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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
COM(2007)

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 International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 10

(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.
- (2) On 20 July 2006, the International Financial Reporting Interpretations Committee (IFRIC) published IFRIC Interpretation 10 *Interim Financial Reporting and Impairment*. IFRIC 10 clarifies that impairment losses on goodwill and certain financial assets ("available for sale" equity investments and unquoted equity instruments measured at cost) that are recognised in an interim financial statement

¹ OJ L 243, 11.9.2003, p. 1.

² OJ L 261, 13.10.2003, p.1. Regulation as last amended by Regulation (EC) No 1329/2006 (OJ L 247, 9.9.2006 p. 3)

must not be reversed in subsequent interim or annual financial statements. The Interpretation was required due to an apparent conflict between the requirements of International Accounting Standard (IAS) 34 Interim Financial Reporting and those in IAS 36 Impairment of assets and the impairment provisions related to certain financial assets in IAS 39 Financial instruments: Recognition and measurement.

- (3) The consultation with the Technical Expert Group (TEG) of the European Financial Reporting Advisory Group (EFRAG) confirms that IFRIC 10 meets the technical criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (4) Regulation (EC) No 1725/2003 should therefore be amended accordingly.
- (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 1725/2003 is amended as follows:

International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 10 *Interim Financial Reporting and Impairment*, is inserted as set out in the Annex to this Regulation.

Article 2

Each company shall apply IFRIC 10 as set out in the Annex to this Regulation as from the commencement date of its 2007 financial year at the latest, except for companies with a November or December commencement date which shall apply IFRIC 10 as from the commencement date of the 2006 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, [...]

For the Commission
Charlie McCREEVY
Member of the Commission

ANNEX

INTERNATIONAL FINANCIAL REPORTING STANDARDS	
IFRIC 10	Interpretation 10 <i>Interim Financial Reporting and Impairment</i>

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