Commission Regulation (EU) 2015/2173 of 24 November 2015 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 11 (Text with EEA relevance)

COMMISSION REGULATION (EU) 2015/2173

of 24 November 2015

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 11

(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 6 May 2014, the International Accounting Standards Board published amendments to International Financial Reporting Standard (IFRS) 11 *Joint Arrangements* entitled *Accounting for Acquisitions of Interests in Joint Operations*. The amendments provide new guidance on the accounting treatment of an acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.

(3) The amendments to IFRS 11 contain some references to IFRS 9 that at present cannot be applied as IFRS 9 has not been adopted by the Union. Therefore, any reference to IFRS 9 as laid down in the Annex to this Regulation should be read as a reference to International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement*.

(4) The consultation with the European Financial Reporting Advisory Group confirms that the amendments to IFRS 11 meet the 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:

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EU) 2015/2173. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Article 1

1 In the Annex to Regulation (EC) No 1126/2008, International Financial Reporting Standard (IFRS) 11 *Joint Arrangements* 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, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2016.

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, 24 November 2015.

For the Commission

The President

Jean-Claude JUNCKER

***Changes to legislation:** There are outstanding changes not yet made to Commission Regulation (EU) 2015/2173. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

ANNEX

Accounting for Acquisitions of Interests in Joint Operations(Amendments to IFRS 11)

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Amendments to IFRS 11 *Joint Arrangements*

Paragraph 21A is added. Paragraphs 20–21 have been included for ease of reference but are not amended.

Joint operations

20. A joint operator shall recognise in relation to its interest in a joint operation:

(a) **its assets, including its share of any assets held jointly;**

(b) **its liabilities, including its share of any liabilities incurred jointly;**

(c) **its revenue from the sale of its share of the output arising from the joint operation;**

(d) **its share of the revenue from the sale of the output by the joint operation; and**

(e) **its expenses, including its share of any expenses incurred jointly.**

21. A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

21A When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with paragraph 20, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this IFRS and disclose the information that is required in those IFRSs in relation to business combinations. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business. The accounting for the acquisition of an interest in such a joint operation is specified in paragraphs B33A–B33D.

In Appendix B, the main heading before paragraph B34 is amended and paragraphs B33A–B33D and their related heading are added.

Financial statements of parties to a joint arrangement (paragraphs 21A–22)

Accounting for acquisitions of interests in joint operations

B33A When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with paragraph 20, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this IFRS and disclose the information required by those IFRSs in relation to business combinations. The principles on business combinations accounting that do not conflict with the guidance in this IFRS include but are not limited to:

(a) measuring identifiable assets and liabilities at fair value, other than items for which exceptions are given in IFRS 3 and other IFRSs;

(b) recognising acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with the exception that the costs to issue debt