

EN

F3/2005/...

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
COM(2005)

Draft

COMMISSION REGULATION (EC) No .../..

of [...]

**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 IFRS 1, and 6, IAS 1, 16, 19, 24, 38, 39, IFRIC 4 and IFRIC 5
(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 standards¹, and in particular Article 3 (1) thereof,

Whereas:

- (1) By Commission Regulation (EC) No 1725/2003² certain international standards and interpretations that were extant at 14 September 2002 were adopted, including IAS 19 *Employee benefits*.
- (2) On **9 December 2004**, the International Accounting Standards Board (IASB) published International Financial Reporting Standard (IFRS) 6 *Exploration for and evaluation of mineral resources* as an interim solution to enable entities within this sector to comply with IFRSs without the need for major changes to accounting practice. IFRS 6 permits entities that incur exploration and evaluation expenditure exemptions from some of the requirements of other IFRSs. In specified

¹ OJ L 243, 11.09.2003, p.1

² OJ L 261, 13.10.2003, p.1. Regulation as amended by Regulation (EC) No 707/2004 OJ L 111, 17.4.2004, p.3)

circumstances, such entities are allowed to continue with their existing accounting treatment for exploration and evaluation expenditure. The standard includes further guidance on the impairment indicators for exploration and evaluation assets and the impairment testing of such assets.

- (3) On **16 December 2004** the IASB issued an amendment to IAS 19 *Employee benefits*. It introduces a further option regarding the recognition of actuarial gains and losses for defined benefit pension plans. It now allows actuarial gains and losses to be recognised, in full, in a statement of recognised income and expense outside the income statement, that is, actuarial gains and losses can be recognised directly in equity. The amendment also specifies how group entities should account for defined benefit group plans in their separate financial statements and requires additional disclosures.
- (4) On **2 December 2004** the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 4 *Determining whether an arrangement contains a lease*. This Interpretation sets out criteria for determining whether an arrangement is, or contains, a lease, e.g. some take-or-pay contracts. IFRIC 4 clarifies under which circumstances these arrangements that do not take the legal form of a lease should, nonetheless, be accounted for in accordance with IAS 17 *Leases*.
- (5) On **16 December 2004** the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 5 *Rights to interests arising from decommissioning, restoration and environmental funds*. This Interpretation sets out how a contributor should account for its interest in a fund and how a contributor should account for additional contributions.
- (6) The Commission has concluded that these standards and interpretations meet the criteria for adoption set out in Article 3 (2) of Regulation (EC) No 1606/2002. The consultation with technical experts in the field also support that these standards and interpretations meet the technical criteria for adoption.
- (7) The adoption of the above mentioned standards implies, by way of consequence, amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IAS 1 *Presentation of Financial Statements*, IAS 16 *Property, Plant and Equipment*, IAS 24 *Related Party Disclosures*, IAS 38 *Intangible Assets* and IAS 39 *Financial Instruments: Recognition and Measurement* in order to ensure consistency between international accounting standards.
- (8) Regulation (EC) No 1725/2003 should therefore be amended accordingly.
- (9) 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 text of **IFRS 6 *Exploration for and evaluation of mineral resources*** is inserted as set out in the Annex to this Regulation.
- (2) The text of the **Amendment to IAS 19 *Employee benefits*** is inserted as set out in the Annex to this Regulation.
- (3) The text of **IFRIC Interpretation 4 *Determining whether an arrangement contains a lease*** is inserted as set out in the Annex to this Regulation.
- (4) The text of **IFRIC Interpretation 5 *Rights to interests arising from decommissioning, restoration and environmental funds*** is inserted as set out in the Annex to this Regulation.
- (5) The adoption of IFRS 6 implies, by way of consequence, amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* in order to ensure consistency between international accounting standards.
- (6) The adoption of the amendments to IAS 19 implies, by way of consequence, amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IAS 1 *Presentation of Financial Statements* and IAS 24 *Related Party Disclosures* in order to ensure consistency between international accounting standards.
- (7) The adoption of IFRIC 4 implies, by way of consequence, amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* in order to ensure consistency between international accounting standards.
- (8) The adoption of IFRIC 5 implies, by way of consequence, amendments to IAS 39 *Financial Instruments: Recognition and Measurement* in order to ensure consistency between international accounting standards.

Article 2

- (1) This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Union.
- (2) This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

For the Commission
Charlie McCREEVY
Member of the Commission

ANNEX

INTERNATIONAL FINANCIAL REPORTING STANDARDS	
IFRS 6	International Financial Reporting Standard (IFRS) 6 <i>Exploration for and evaluation of mineral resources</i>
IAS 19	Amendment to IAS 19 <i>Employee benefits</i>
IFRIC 4	IFRIC Interpretation 4 <i>Determining whether an arrangement contains a lease</i>
IFRIC 5	IFRIC Interpretation 5 <i>Rights to interests arising from decommissioning, restoration and environmental funds</i>

"Reproduction allowed within the European Economic Area. All existing rights reserved outside the EEE, 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"