COMMISSION REGULATION (EU) No 301/2013

of 27 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 Annual Improvements to International Financial Reporting Standards, 2009-2011 Cycle

(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 17 May 2012, the International Accounting Standards Board (IASB) published Annual Improvements to International Financial Reporting Standards 2009-2011 Cycle (the improvements), in the framework of its regular improvement process which aims at streamlining and clarifying the standards. The objective of the improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2009 on areas of inconsistency in International Financial Reporting Standard (IFRSs) or where clarification of wording is required. Three of the improvements, namely the amendments to Appendix D of IFRS 1, International Accounting Standard (IAS) 16, and IAS 34, are clarifications or corrections of the respective standards. The other three improvements, namely the amendments to IFRS 1, IAS 1, and IAS 32, involve changes to the existing requirements or additional guidance on the implementation of those requirements.

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

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

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

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EC) No 1126/2008 is amended as follows:

(1) 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) International Accounting Standard (IAS) 1 *Presentation of Financial Statements* is amended as set out in the Annex to this Regulation;

(3) IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 34 *Interim Financial Reporting* are amended in accordance with IAS 1 as set out in the Annex to this Regulation;

(4) IAS 16 *Property, Plant and Equipment* is amended as set out in the Annex to this Regulation;

(5) IAS 32 *Financial Instruments: Presentation* is amended as set out in the Annex to this Regulation;

(6) International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments* is amended in accordance with IAS 32 as set out in the Annex to this Regulation;

(7) IAS 34 *Interim Financial Reporting* is amended as set out in the Annex to this Regulation.

Article 2

Each company shall apply the amendments referred to in Article 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*.

[1] OJ L 243, 11.9.2002, p. 1.
[2] OJ L 320, 29.11.2008, p. 1.

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

Done at Brussels, 27 March 2013.

For the Commission
The President
José Manuel BARROSO

ANNEX

INTERNATIONAL ACCOUNTING STANDARDS

IFRS 1	**IFRS 1 *First-time Adoption of International Financial Reporting Standards***
IAS 1	**IAS 1 *Presentation of Financial Statements***
IAS 16	**IAS 16 *Property, Plant and Equipment***
IAS 32	**IAS 32 *Financial Instruments: Presentation***
IAS 34	**IAS 34 *Interim Financial Reporting***

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

Paragraphs 4A–4B, 23A–23B and 39P are added.

SCOPE

4A Notwithstanding the requirements in paragraphs 2 and 3, an entity that has applied IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with IFRSs, must either apply this IFRS or else apply IFRSs retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Estimates and Errors* as if the entity had never stopped applying IFRSs.

4B When an entity does not elect to apply this IFRS in accordance with paragraph 4A, the entity shall nevertheless apply the disclosure requirements in paragraphs 23A–23B of IFRS 1, in addition to the disclosure requirements in IAS 8.

PRESENTATION AND DISCLOSURE

Explanation of transition to IFRSs

23A An entity that has applied IFRSs in a previous period, as described in paragraph 4A, shall disclose:

(a) the reason it stopped applying IFRSs; and

(b) the reason it is resuming the application of IFRSs.

23B When an entity, in accordance with paragraph 4A, does not elect to apply IFRS 1, the entity shall explain the reasons for electing to apply IFRSs as if it had never stopped applying IFRSs.

EFFECTIVE DATE

39P Annual Improvements 2009–2011 Cycle, issued in May 2012, added paragraphs 4A–4B and 23A–23B. An entity shall apply that amendment retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendment to Appendix D of IFRS 1 *First-time Adoption of International Financial Reporting Standards*

Paragraph D23 is amended and paragraph 39Q is added.

Borrowing costs

D23 A first-time adopter can elect to apply the requirements of IAS 23 from the date of transition or from an earlier date as permitted by paragraph 28 of IAS 23. From the date on which an entity that applies this exemption begins to apply IAS 23, the entity:

(a) shall not restate the borrowing cost component that was capitalised under previous GAAP and that was included in the carrying amount of assets at that date; and

(b) shall account for borrowing costs incurred on or after that date in accordance with IAS 23, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

EFFECTIVE DATE

39Q *Annual Improvements 2009–2011 Cycle,* issued in May 2012, amended paragraph D23. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendment to IAS 1 *Presentation of Financial Statements*

Paragraphs 10, 38 and 41 are amended. Paragraphs 39 and 40 are deleted. Paragraphs 38A–38D, 40A–40D and 139L are added (even though the content of paragraphs 38A and 38B is based on previous paragraphs 39 and 40 that have now been deleted) as well as the headings before paragraphs 38, 38C and 40A.

Complete set of financial statements

10 A complete set of financial statements comprises:

(a) a statement of financial position as at the end of the period;

(b) a statement of profit or loss and other comprehensive income for the period;

(c) a statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information;

(ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and

(f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

Comparative information

Minimum comparative information

38 Except when IFRSs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

38A An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity, and related notes.

38B In some cases, narrative information provided in the financial statements for the preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users may benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from the disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

Additional comparative information

38C An entity may present comparative information in addition to the minimum comparative financial statements required by IFRSs, as long as that information is prepared in accordance with IFRSs. This comparative information may consist of one or more statements referred to in paragraph 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements.

38D For example, an entity may present a third statement of profit of loss and other comprehensive income (thereby presenting the current period, the preceding period and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third statement of cash flows or a third statement of changes in equity (ie an additional financial statement comparative). The entity is required to present, in the notes to the financial statements, the comparative information related to that additional statement of profit or loss and other comprehensive income.

39 [Deleted]

40 [Deleted]

Change in accounting policy, retrospective restatement or reclassification

40A An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required in paragraph 38A if:

(a) **it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and**

(b) **the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.**

40B In the circumstances described in paragraph 40A, an entity shall present three statements of financial position as at:

(a) the end of the current period;

(b) the end of the preceding period; and

(c) the beginning of the preceding period.

40C When an entity is required to present an additional statement of financial position in accordance with paragraph 40A, it must disclose the information required by paragraphs 41–44 and IAS 8. However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period.

40D The date of that opening statement of financial position shall be as at the beginning of the preceding period regardless of whether an entity's financial statements present comparative information for earlier periods (as permitted in paragraph 38C).

41 If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):

(a) the nature of the reclassification;

(b) the amount of each item or class of items that is reclassified; and

(c) the reason for the reclassification.

TRANSITION AND EFFECTIVE DATE

139L *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraphs 10, 38 and 41, deleted paragraphs 39–40 and added paragraphs 38A–38D and 40A–40D. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Consequential amendments to other standards resulting from the amendment to IAS 1

The following amendments to other IFRSs are necessary to ensure consistency with the revised IAS 1.

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

Paragraph 21 is amended and paragraph 39R is added.

PRESENTATION AND DISCLOSURE

Comparative information

21 An entity's first IFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

EFFECTIVE DATE

39R *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraph 21. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendment to IAS 34 *Interim Financial Reporting*

Paragraph 5 is amended and paragraph 52 is added.

CONTENT OF AN INTERIM FINANCIAL REPORT

5 IAS 1 defines a complete set of financial statements as including the following components:

(a) a statement of financial position as at the end of the period;

(b) a statement of profit or loss and other comprehensive income for the period;

(c) a statement of changes in equity for the period;

(d) a statement of cash flows for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information;

(ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A of IAS 1; and

(f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D of IAS 1.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

EFFECTIVE DATE

52 *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraph 5 as a consequential amendment derived from the amendment to IAS 1 *Presentation of Financial Statements*. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendment to IAS 16 *Property, Plant and Equipment*

Paragraph 8 is amended and paragraph 81G is added.

RECOGNITION

8 Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this IFRS when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

EFFECTIVE DATE

81G *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraph 8. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendment to IAS 32 *Financial Instruments: Presentation*

Paragraphs 35, 37 and 39 are amended and paragraphs 35A and 97M are added.

PRESENTATION

Interest, dividends, losses and gains
(see also paragraph AG37)

35 Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument shall be recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

35A Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with IAS 12 *Income Taxes*.

37 An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

39 The amount of transaction costs accounted for as a deduction from equity in the period is disclosed separately in accordance with IAS 1.

EFFECTIVE DATE AND TRANSITION

97M *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraphs 35, 37 and 39 and added paragraph 35A. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Consequential amendments to other standards resulting from the amendment to IAS 32

The following amendments to other IFRSs are necessary to ensure consistency with the revised IAS 32.

Amendment to IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments*

Paragraph 11 is amended and paragraph 17 is added.

CONSENSUS

11 As required by paragraph 35 of IAS 32, distributions to holders of equity instruments are recognised directly in equity. Interest, dividends and other returns relating to financial instruments classified as financial liabilities are expenses, regardless of whether those amounts paid are legally characterised as dividends, interest or otherwise.

EFFECTIVE DATE

17 *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraph 11. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. If an entity applies that amendment to IAS 32 as a part of the *Annual Improvements 2009–2011 Cycle* (issued in May 2012) for an earlier period, the amendment in paragraph 11 shall be applied for that earlier period.

Amendment to IAS 34 *Interim Financial Reporting*

Paragraph 16A is amended and paragraph 53 is added.

CONTENT OF AN INTERIM FINANCIAL REPORT

Other disclosures

16A In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information in the notes to its interim financial statements, if not disclosed elsewhere in the interim financial report. The information shall normally be reported on a financial year-to-date basis.

(a) …

(g) the following segment information (disclosure of segment information is required in an entity's interim financial report only if IFRS 8 *Operating Segments* requires that entity to disclose segment information in its annual financial statements):

(i) …

(iv) a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

(v) …

(h) …

EFFECTIVE DATE

53 *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraph 16A. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.