Commission Regulation (EU) No 313/2013 of 4 April 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 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to International Financial Reporting Standards 10, 11, and 12) (Text with EEA relevance)

COMMISSION REGULATION (EU) No 313/2013

of 4 April 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 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to International Financial Reporting Standards 10, 11, and 12)

(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 28 June 2012, the International Accounting Standards Board (IASB) published amendments to International Financial Reporting Standard (IFRS) 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities* (the amendments) resulting from proposals contained in its exposure draft *Transition Guidance* that was published in December 2011. The objective of the amendments is to clarify the IASB's intention when first issuing the transition guidance in IFRS 10. The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied.

(3) The amendments to IFRS 11 contain 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 International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement.*

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EU) No 313/2013. 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*

(4) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that the amendments to IFRS 10, IFRS 11, and IFRS 12 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 The Annex to Regulation (EC) No 1126/2008 is amended as follows:

a International Financial Reporting Standard (IFRS) 10 *Consolidated Financial Statements* is amended as set out in the Annex to this Regulation;

b IFRS 11 *Joint Arrangements* is amended as set out in the Annex to this Regulation;

c IFRS 1 *First-time Adoption of International Financial Reporting Standards* is amended in accordance with IFRS 11 as set out in the Annex to this Regulation;

d IFRS 12 *Disclosure of Interests in Other Entities* 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 International Accounting Standards (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 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.

Done at Brussels, 4 April 2013.

For the Commission

The President

José Manuel BARROSO

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ANNEX

INTERNATIONAL ACCOUNTING STANDARDS

IFRS 10	**IFRS 10** ***Consolidated Financial Statements***
IFRS 11	**IFRS 11** ***Joint Arrangements***
IFRS 12	**IFRS 12** ***Disclosure of Interests in Other Entities***

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Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
(Amendments to IFRS 10, IFRS 11 and IFRS 12)
Amendments to IFRS 10 *Consolidated Financial Statements*

In Appendix C, paragraph C1A is added.

C1A *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11 and IFRS 12), issued in June 2012, amended paragraphs C2–C6 and added paragraphs C2A–C2B, C4A–C4C, C5A and C6A–C6B. An entity shall apply those amendments for annual periods beginning on or after 1 January 2013. If an entity applies IFRS 10 for an earlier period, it shall apply those amendments for that earlier period.

In Appendix C, paragraph C2 is amended.

C2 An entity shall apply this IFRS retrospectively, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, except as specified in paragraphs C2A–C6.

In Appendix C, paragraphs C2A–C2B are added.

C2A Notwithstanding the requirements of paragraph 28 of IAS 8, when this IFRS is first applied, an entity need only present the quantitative information required by paragraph 28(f) of IAS 8 for the annual period immediately preceding the date of initial application of this IFRS (the 'immediately preceding period'). An entity may also present this information for the current period or for earlier comparative periods, but is not required to do so.

C2B For the purposes of this IFRS, the date of initial application is the beginning of the annual reporting period for which this IFRS is applied for the first time.

In Appendix C, paragraphs C3–C4 are amended. Paragraph C4 has been divided into paragraphs C4 and C4A

C3 At the date of initial application, an entity is not required to make adjustments to the previous accounting for its involvement with either:

(a) entities that would be consolidated at that date in accordance with IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation—Special Purpose Entities* and, are still consolidated in accordance with this IFRS; or

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(b) entities that would not be consolidated at that date in accordance with IAS 27 and SIC-12 and, are not consolidated in accordance with this IFRS.

C4 If, at the date of initial application, an investor concludes that it shall consolidate an investee that was not consolidated in accordance with IAS 27 and SIC-12, the investor shall:

(a) if the investee is a business (as defined in IFRS 3 *Business Combinations*), measure the assets, liabilities and non-controlling interests in that previously unconsolidated investee as if that investee had been consolidated (and thus had applied acquisition accounting in accordance with IFRS 3) from the date when the investor obtained control of that investee on the basis of the requirements of this IFRS. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that control was obtained is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

  (i) the amount of assets, liabilities and non-controlling interests recognised; and

  (ii) the previous carrying amount of the investor's involvement with the investee.

(b) if the investee is not a business (as defined in IFRS 3), measure the assets, liabilities and non-controlling interests in that previously unconsolidated investee as if that investee had been consolidated (applying the acquisition method as described in IFRS 3 but without recognising any goodwill for the investee) from the date when the investor obtained control of that investee on the basis of the requirements of this IFRS. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that control was obtained is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

  (i) the amount of assets, liabilities and non-controlling interests recognised; and

  (ii) the previous carrying amount of the investor's involvement with the investee.

C4A If measuring an investee's assets, liabilities and non-controlling interests in accordance with paragraph C4(a) or (b) is impracticable (as defined in IAS 8), an investor shall:

(a) if the investee is a business, apply the requirements of IFRS 3 as of the deemed acquisition date. The deemed acquisition date shall be the beginning of the earliest period for which application of paragraph C4(a) is practicable, which may be the current period.

(b) if the investee is not a business, apply the acquisition method as described in IFRS 3 but without recognising any goodwill for the investee as of the deemed acquisition date. The deemed acquisition date shall be the beginning of the earliest period for which the application of paragraph C4(b) is practicable, which may be the current period.

The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the deemed acquisition date is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

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(c) the amount of assets, liabilities and non-controlling interests recognised; and

(d) the previous carrying amount of the investor's involvement with the investee.

If the earliest period for which application of this paragraph is practicable is the current period, the adjustment to equity shall be recognised at the beginning of the current period.

In Appendix C, paragraphs C4B–C4C are added.

C4B When an investor applies paragraphs C4–C4A and the date that control was obtained in accordance with this IFRS is later than the effective date of IFRS 3 as revised in 2008 (IFRS 3 (2008)), the reference to IFRS 3 in paragraphs C4 and C4A shall be to IFRS 3 (2008). If control was obtained before the effective date of IFRS 3 (2008), an investor shall apply either IFRS 3 (2008) or IFRS 3 (issued in 2004).

C4C When an investor applies paragraphs C4–C4A and the date that control was obtained in accordance with this IFRS is later than the effective date of IAS 27 as revised in 2008 (IAS 27 (2008)), an investor shall apply the requirements of this IFRS for all periods that the investee is retrospectively consolidated in accordance with paragraphs C4–C4A. If control was obtained before the effective date of IAS 27 (2008), an investor shall apply either:

(a) the requirements of this IFRS for all periods that the investee is retrospectively consolidated in accordance with paragraphs C4–C4A; or

(b) the requirements of the version of IAS 27 issued in 2003 (IAS 27 (2003)) for those periods prior to the effective date of IAS 27 (2008) and thereafter the requirements of this IFRS for subsequent periods.

In Appendix C, paragraphs C5–C6 are amended. Paragraph C5 has been divided into paragraphs C5 and C5A.

C5 If, at the date of initial application, an investor concludes that it will no longer consolidate an investee that was consolidated in accordance with IAS 27 and SIC-12, the investor shall measure its interest in the investee at the amount at which it would have been measured if the requirements of this IFRS had been effective when the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application. When the date that the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between:

(a) the previous carrying amount of the assets, liabilities and non-controlling interests; and

(b) the recognised amount of the investor's interest in the investee.

C5A If measuring the interest in the investee in accordance with paragraph C5 is impracticable (as defined in IAS 8), an investor shall apply the requirements of this IFRS at the beginning of the earliest period for which application of paragraph C5 is practicable, which may be the current period. The investor shall adjust retrospectively the annual period immediately preceding the date of initial application, unless the beginning of the earliest period for which application of this paragraph is practicable is the current period. When the date that the investor became involved with (but did not obtain control in accordance with this IFRS), or lost control of, the investee is earlier than the beginning of the immediately preceding period, the investor shall recognise, as an adjustment to equity at the beginning of the immediately preceding period, any difference between: