Commission Regulation (EU) No 1361/2014 of 18 December 2014 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 Standards 3 and 13 and International Accounting Standard 40 (Text with EEA relevance)

COMMISSION REGULATION (EU) No 1361/2014

of 18 December 2014

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 Standards 3 and 13 and International Accounting Standard 40

(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 12 December 2013, the International Accounting Standards Board (IASB) published Annual Improvements to International Reporting Standards 2011-2013 Cycle (the annual improvements), in the framework of its regular improvement process which aims at streamlining and clarifying the standards. The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in International Financial Reporting Standards (IFRS) or where clarification of wording is required. Amendments to IFRS 3 and 13 are clarifications or corrections to the respective standards. Amendments to International Accounting Standard (IAS) 40 involve changes to the existing requirements or additional guidance on the implementation of those requirements.

(3) Those amendments to existing standards contain some references to IFRS 9 that at present cannot be applied as IFRS 9 has not been adopted by the Union yet. Therefore any references 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 of the European Financial Reporting Advisory Group confirms that the improvements meet the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EU) No 1361/2014. 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*

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

a IFRS 3 *Business combinations* is amended as set out in the Annex to this Regulation;

b IFRS 13 *Fair value measurement* is amended as set out in the Annex to this Regulation;

c IAS 40 *Investment property* 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*.

[[X1]*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 2015.**]**

Editorial Information

X1 Substituted by Corrigendum to Commission Regulation (EU) No 1361/2014 of 18 December 2014 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 Standards 3 and 13 and International Accounting Standard 40 (Official Journal of the European Union L 365 of 19 December 2014).

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.

***Changes to legislation:** There are outstanding changes not yet made to Commission Regulation (EU) No 1361/2014. 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

Annual Improvements to IFRSs 2011–2013 Cycle[(3)]

Amendment to IFRS 3 *Business Combinations*

Paragraph 2 is amended and paragraph 64J is added.

SCOPE

2 This IFRS applies to a transaction or other event that meets the definition of a business combination. This IFRS does not apply to:

(a) the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

(b) …

Effective date

…

64J *Annual Improvements Cycle 2011–2013* issued in December 2013 amended paragraph 2(a). An entity shall apply that amendment prospectively for annual periods beginning on or after 1 July 2014. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendment to IFRS 13 *Fair Value Measurement*

Paragraph 52 is amended and paragraph C4 is added.

Application to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk

…

52 The exception in paragraph 48 applies only to financial assets, financial liabilities and other contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*. The references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 *Financial Instruments: Presentation*.

…

Appendix E Effective date and transition

…

C4 *Annual Improvements Cycle 2011–2013* issued in December 2013 amended paragraph 52. An entity shall apply that amendment for annual periods beginning on or after 1 July 2014. An entity shall apply that amendment prospectively from the beginning of the annual period in which IFRS 13 was initially applied. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.

Amendment to IAS 40 *Investment Property*

Before paragraph 6, a heading is added. Paragraph 14A is added. After paragraph 84 a heading and paragraphs 84A and 85D are added.

Classification of property as investment property or owner-occupied property

6 A *property interest* that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, the property would