COMMISSION REGULATION (EU) No 183/2013

of 4 March 2013

amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 1

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards ([1]), and in particular Article 3(1) thereof,

Whereas:

(1) By Commission Regulation (EC) No 1126/2008 ([2]) certain international standards and interpretations that were in existence at 15 October 2008 were adopted.

(2) On 13 March 2012, the International Accounting Standards Board published amendments to International Financial Reporting Standard (IFRS) 1 *First-time Adoption of International Financial Reporting Standards – Government Loans* (the amendments to IFRS 1). The amendments to IFRS 1 deal with loans received from governments at a below market rate of interest and their objective is to give first-time adopters of IFRSs relief from full retrospective application on transition to IFRSs. Thus, the amendments to IFRS 1 add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements set out in International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement* and IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to IFRSs.

(3) This Regulation endorses the amendments to IFRS 1. This standard contains some references to IFRS 9 that at present cannot be applied as IFRS 9 has not been adopted by the Union yet. Therefore, any reference to IFRS 9 as laid down in the Annex to this Regulation should be read as a reference to IAS 39 *Financial Instruments: Recognition and Measurement*.

(4) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that the amendments to IFRS 1 meet the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

(5) Regulation (EC) No 1126/2008 should therefore be amended accordingly.

(6) The measures provided for in this Regulation are in accordance with the opinion of the Accounting Regulatory Committee,

HAS ADOPTED THIS REGULATION:

Article 1

1. In the Annex to Regulation (EC) No 1126/2008, International Financial Reporting Standard (IFRS) 1 *First-time Adoption of International Financial Reporting Standards* is amended as set out in the Annex to this Regulation.

2. Any reference to IFRS 9 as laid down in the Annex to this Regulation shall be read as a reference to IAS 39 *Financial Instruments: Recognition and Measurement*.

Article 2

Each company shall apply the amendments referred to in Article 1(1), at the latest, as from the commencement date of its first financial year starting on or after 1 January 2013.

Article 3

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 4 March 2013.

For the Commission

The President

José Manuel BARROSO

([1]) OJ L 243, 11.9.2002, p. 1.

([2]) OJ L 320, 29.11.2008, p. 1.

ANNEX

INTERNATIONAL ACCOUNTING STANDARDS

IFRS 1	**IFRS 1 First-time Adoption of International Financial Reporting Standards- *Government Loans***

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*

Government Loans

Paragraphs 39N and 39O are added and B1 is amended.

39N *Government Loans* (Amendments to IFRS 1), issued in March 2012, added paragraphs B1(f) and B10–B12. An entity shall apply those paragraphs for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

39O Paragraphs B10 and B11 refer to IFRS 9. If an entity applies this IFRS but does not yet apply IFRS 9, the references in paragraphs B10 and B11 to IFRS 9 shall be read as references to IAS 39 *Financial Instruments: Recognition and Measurement*.

B1 An entity shall apply the following exceptions:

(a) derecognition of financial assets and financial liabilities (paragraphs B2 and B3);

(b) hedge accounting (paragraphs B4–B6);

(c) non-controlling interests (paragraph B7);

(d) classification and measurement of financial assets (paragraph B8);

(e) embedded derivatives (paragraph B9) and

(f) government loans (paragraphs B10–B12).

After paragraph B9 a heading and paragraphs B10–B12 are added.

Government loans

B10 A first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with IAS 32 *Financial Instruments: Presentation*. Except as permitted by paragraph B11, a first-time adopter shall apply the requirements in IFRS 9 *Financial Instruments* and IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to IFRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with IFRS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to IFRSs as the carrying amount of the loan in the opening IFRS statement of financial position. An entity shall apply IFRS 9 to the measurement of such loans after the date of transition to IFRSs.

B11 Despite paragraph B10, an entity may apply the requirements in IFRS 9 and IAS 20 retrospectively to any government loan originated before the date of transition to IFRSs, provided that the information needed to do so had been obtained at the time of initially accounting for that loan.

B12 The requirements and guidance in paragraphs B10 and B11 do not preclude an entity from being able to use the exemptions described in paragraphs D19–D19D relating to the designation of previously recognised financial instruments at fair value through profit or loss.