Commission Regulation (EC) No 2238/2004 of 29 December 2004 amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards IASs IFRS 1, IASs Nos 1 to 10, 12 to 17, 19 to 24, 27 to 38, 40 and 41 and SIC Nos 1 to 7, 11 to 14, 18 to 27 and 30 to 33 (Text with EEA relevance)

COMMISSION REGULATION (EC) No 2238/2004

of 29 December 2004

amending Regulation (EC) No 1725/2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, as regards IASs IFRS 1, IASs Nos 1 to 10, 12 to 17, 19 to 24, 27 to 38, 40 and 41 and SIC Nos 1 to 7, 11 to 14, 18 to 27 and 30 to 33

(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) By Commission Regulation (EC) No 1725/2003[(2)], certain international standards and interpretations that were extant at 1 September 2002 were adopted.

(2) On 18 December 2003, the International Accounting Standard Board (IASB) published 13 revised International Accounting Standards and gave notice of the withdrawal of IAS 15 *Information reflecting the effects of changing prices*. The purpose of the revision was the further improvement of the quality and consistency of the body of existing International Accounting Standards (IASs).

(3) In general, the objectives of this improvement project were to reduce or eliminate alternatives, redundancies and conflicts within the standards, to deal with some convergence issues and to make improvements in the structure of existing IASs. Furthermore, IASB decided to incorporate existing interpretations into the improved standards in order to increase transparency and consistency and make the standards more comprehensive.

(4) The consultation with technical experts in the field confirms that the revised IASs meet the technical criteria for adoption set out in Article 3 of Regulation (EC) No 1606/2002, and in particular the requirement of being conducive to the European public good.

(5) The adoption of the standards of the 'Improvement projects' implies, by way of consequence, amendments to other international accounting standards and

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 2238/2004. (See end of Document for details)*

interpretations in order to ensure consistency between international accounting standards. Those consequential amendments are affecting International Financial Reporting Standard (IFRS) No 1, International Accounting Standards (IASs) Nos 7, 12, 14, 19, 20, 22, 23, 29, 30, 34, 35, 36, 37, 38 and 41 and interpretation by the Standard Interpretation Committee (SIC) Nos 7, 12, 13, 21, 22, 25, 27 and 32. By adoption of those standards the interpretations by the Standard Interpretation Committee (SIC) Nos 1, 2, 3, 6, 11, 14, 18, 19, 20, 23, 24, 30 and 33 are superseded.

(6) Regulation (EC) 1725/2003 should therefore be amended accordingly.

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

HAS ADOPTED THIS REGULATION:

Article 1

Annex to Regulation (EC) No 1725/2003 is amended as follows:

1. the International Accounting Standards (IASs) Nos 1, 2, 8, 10, 16, 17, 21, 24, 27, 28, 31, 33 and 40 are replaced by the text set out in the Annex to this Regulation;

2. IAS 15 and SIC Nos 1, 2, 3, 6, 11, 14, 18, 19, 20, 23, 24, 30 and 33 are deleted;

3. the adoption of IAS 1 implies, by way of consequence, amendments to IAS Nos 12, 19, 34, 35 and 41 in order to ensure consistency between international accounting standards;

4. the adoption of IAS 2 implies, by way of consequence, amendments to IAS 14 and IAS 34 in order to ensure consistency between international accounting standards;

5. the adoption of IAS 8 implies, by way of consequence, amendments to IFRS1, IAS Nos 7, 12, 14, 19, 20, 22, 23, 34, 35, 36, 37 and 38 and SIC Nos 12,13, 21, 22, 25, 27 and 31 in order to ensure consistency between international accounting standards;

6. the adoption of IAS 10 implies, by way of consequence, amendments to IAS Nos 22, 35 and 37 in order to ensure consistency between international accounting standards;

7. the adoption of IAS 16 implies, by way of consequence, amendments to IFRS1, IAS Nos 14, 34, 36, 37 and 38 and SIC Nos 13, 21 and 32 in order to ensure consistency between international accounting standards;

8. the adoption of IAS 21 implies, by way of consequence, amendments to IFRS1, IAS Nos 7, 12, 29, 34, 38 and 41 and SIC 7 in order to ensure consistency between international accounting standards;

9. the adoption of IAS 24 implies, by way of consequence, amendments to IAS 30 in order to ensure consistency between international accounting standards;

10. the adoption of IAS 27 implies, by way of consequence, amendments to IAS 22 and SIC 12 in order to ensure consistency between international accounting standards;

11. the adoption of IAS 31 implies, by way of consequence, amendments to SIC 13 in order to ensure consistency between international accounting standards.

Article 2

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Union.*

It shall apply from 1 January 2005 at the latest.

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

Done at Brussels, 29 December 2004.

For the Commission

Charlie McCREEVY

Member of the Commission

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 2238/2004. (See end of Document for details)*

ANNEX

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.uk

INTERNATIONAL ACCOUNTING STANDARD 1

Presentation of Financial Statements

This revised Standard supersedes IAS 1 (revised 1997) *Presentation of Financial Statements* and should be applied for annual periods beginning on or after 1 January 2005. Earlier application is encouraged.

OBJECTIVE

1. The objective of this Standard is to prescribe 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. To achieve this objective, this Standard sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The recognition, measurement and disclosure of specific transactions and other events are dealt with in other Standards and in Interpretations.

SCOPE

2. ***This Standard shall be applied to all general purpose financial statements prepared and presented in accordance with International Financial Reporting Standards (IFRSs).***

3. General purpose financial statements are those intended to meet the needs of users who are not in a position to demand reports tailored to meet their particular information needs. General purpose financial statements include those that are presented separately or within another public document such as an annual report or a prospectus. 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 13-41 apply to such financial statements. This Standard applies equally to all entities and whether or not they need to prepare consolidated financial statements or separate financial statements, as defined in IAS 27 *Consolidated and Separate Financial Statements*.

4. IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* specifies additional requirements for banks and similar financial institutions that are consistent with the requirements of this Standard.

5. This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. Entities with not-for-profit activities in the private sector, public sector or government seeking to apply this Standard 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: Disclosure and Presentation* (eg some mutual funds) and entities whose share capital is not equity (eg some co-operative entities) may need to adapt the presentation in the financial statements of members' or unitholders' interests.

PURPOSE OF FINANCIAL STATEMENTS

***Changes to legislation:** There are currently no known outstanding effects for the Commission Regulation (EC) No 2238/2004. (See end of Document for details)*

7. Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of general purpose financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of management's stewardship of the resources entrusted to it. To meet this objective, financial statements provide information about an entity's:

   (a) assets;

   (b) liabilities;

   (c) equity;

   (d) income and expenses, including gains and losses;

   (e) other changes in equity;

   and

   (f) cash flows.

   This information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

COMPONENTS OF FINANCIAL STATEMENTS

8. ***A complete set of financial statements comprises:***

   (a) ***a balance sheet;***

   (b) ***an income statement;***

   (c) ***a statement of changes in equity showing either:***

      (i) ***all changes in equity,***

      or

      (ii) ***changes in equity other than those arising from transactions with equity holders acting in their capacity as equity holders;***

   (d) ***a cash flow statement;***

   and

   (e) ***notes, comprising a summary of significant accounting policies and other explanatory notes.***

9. Many entities present, outside the financial statements, a financial review by management that describes and explains the main features of the entity's financial performance and financial position and the principal uncertainties it faces. Such a report may include a review of:

   (a) the main factors and influences determining financial performance, including changes in the environment in which the entity operates, the entity's response to those changes and their effect, and the entity's policy for investment to maintain and enhance financial performance, including its dividend policy;