

Dresden, 29th – 30th October 2009

**III WG ON IFRS IMPACT AND
CBSO DATABASES**

Document n^o 4

Annex 1

Impact of IFRS issued in 2008 on ECCBSO formats

European Committee of Central Balance Sheet Data Offices (ECCBSO)

CONTENTS

- I. Introduction
 - II. Changes in ECCBSO's formats due to improvements and feedback received
 - III. Changes in ECCBSO's formats due to IFRS issued in 2008
 - III.1. Impacts on the extended format
 - III.2. Impacts on the reduced format
 - IV. Conclusions
- Appendix 1. IFRS issued in 2008
- Appendix 2. Items of the formats affected by 2008 revision

Members of the III WG on IFRS impact and CBSO databases						
Manuel Ortega (chairman)	manuel.ortega@bde.es	Banco de España		Vincenzo Favale	v.favale@centraledei bilanci.it	Centrale dei Bilanci
Jesús María Martínez	martinez.moreno@bde.es	Banco de España		Dominik Elgg	dominik.elgg@bund esbank.de	Deutsche Bundesbank
Antonio Sánchez	antonio.sanchez@bde.es	Banco de España		Sabine Wukovits	Sabine.Wukovits@oenb.co.at	Oesterreichische Nationalbank
Ana Bárbara Pinto	apinto@bportugal.pt	Banco de Portugal		Olga Limperopoulou	olimperopoulou@bankofgreece.gr	Bank of Greece
Margarida Ramos	mpramos@bportugal.pt	Banco de Portugal		Carlos Sánchez Muñoz (observer)	carlos.sanchez_munoz@ecb.int	European Central Bank
Jean Luc Cayssials	jean-luc.cayssials@banque-france.fr	Banque de France		Olivier Servais (observer)	oservais@iasb.org.uk	IASCF-XBRL
Camille Dümm	camille.dumm@nbb.be	Banque Nationale de Belgique		Maciej Piechocki (observer)	mpiechocki@iasb.org	IASCF-XBRL
Saskia Vennix	saskia.vennix@nbb.be	Banque Nationale de Belgique				

I. INTRODUCTION

One of the targets of the III Working Group on IFRS impact and CBSO databases has been the definition of a common format based on IFRS. The extended and reduced versions of this format are revised annually, in order to consider feedback from work with them as well as new developments on IFRS during the year. Therefore, formats approved in Brussels in October 2008 were revised in May 2009 and presented to the III WG in May 2009 for approval. Due to the short time available for revision of the formats in 2009, it has been the aim of the III WG to amend them as little as possible and to undertake a major revision of them in late 2009.

The aim of this document is to analyse the impact in the extended and reduced formats derived from those changes occurred in IFRS during 2008, as a mean to identify in advance the possible losses of information and/or new items. With that purpose, next chapter discusses changes in the format as a consequence of the feedback received during the year; while the third is focused on impacts in both the extended and the reduced format from the issuance of IFRS, IFRIC and amendments to them. Finally, the fourth chapter contains the main conclusions brought in this work. The document is accompanied with two appendixes, the first of them listing standards, interpretations and amendments issued by IASB in 2008, whereas the second appendix details line items of the formats affected by the 2009 revision.

II. CHANGES IN ECCBSO'S FORMATS DUE TO IMPROVEMENTS AND FEEDBACK RECEIVED

From June 2008 and due to the work performed by the III WG with real cases, some improvement actions on the formats were detected. Unless otherwise specified, changes refer to both the reduced and the extended format. Following the order of the extended format, they could be listed as follows:

Options IFRS:

1. In the reduced format, when the method used for the presentation of the statement of cash flows is selected (CBSO code 81), it is automatically filled in the spreadsheet disclosing the statement of cash flows.

Income statement:

2. The item "3. Gain (loss) in changes in fair value of non-current assets" has been allowed to have negative values.
3. In the income statement by nature of the reduced format, the conditional formula in the item "of which, (-) interest expense" has been corrected.

Statement of comprehensive income

4. The formulae in "Profit (loss)", "Other comprehensive income for the period, net of tax", "1.2. Available-for-sale financial assets" and "1.3. Cash flow hedges" have been corrected.

Balance sheet

5. Biological assets are all classified as non-current, in line with the treatment given by the IFRS taxonomy. Therefore, the line items concerning the current portion of biological assets have been removed from the formats. These lines were hardly filled in in previous versions of the ERICA database and the impact of this amendment is expected not to be significant at all.
6. A footnote has been added explaining that advance payments on inventories are included in "19. Remaining assets".

Statement of changes in equity:

7. In the reduced format, the spreadsheet explaining the accounting for of the profit of the year and dividends paid has been moved to the methodological note.

8. The term “Issuance of shares” has been replaced by “Issue of shares”.

Statement of cash flows:

9. The formulae for “IV. Net cash flows from (used in) financing activities” and “II. Net cash flows from (used in) operating activities” have been corrected in the reduced format.

Notes:

10. In the reduced format, an explanatory footnote has been added to the item “Additions from internal and external development, development costs”, stating that those costs which were capitalised during the period shall be reported there.

11. In the reduced format, the line item “11. Transfers from (to) other items” has been allowed to have negative values.

12. In the reduced format, the formulae of “16. Non-current assets, ending balance” and “8. Provisions, ending balance” have been corrected.

Besides, some CBSO codes have changed for some items of the reduced format. The content of these elements is not the same than in the previous year, since, for example, the breakdown where they are included has been modified. In order to keep comparability across years, the following table summarizes CBSO codes changes for this reason (not for creation of new lines)¹:

Line item	Statement	CBSO code	
		2009	2008
Investment property	Assets	310	31
Construction in progress, net	Assets and Note	303	302

¹ To the extent possible, those lines items arising from the merger of two already existing lines have received a CBSO code, where it is stated that the new item is the addition of the previous. For example, if former lines A and B had CBSO codes 54 and 55, the new line item C (defined as A + B) has been assigned the code 54/55.

III. CHANGES IN ECCBSO'S FORMATS DUE TO IFRS ISSUED IN 2008

III.1. IMPACTS ON THE EXTENDED FORMAT

Leaving aside improvements derived from the feedback received from the III WG members who worked with real cases, the issuance of new IFRS and Interpretations obliged the III WG to add, amend and remove elements from the formats. Those changes affecting the extended format are summarized in the following paragraphs.

Options IFRS:

1. The option to early apply the revised IAS 1 and the revised IAS 23 has been removed since from 2009 on it must be compulsory applied by all IFRS-compliant entities.

Business combinations

2. References to the items on the acquisitions during the accounting period have been updated to the revised IFRS 3.

Income statement:

3. According to IFRIC 15, revenue arising from construction contracts classified as a sale of goods (which, therefore, meets the requirements in paragraph 14 of IAS 18) must be disclosed. Consequently, a new item has been added to the income statement by nature, as a fourth component of "Turnover".
4. The reference and the name of "Negative goodwill immediately recognized" have been adapted to the revised version of IFRS 3. The item is now referred as "Gain arisen from a bargain purchase (negative goodwill)".

Balance sheet:

5. In the improvements to IFRS for year 2008, the accounting treatment of investment property under construction or development was changed: before it was classified as property, plant and equipment and from 2008 onwards it should be included within investment property. Hence, a third component has been added to the breakdown of investment property.

Notes:

6. In line with the improvement commented above, the notes for property, plant and equipment and investment property have been amended as well.
7. The wording of “Gain (loss) arising on changes in fair value less costs to sell” has been adapted to the improvements to IFRS for year 2008.
8. A new note has been created containing the information requirements of the amendments to IAS 39 regarding reclassifications of financial assets, issued in October 2008. This new note, if kept in the next version of the format, could be complemented in the next revision of the format with the disclosures on fair value hierarchies and on liquidity risks, as required by the latest amendments to IFRS 7 issued in March 2009.

III.2. IMPACTS ON THE REDUCED FORMAT

The reduced format is based on the extended format, which has been defined from a theoretical point of view containing all the information required by IFRS, whereas the reduced format only considers those elements defined as essential by the III WG, together with some minor coherence adjustments. The changes to the reduced format as a consequence of IFRS issued during 2008 are the following:

Business combinations:

1. References to the items on the acquisitions during the accounting period have been updated to the revised IFRS 3.

Income statement:

2. The reference and the name of “Negative goodwill immediately recognized” have been adapted to the revised version of IFRS 3. The item is now referred as “Gain arisen from a bargain purchase (negative goodwill)”.

Balance sheet:

3. In the improvements to IFRS for year 2008, the accounting treatment of investment property under construction or development was changed: before it was classified as property, plant and

equipment and from 2008 onwards it should be included within investment property. Hence, investment property will also contain those which are in construction or under development.

Note:

4. The wording of “Gain (loss) arising on changes in fair value less costs to sell” has been adapted to the improvements to IFRS for year 2008.

IV. CONCLUSIONS

The work performed by the III WG in the definition of an IFRS-based common format was achieved after long discussions between years 2003 and 2005, implying an important workload. However, as IFRS are not stable in time and new standards, interpretations and amendments are constantly being issued, the III WG decided to review its formats annually, in order to adapt them to changes in IFRS, as well as to take into consideration feedback received from III WG members. Moreover, the identification and knowledge of changes in these formats due to new IFRS issued in the previous year (for the purpose of this document, in year 2008), is considered a valuable and powerful tool in order to forecast and assess the foreseeable impact of these changes in the national databases.

The following chart summarizes the main changes in the formats (extended and/or reduced, as detailed for each row) from the issuance of IFRS during 2008, making reference to the standard which gave rise to each one of them:

Options IFRS	Revised IAS 1 and Revised IAS 23 are compulsorily applied from January 2009 on. Thus, the options have been removed from the extended format.	Extended	Revised IAS1 and Revised IAS 23
Income statement	A line has been added in the breakdown of turnover, disclosing revenue arisen from construction contracts meeting the requirements of IAS 18.	Extended	IFRIC 15
Balance sheet & note	Investment property under construction or development is now accounted for as investment property and not as property, plant and equipment.	Extended Reduced	Improvements 2008
Note	A new note has been created showing the disclosures required by the amendments to IAS 39 concerning reclassifications of financial assets.	Extended	Amendments IAS 39

From those impacts identified in this document, it can be stated that new standards, new interpretations and amendments will not significantly impact the reduced format and the work with real cases in 2009. The impact is larger, although still not significant in general terms, in the extended format, due to its theoretical nature, as it should contain all the information disclosures required by IFRS.

Besides, a certain amount of the changes to the formats do not arise from the issuance of new standards by IASB but are the outcome of the feedback generated in the work with real cases, what points out that real cases are an useful tool as they provide valuable feedback on the IFRS-

based information contained in financial statements of European groups. On this purpose, the process of revision of the formats can be considered as a necessary enhancement of them. The most significant of them in 2009 refers to the classification of all biological assets as non-current, according to the treatment in the IFRS taxonomy and given the fact that no real cases disclosed current biological assets in previous years.

APPENDIX 1. IFRS ISSUED IN 2008

Standards, interpretations and amendments issued by IASB in 2008 and considered in the revision of the formats are listed below:

January 2008	Amendments to IFRS 2 – Vesting conditions and cancellations
January 2008	Revised IFRS 3 – Business combinations and Revised IAS 27 – Consolidate and separate financial statements
February 2008	Amendments to IAS 32 and IAS 1 – Puttable financial instruments and obligations arising on liquidation
May 2008	Amendments to IFRS 1 and IAS 27 – Cost of investments in subsidiaries, associates and jointly controlled entities
May 2008	Improvements to International Financial Reporting Standards
July 2008	Amendments to IAS 39 – Eligible hedged items
July 2008	IFRIC 15 – Agreements for the construction of real estate
July 2008	IFRIC 16 – Hedges of a net investment in a foreign operation
October 2008	Amendments to IAS 39 and IFRS 7 – Reclassification of financial assets
November 2008	Revised IFRS 1 – First-time adoption of IFRS
November 2008	IFRIC 17 – Distribution of non-cash assets to owners

Besides, also the Revised IAS 1 and the Revised IAS 23 (issued in 2007) were taken into consideration in the revision, since they fully came into force in January 2009.

APPENDIX 2. ITEMS OF THE FORMATS AFFECTED BY 2008 REVISION²

GENERAL CHARACTERISTICS			
OPTIONS IFRS			
The reporting entity has applied the revised IAS 1	Element removed	Extended	Withdrawal of IAS 1
The reporting entity has applied the revised IAS 23	Element removed	Extended	Withdrawal of IAS 1
BUSINESS COMBINATIONS			
CONSOLIDATED COMPANIES			
INCOME STATEMENT			
Revenue from construction contracts classified as a sale of goods [income statement by nature]	New element	Extended	IFRIC 15
STATEMENT OF COMPREHENSIVE INCOME			
BALANCE SHEET			
Biological assets, current	Element removed	Extended Reduced	Feedback III WG
Biological assets, non-current	Element removed	Extended Reduced	Feedback III WG
Biological assets, total	New element	Extended Reduced	Feedback III WG
Investment property under construction or development	New element	Extended	Improvem. 2008
STATEMENT OF CHANGES IN EQUITY			
STATEMENT OF CASH FLOWS			
NOTES			
Investment property under construction or development	Column added	Extended	Improvem. 2008
Financial assets measured at cost reclassified from a fair value category	New element	Extended	Amend. IAS 39
Financial assets measured at fair value reclassified from a cost category	New element	Extended	Amend. IAS 39

² Those changes implying a mere change in reference or in name of an item are not included in this enumeration.

Financial assets reclassified as available-for-sale	New element	Extended	Amend. IAS 39
Financial assets reclassified out of available-for-sale	New element	Extended	Amend. IAS 39
Financial assets reclassified out of at fair value through profit or loss	New element	Extended	Amend. IAS 39
Financial assets reclassified as held-to-maturity	New element	Extended	Amend. IAS 39
Financial assets reclassified out of held-to-maturity	New element	Extended	Amend. IAS 39
Financial assets reclassified as loans and receivables	New element	Extended	Amend. IAS 39
Financial assets reclassified out of loans and receivables	New element	Extended	Amend. IAS 39
Carrying amount of financial assets reclassified out of at fair value through profit or loss	New element	Extended	Amend. IAS 39
Fair value of financial assets reclassified out of at fair value through profit or loss	New element	Extended	Amend. IAS 39
Carrying amount of financial assets reclassified out of available-for-sale	New element	Extended	Amend. IAS 39
Fair value of financial assets reclassified out of available-for-sale	New element	Extended	Amend. IAS 39
Fair value gains (losses) of financial assets reclassified during the period	New element	Extended	Amend. IAS 39
Fair value gains (losses) which would have been recognised if the financial assets would not have been reclassified	New element	Extended	Amend. IAS 39
Income (expenses) Which would have been recognised if the financial assets would not have been reclassified	New element	Extended	Amend. IAS 39
Estimated cash flows expected to be recovered at the reclassification date	New element	Extended	Amend. IAS 39
Effective interest rate of the reclassified financial assets	New element	Extended	Amend. IAS 39

Document Management

Document name **IMPACT OF IFRS ISSUED IN 2008 ON ECCBSO FORMATS**
 This document summarizes all the changes in the formats approved in 2009 derived from IFRS issued in 2008 and the feedback from III WG members who worked with real cases. In the annexes, new standards issued by IASB in 2008 and line items affected by them are enumerated.

Release Doc4.1 - WGIII_formatimpacts_2009F
 Date:15/10/2009

Revision History Each distributed document forms a "final version".
 List of successive "final versions"

Revision version	Revision date	Summary of Changes
WGIII_formatimpacts_2009D1	20/05/2009	First draft version of the document.
Doc4.1 - WGIII_formatimpacts_2009D2	22/07/2009	Second version of the document, for approval in the meeting of Frankfurt.
Doc4.1 - WGIII_formatimpacts_2009F	15/10/2009	Final version of the document, approved by the III WG

Distribution This document has been distributed to:

Version	Date of issue	Name
WGIII_formatimpacts_2009D1	20/05/2009	Members of the III WG
Doc4.1 - WGIII_formatimpacts_2009D2	22/07/2009	Members of the III WG
Doc4.1 - WGIII_formatimpacts_2009F	15/10/2009	Members of the III WG Members of the ECCBSO

Version management

Key dates: For each final version of the document, key dates for the national revisions or corrections. Name and date of revised document sent by each member

Members	Draft		Revision		Approval
	Name	Date	Name	Date	Date
Austria			Sabine Wukovits		15/10/2009
Belgium			Camille Dümm		15/10/2009
France			Jean-Luc Cayssials		15/10/2009
Germany			Dominik Elgg		15/10/2009
Italy			Vincenzo Favale		15/10/2009
Portugal			Ana Barbara Pinto		15/10/2009
Spain	Antonio Sánchez	20/05/2009	Manuel Ortega	22/07/2009	15/10/2009