.

Leased items regarded as significant in terms of their amounts and qualifying as finance leasing are shown under property, plant and equipment; they are valued at the amount of the fair value or the lower present value of the minimum lease payments when recognised for the first time and net of accumulated depreciation in subsequent accounting periods.

Goodwill

Goodwill is valued at acquisition costs net of accumulated amortization using the straight line method and assuming a useful life of 15 years.