Commission Regulation (EC) No 108/2006 of 11 January 2006 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 International Financial Reporting Standards (IFRS) 1, 4, 6 and 7, International Accounting Standards (IAS) 1, 14, 17, 32, 33, and 39, International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 6 (Text with EEA relevance)

COMMISSION REGULATION (EC) No 108/2006

of 11 January 2006

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 International Financial Reporting Standards (IFRS) 1, 4, 6 and 7, International Accounting Standards (IAS) 1, 14, 17, 32, 33, and 39, International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 6

(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 14 September 2002 were adopted.

(2) On 30 June 2005, the International Accounting Standards Board (IASB) issued Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and the Basis for Conclusions of IFRS 6 *Exploration for and evaluation of mineral resources*, to clarify the wording of an exception provided to first-time adopters of IFRSs who choose to adopt IFRS 6 before 1 January 2006.

(3) On 18 August 2005 the IASB published IFRS 7 *Financial instruments: Disclosure*. It introduces new requirements to improve the information on financial instruments that is given in entities' financial statements. It replaces IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and some of the requirements in IAS 32 *Financial Instruments: Disclosure and Presentation*.

(4) On 18 August 2005 the IASB also issued an Amendment to IAS 1 *Presentation of Financial Statements — Capital Disclosures* which introduces requirements for disclosures about an entity's capital.

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 108/2006. (See end of Document for details)*

(5) On 18 August 2005 the IASB issued Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 4 *Insurance Contracts — Financial Guarantee Contracts*. The amendments are intended to ensure that issuers of financial guarantee contracts include the resulting liabilities in their balance sheet.

(6) On 1 September 2005 the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 6 *Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment*, hereinafter 'IFRIC 6'. IFRIC 6 clarifies the accounting for liabilities for waste management costs.

(7) The consultation with technical experts in the field confirm that IFRS 1, IFRS 4, IFRS 7, IAS 1, IAS 39 and IFRIC 6 meet the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

(8) The adoption of IFRS 7 implies, by way of consequence, amendments to other international accounting standards in order to ensure consistency between international accounting standards. Those consequential amendments are affecting IFRS 1, IFRS 4, IAS 14, IAS 17, IAS 32, IAS 33, and IAS 39.

(9) Regulation (EC) No 1725/2003 should therefore be amended accordingly.

(10) 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. International Financial Reporting Standard (IFRS) 1 *First-time Adoption of IFRSs* is amended in accordance with Amendments to IFRS 1 and the Basis for Conclusions of IFRS 6 *Exploration for and evaluation of mineral resources* as set out in the Annex to this Regulation;

2. The International Accounting Standard (IAS) 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions is replaced by IFRS 7 *Financial instruments: Disclosure* as set out in the Annex to this Regulation;

3. International Accounting Standard (IAS) 1 *Presentation of Financial Statements — Capital Disclosures* is amended in accordance with the Amendment to IAS 1 as set out in the Annex to this Regulation;

4. IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 4 *Insurance Contracts* are amended in accordance with Amendments to IAS 39 and IFRS 4 as set out in the Annex to this Regulation;

5. International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 6 *Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment* is inserted as set out in the Annex to this Regulation;

6. The adoption of IFRS 7 implies, by way of consequence, amendments to IFRS 1 and 4 and IAS 14, IAS 17, IAS 32, IAS 33 and IAS 39 in accordance with Appendix C of IFRS 7 as set out in the Annex to this Regulation;

***Changes to legislation:** There are currently no known outstanding effects for the Commission Regulation (EC) No 108/2006. (See end of Document for details)*

7. IAS 32 is amended in accordance with the Amendments to IAS 39 and IFRS 4 as set out in the Annex to this Regulation.

Article 2

1 Each company shall apply the Amendment to IFRS 1 and the Amendments to IAS 39 and IFRS 4 as set out in the Annex to this Regulation as from the commencement date of its 2006 financial year at the latest.

2 Each company shall apply IFRS 7 and the Amendment to IAS 1 as set out in the Annex to this Regulation as from the commencement date of its 2007 financial year at the latest.

3 Each company shall apply IFRIC 6 as set out in the Annex to this Regulation as from the commencement date of its 2006 financial year at the latest.

However, companies with a December commencement date shall apply IFRIC 6 as from the commencement date of its 2005 financial year at the latest.

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, 11 January 2006.

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 108/2006. (See end of Document for details)*

ANNEX

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***Changes to legislation:** There are currently no known outstanding effects for the Commission Regulation (EC) No 108/2006. (See end of Document for details)*

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

This document sets out amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendments finalise proposals that were contained in an Exposure Draft of Proposed Amendments to this IFRS that was published on 29 April 2005.
Amendment to IFRS 1

Paragraph 36B and the preceding heading are amended as follows.
Exemption from the requirement to present comparative information for IFRS 6

36B An entity that adopts IFRSs before 1 January 2006 and chooses to adopt IFRS 6 *Exploration for and Evaluation of Mineral Resources* before 1 January 2006 need not apply the requirements of IFRS 6 to comparative information presented in its first IFRS financial statements.