

II

(Non-legislative acts)

REGULATIONS

COMMISSION REGULATION (EU) 2019/237

of 8 February 2019

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 International Accounting Standard 28

(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 12 October 2017, the International Accounting Standards Board (IASB) published Long Term Interests in Associates and Joint Ventures (Amendments to IAS 28), in the framework of its regular improvement process which aims at streamlining and clarifying the standards. The objective of the amendments is to clarify that the impairment requirements of International Financial Reporting Standard (IFRS) 9 *Financial Instruments* apply to Long Term Interests in Associates and Joint Ventures.
- (3) Following the consultation with the European Financial Reporting Advisory Group, the Commission concludes that the amendments to International Accounting Standard (IAS) 28 *Investments in Associates and Joint Ventures* meet the criteria for adoption set out in Article 3(2) of Regulation (EC) No 1606/2002.
- (4) Regulation (EC) No 1126/2008 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

In the Annex to Regulation (EC) No 1126/2008, International Accounting Standard (IAS) 28 *Investments in Associates and Joint Ventures* is amended 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 2019.

⁽¹⁾ OJ L 243, 11.9.2002, p. 1.

⁽²⁾ Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1).

Article 3

This Regulation shall enter into force on the twentieth 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, 8 February 2019.

For the Commission
The President
Jean-Claude JUNCKER

ANNEX

Long-term Interests in Associates and Joint Ventures

(Amendments to IAS 28)

Amendments to IAS 28 Investments in Associates and Joint Ventures

Paragraphs 14A and 45G-45K are added and paragraph 41 is deleted.

EQUITY METHOD

14A An entity also applies IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture (see paragraph 38). An entity applies IFRS 9 to such long-term interests before it applies paragraph 38 and paragraphs 40-43 of this Standard. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying this Standard.

APPLICATION OF THE EQUITY METHOD

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41. [Deleted]

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EFFECTIVE DATE AND TRANSITION

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45G *Long-term Interests in Associates and Joint Ventures*, issued in October 2017, added paragraph 14A and deleted paragraph 41. An entity shall apply those amendments retrospectively in accordance with IAS 8 for annual reporting periods beginning on or after 1 January 2019, except as specified in paragraphs 45H-45K. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

45H An entity that first applies the amendments in paragraph 45G at the same time it first applies IFRS 9 shall apply the transition requirements in IFRS 9 to the long-term interests described in paragraph 14A.

45I An entity that first applies the amendments in paragraph 45G after it first applies IFRS 9 shall apply the transition requirements in IFRS 9 necessary for applying the requirements set out in paragraph 14A to long-term interests. For that purpose, references to the date of initial application in IFRS 9 shall be read as referring to the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application of the amendments). The entity is not required to restate prior periods to reflect the application of the amendments. The entity may restate prior periods only if it is possible without the use of hindsight.

45J When first applying the amendments in paragraph 45G, an entity that applies the temporary exemption from IFRS 9 in accordance with IFRS 4 *Insurance Contracts* is not required to restate prior periods to reflect the application of the amendments. The entity may restate prior periods only if it is possible without the use of hindsight.

45K If an entity does not restate prior periods applying paragraph 45I or paragraph 45J, at the date of initial application of the amendments it shall recognise in the opening retained earnings (or other component of equity, as appropriate) any difference between:

- (a) the previous carrying amount of long-term interests described in paragraph 14A at that date; and
 - (b) the carrying amount of those long-term interests at that date.
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