Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (Text with EEA relevance)

COMMISSION REGULATION (EC) No 1126/2008

of 3 November 2008

adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

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) Regulation (EC) No 1606/2002 requires that for each financial year starting on or after 1 January 2005, publicly traded companies governed by the law of a Member State are, under certain conditions, to prepare their consolidated accounts in conformity with international accounting standards as defined in Article 2 of that Regulation.

(2) By Commission Regulation (EC) No 1725/2003 of 29 September 2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council[(2)], certain international standards and interpretations that were in existence at 14 September 2002 were adopted. The Commission, having considered the advice provided by the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG), has amended that Regulation in order to include all standards presented by the International Accounting Standards Board (IASB) as well as all interpretations presented by the International Financial Reporting Interpretations Committee (IFRIC) and adopted within the Community by 15 October 2008 in full, except for IAS 39 (related to recognition and measurement of financial instruments), of which limited parts have been omitted.

(3) The different international standards have been adopted by a number of amending regulations. This causes legal uncertainty and difficulty in correctly applying international accounting standards in the Community. In order to simplify Community legislation on accounting standards, it is appropriate, for the sake of clarity and transparency, to incorporate in a single text the standards presently contained in Regulation (EC) No 1725/2003 and the acts amending it.

(4) Regulation (EC) No 1725/2003 should therefore be replaced by this Regulation.

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EC) No 1126/2008. 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) 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 international accounting standards, as defined in Article 2 of Regulation (EC) No 1606/2002, shall be adopted as set out in the Annex hereto.

Article 2

Regulation (EC) No 1725/2003 is hereby repealed.

References to the repealed Regulation shall be construed as references to this Regulation.

Article 3

This Regulation shall enter into force on the third day following 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 (EC) No 1126/2008. 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

INTERNATIONAL ACCOUNTING STANDARDS

Reproduction allowed within the European Economic Area. All existing rights reserved outside the EEA, with the exception of the right to reproduce for the purposes of personal use or other fair dealing. Further information can be obtained from the IASB at www.iasb.org

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EC) No 1126/2008. 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*

[F1INTERNATIONAL ACCOUNTING STANDARD 1

Presentation of Financial Statements

OBJECTIVE

1 This Standard prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

SCOPE

2 An entity shall apply this Standard in preparing and presenting general purpose financial statements in accordance with International Financial Reporting Standards (IFRSs).

3 Other IFRSs set out the recognition, measurement and disclosure requirements for specific transactions and other events.

[F24 This Standard does not apply to the structure and content of condensed interim financial statements prepared in accordance with IAS 34 *Interim Financial Reporting*. However, paragraphs 15–35 apply to such financial statements. This Standard applies equally to all entities, including those that present consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements* and those that present separate financial statements in accordance with IAS 27 *Separate Financial Statements*.]

Textual Amendments

F2 Substituted by Commission Regulation (EU) No 1254/2012 of 11 December 2012 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 10, International Financial Reporting Standard 11, International Financial Reporting Standard 12, International Accounting Standard 27 (2011), and International Accounting Standard 28 (2011) (Text with EEA relevance).

5 This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. If entities with not-for-profit activities in the private sector or the public sector apply this Standard, they may need to amend the descriptions used for particular line items in the financial statements and for the financial statements themselves.

6 Similarly, entities that do not have equity as defined in IAS 32 *Financial Instruments: Presentation* (e.g. some mutual funds) and entities whose share capital is not equity (e.g. some co-operative entities) may need to adapt the financial statement presentation of members' or unitholders' interests.

DEFINITIONS

[F37 **The following terms are used in this Standard with the meanings specified:]**

General purpose financial statements (referred to as financial statements) are those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.

Impracticable Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

***Changes to legislation:** There are outstanding changes not yet made to Commission Regulation (EC) No 1126/2008. 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*

International Financial Reporting Standards (IFRSs) are Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise:

(a) International Financial Reporting Standards;

(b) International Accounting Standards; and

(c) Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

***[F4Material*:**

Textual Amendments

F4 Substituted by Commission Regulation (EU) 2019/2104 of 29 November 2019 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 Accounting Standards 1 and 8 (Text with EEA relevance).

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

(a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;

(b) information regarding a material item, transaction or other event is scattered throughout the financial statements;

(c) dissimilar items, transactions or other events are inappropriately aggregated;

(d) similar items, transactions or other events are inappropriately disaggregated; and

(e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and