COMMISSION REGULATION (EU) 2015/2406
of 18 December 2015

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

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 in existence at 15 October 2008 were adopted.

(2) On 18 December 2014, the International Accounting Standards Board (IASB) published amendments to International Accounting Standard 1 Presentation of Financial Statements entitled Disclosure Initiative. The amendments aim to improve the effectiveness of disclosure and to encourage companies to apply professional judgement in determining what information to disclose in their financial statements when applying IAS 1.

(3) Amendments to IAS 1 imply by way of consequence amendments to IAS 34 and International Financial Reporting Standard (IFRS) 7 in order to ensure consistency between international accounting standards.

(4) The consultation with the European Financial Reporting Advisory Group confirms that the amendments to IAS 1 meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.

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

(6) 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:

(a) International Accounting Standard (IAS) 1 Presentation of Financial Statements is amended as set out in the Annex to this Regulation;

(b) IAS 34 Interim Financial Reporting and International Financial Reporting Standard (IFRS) 7 Financial Instruments: Disclosures are amended in accordance with the amendments to IAS 1 as set out in the Annex to this Regulation.

Article 2

Each company shall apply the amendments referred to in Article 1 at the latest, as from the commencement date of its first financial year starting on or after 1 January 2016.

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, 18 December 2015,

For the Commission

The President

Jean-Claude JUNCKER
ANNEX

Disclosure Initiative

(Amendments to IAS 1)

Amendments to

IAS 1 Presentation of Financial Statements

Paragraphs 10, 31, 54–55, 82A, 85, 113–114, 117, 119 and 122 are amended, paragraphs 30A, 55A, 85A–85B and 139P are added and paragraphs 115 and 120 are deleted. Paragraphs 29–30, 112, 116, 118 and 121 have not been amended but are included for ease of reference.

Complete set of financial statements

10. A complete set of financial statements comprises:

(a) a statement of financial position as at the end of the period;
(b) a statement of profit or loss and other comprehensive income for the period;
(c) a statement of changes in equity for the period;
(d) a statement of cash flows for the period;
(e) notes, comprising significant accounting policies and other explanatory information;
(ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and
(f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title ‘statement of comprehensive income’ instead of ‘statement of profit or loss and other comprehensive income’.

...

Materiality and aggregation

29. An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

30. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.

30A When applying this and other IFRSs an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
Some IFRSs specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance.

Information to be presented in the statement of financial position

54. The statement of financial position shall include line items that present the following amounts:

(a) …

55. An entity shall present additional line items (including by disaggregating the line items listed in paragraph 54), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity’s financial position.

55A When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:

(a) be comprised of line items made up of amounts recognised and measured in accordance with IFRS;

(b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;

(c) be consistent from period to period, in accordance with paragraph 45; and

(d) not be displayed with more prominence than the subtotals and totals required in IFRS for the statement of financial position.

Information to be presented in the other comprehensive income section

82A The other comprehensive income section shall present line items for the amounts for the period of:

(a) items of other comprehensive income (excluding amounts in paragraph (b)), classified by nature and grouped into those that, in accordance with other IFRSs:

(i) will not be reclassified subsequently to profit or loss; and

(ii) will be reclassified subsequently to profit or loss when specific conditions are met.

(b) the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other IFRSs:

(i) will not be reclassified subsequently to profit or loss; and

(ii) will be reclassified subsequently to profit or loss when specific conditions are met.

85. An entity shall present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity’s financial performance.

85A When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:

(a) be comprised of line items made up of amounts recognised and measured in accordance with IFRS;

(b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
(c) be consistent from period to period, in accordance with paragraph 45; and

(d) not be displayed with more prominence than the subtotals and totals required in IFRS for the statement(s) presenting profit or loss and other comprehensive income.

85B An entity shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with paragraph 85 with the subtotals or totals required in IFRS for such statement(s).

... Structure

112. The notes shall:

(a) present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 117–124;

(b) disclose the information required by IFRSs that is not presented elsewhere in the financial statements; and

(c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

113. An entity shall, as far as practicable, present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes.

114. Examples of systematic ordering or grouping of the notes include:

(a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;

(b) grouping together information about items measured similarly such as assets measured at fair value; or

(c) following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:

(i) statement of compliance with IFRSs (see paragraph 16);

(ii) significant accounting policies applied (see paragraph 117);

(iii) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and

(iv) other disclosures, including

(1) contingent liabilities (see IAS 37) and unrecognised contractual commitments; and

(2) non-financial disclosures, eg the entity’s financial risk management objectives and policies (see IFRS 7).

115. [Deleted]

116. An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements.
Disclosure of accounting policies

117. An entity shall disclose its significant accounting policies comprising:
   (a) the measurement basis (or bases) used in preparing the financial statements; and
   (b) the other accounting policies used that are relevant to an understanding of the financial statements.

118. It is important for an entity to inform users of the measurement basis or bases used in the financial statements (for example, historical cost, current cost, net realisable value, fair value or recoverable amount) because the basis on which an entity prepares the financial statements significantly affects users' analysis. When an entity uses more than one measurement basis in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.

119. In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in IFRSs. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see IAS 40 Investment Property). Some IFRSs specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, IAS 16 requires disclosure of the measurement bases used for classes of property, plant and equipment.

120. [Deleted]

121. An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by IFRSs but the entity selects and applies in accordance with IAS 8.

122. An entity shall disclose, along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

TRANSITION AND EFFECTIVE DATE

139P Disclosure Initiative (Amendments to IAS 1), issued in December 2014, amended paragraphs 10, 31, 54–55, 82A, 85, 113–114, 117, 119 and 122, added paragraphs 30A, 55A and 85A–85B and deleted paragraphs 115 and 120. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28–30 of IAS 8 in relation to these amendments.

Consequential amendments to other Standards

IFRS 7 Financial Instruments: Disclosures

Paragraph 21 is amended and paragraph 44BB is added.

Accounting policies

21. In accordance with paragraph 117 of IAS 1 Presentation of Financial Statements (as revised in 2007), an entity discloses its significant accounting policies comprising the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements.
EFFECTIVE DATE AND TRANSITION

…

44BB Disclosure Initiative (Amendments to IAS 1), issued in December 2014, amended paragraphs 21 and B5. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application of those amendments is permitted.

In Appendix B, paragraph B5 is amended.

Other disclosure — accounting policies (paragraph 21)

B5 Paragraph 21 requires disclosure of the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. For financial instruments, such disclosure may include:

(a) …

Paragraph 122 of IAS 1 (as revised in 2007) also requires entities to disclose, along with its significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

IAS 34 Interim Financial Reporting

Paragraph 5 is amended and paragraph 57 is added.

CONTENT OF AN INTERIM FINANCIAL REPORT

5. IAS 1 defines a complete set of financial statements as including the following components:

…

(e) notes, comprising significant accounting policies and other explanatory information;

…

EFFECTIVE DATE

…

57. Disclosure Initiative (Amendments to IAS 1), issued in December 2014, amended paragraph 5. An entity shall apply that amendment for annual periods beginning on or after 1 January 2016. Earlier application of that amendment is permitted.