Commission Regulation (EC) No 70/2009 of 23 January 2009 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 Improvements to International Financial Reporting Standards (IFRSs) (Text with EEA relevance)

COMMISSION REGULATION (EC) No 70/2009

of 23 January 2009

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 Improvements to International Financial Reporting Standards (IFRSs)

(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 1126/2008[(2)] certain international standards and interpretations that were extant at 15 October 2008 were adopted.

(2) In May 2008, the International Accounting Standards Board (IASB) published Improvements to International Financial Reporting Standards, hereinafter 'the Improvements', in the framework of its annual improvement process which aims at streamlining and clarifying the international accounting standards. The Improvements include 35 amendments to the existing international accounting standards divided into two parts, Part I contains amendments that result in accounting changes for presentation, recognition or measurement purposes, Part II relates to changes in terminology or to amendments of editorial nature.

(3) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that the Improvements meet the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002. In accordance with Commission Decision 2006/505/EC of 14 July 2006 setting up a Standards Advice Review Group to advise the Commission on the objectivity and neutrality of the European Financial Reporting Advisory Group's (EFRAG's) opinions[(3)], the Standards Advice Review Group considered EFRAG's opinion on endorsement and advised the Commission that it is well-balanced and objective.

(4) Regulation (EC) No 1126/2008 should therefore be amended accordingly.

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EC) No 70/2009. 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 Annex to Regulation (EC) No 1126/2008 is amended as follows:

1. International Financial Reporting Standard (IFRS) 5 is amended as set out in the Annex to this Regulation;

2. International Accounting Standard (IAS) 1, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40; IAS 41 are amended as set out in the Annex to this Regulation;

3. IFRS 1 is amended in accordance with the amendments to IFRS 5 as set out in the Annex to this Regulation;

4. IAS 7 is amended in accordance with the amendments to IAS 16 as set out in the Annex to this Regulation;

5. IFRS 7 and IAS 32 are amended in accordance with the amendments to IAS 28 and IAS 31 as set out in the Annex to this Regulation;

6. IAS 16 is amended in accordance with the amendments to IAS 40 as set out in the Annex to this Regulation;

7. IAS 41 is amended in accordance with the amendments to IAS 20 as set out in the Annex to this Regulation;

8. IFRS 5, IAS 2 and IAS 36 are amended in accordance with the amendments to IAS 41 as set out in the Annex to this Regulation.

Article 2

Each company shall apply the amendments to the standards referred to in points (2) and (4) to (8) of Article 1, at the latest, as from the commencement date of its first financial year starting after 31 December 2008.

Each company shall apply the amendments to the standards referred to in points (1) and (3) of Article 1, at the latest, as from the commencement date of its first financial year starting after 30 June 2009.

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 (EC) No 70/2009. 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*

Done at Brussels, 23 January 2009.

For the Commission

Charlie McCREEVY

Member of the Commission

Changes to legislation: *There are outstanding changes not yet made to Commission Regulation (EC) No 70/2009. 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

	Improvements to International Financial Reporting 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

IMPROVEMENTS TO IFRSs

PART I Amendments to International Financial Reporting Standard 5Non-current Assets Held for Sale and Discontinued OperationsParagraphs 8A, 36A and 44C are added.CLASSIFICATION OF NON-CURRENT ASSETS (OR DISPOSAL GROUPS) AS HELD FOR SALE8A

An entity that is committed to a sale plan involving loss of control of a subsidiary shall classify all the assets and liabilities of that subsidiary as held for sale when the criteria set out in paragraphs 6-8 are met, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale.

Presenting discontinued operations36A

An entity that is committed to a sale plan involving loss of control of a subsidiary shall disclose the information required in paragraphs 33–36 when the subsidiary is a disposal group that meets the definition of a discontinued operation in accordance with paragraph 32.

EFFECTIVE DATE44C

Paragraphs 8A and 36A were added by *Improvements to IFRSs* issued in May 2008. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. Earlier application is permitted. However, an entity shall not apply the amendments for annual periods beginning before 1 July 2009 unless it also applies IAS 27 (as amended in May 2008). If an entity applies the amendments before 1 July 2009 it shall disclose that fact. An entity shall apply the amendments prospectively from the date at which it first applied IFRS 5, subject to the transitional provisions in paragraph 45 of IAS 27 (amended May 2008).

Appendix Amendments to IFRS 1 Amendments to IFRS 5

Entities shall apply these amendments to IFRS 1 when they apply the related amendments to IFRS 5.

IFRS 1 ***First-time Adoption of International Financial Reporting Standards***

Paragraph 34C(c) is amended and paragraph 47L is added.

RECOGNITION AND MEASUREMENT

Exceptions to retrospective application Non-controlling interests

Exceptions to retrospective application of other IFRSs

34C A first-time adopter shall apply the following requirements of IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008) prospectively from the date of transition to IFRSs:

(a) …

(c) the requirements in paragraphs 34–37 for accounting for a loss of control over a subsidiary, and the related requirements of paragraph 8A of IFRS 5.

…

***Changes to legislation:** There are outstanding changes not yet made to Commission Regulation (EC) No 70/2009. 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*

EFFECTIVE DATE

47L Paragraph 34C was amended by *Improvements to IFRSs* issued in May 2008. An entity shall apply those amendments for annual periods beginning on or after 1 July 2009. If an entity applies IAS 27 (amended 2008) for an earlier period, the amendments shall be applied for that earlier period.

Amendments to International Accounting Standard 1 Presentation of Financial Statements (as revised in 2007)

Paragraphs 68 and 71 are amended. Paragraph 139C is added.

Statement of financial position

Current assets

68 The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be 12 months. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting period. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets classified as held for trading in accordance with IAS 39) and the current portion of non-current financial assets.

Current liabilities

71 Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within 12 months after the reporting period or held primarily for the purpose of trading. Examples are some financial liabilities classified as held for trading in accordance with IAS 39, bank overdrafts, and the current portion of non-current financial liabilities, dividends payable, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (ie are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within 12 months after the reporting period are non-current liabilities, subject to paragraphs 74 and 75.

TRANSITION AND EFFECTIVE DATE

139C Paragraphs 68 and 71 were amended by *Improvements to IFRSs* issued in May 2008. An entity shall apply those amendments for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.

Amendments to International Accounting Standard 16 Property, Plant and Equipment

Paragraphs 6 and 69 are amended. Paragraphs 68A and 81D are added.

DEFINITIONS

6 The following terms are used in this Standard with the meanings specified:

…

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

…

DERECOGNITION

68A However, an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amount when they cease to be rented and become held for sale. The proceeds from the sale of such assets shall be recognised as revenue in accordance with