

IFRS adopted by the European Union

IFRS standards and amendments
issued by the IASB and endorsed
by the EU as at 30 June 2020

July 2020



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1. The European endorsement mechanism for IFRSs

In July 2002, the European Parliament adopted Regulation No. 1606/2002 which required publicly traded EU incorporated companies to prepare, by 2005 at the latest, their consolidated financial statements under IFRS 'adopted' for application within the EU. This Regulation established the basic rules for the creation of an endorsement mechanism for the adoption of IFRS, the timetable for implementation and a review clause to permit an assessment of the overall approach proposed. The European Commission (the Commission) took the view that an endorsement mechanism was needed to provide the necessary public oversight. The Commission considered also that it was not appropriate, politically or legally, to delegate accounting standard-setting unconditionally and irrevocably to a private organisation over which the Commission had no influence. In addition, the endorsement mechanism is responsible for examining whether the standards adopted by the International Accounting Standards Board (IASB) satisfy relevant EU public policy criteria.

The role of the endorsement mechanism is not to reformulate or replace IFRS, but to oversee the adoption of new standards and interpretations, intervening only when they contain material deficiencies or have failed to cater for features specific to the EU economic or legal environments. The central task of this mechanism is to confirm that IFRS provides a suitable basis for financial reporting by listed EU companies. The mechanism is based on a two-tier structure, combining a regulatory level with an expert level, to assist the Commission in its endorsement role. The following describes the single steps of the endorsement process:

1. The IASB adopts a new standard, an amendment to an existing standard or an interpretation of a standard
2. The European Financial Reporting Advisory Group (EFRAG) provides its advice to the Commission on endorsement
3. If the Commission decides to endorse the new standard, interpretation or amendment, it prepares a draft regulation and submits it to the Accounting Regulatory Committee of representatives of EU Member States (ARC)
4. If the ARC's opinion is positive, the Commission submits the draft regulation to the European Parliament and the Council of Europe for a 3-month scrutiny period
5. If there are no objections from the European Parliament or the Council of Europe, the Commission adopts the endorsing regulation.

2. Published International Financial Reporting Standards

The table below provides an overview of the status of the European Union (EU) endorsement process of IFRS standards, interpretations and amendments issued by the IASB as at 30 June 2020, with an EU effective date on or after 1 January 2020. Information related to EU endorsement has been updated as at 30 June 2020 with the latest official EFRAG endorsement status report being available as at 6 July 2020.

Some standards and amendments are adopted by the EU with an effective date later than that established by the IASB. Therefore, the effective date of application in the EU is separately listed in the table below:

IASB			EU		
Standard / interpretation	Amendments	Effective date	EU adoption		
			Effective date	Regulation as of	Published on
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	<i>Annual Improvements to IFRSs 2018-2020 Cycle: Subsidiary as a First-Time Adopter</i>	1 January 2022	Open	Open	Open
IFRS 2 <i>Share-Based Payment</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
IFRS 3 <i>Business Combinations</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
	Definition of a Business	1 January 2020	1 January 2020	21 April 2020	22 April 2020
	Reference to the Conceptual Framework	1 January 2022	Open	Open	Open
IFRS 4 <i>Insurance Contracts</i>	Deferral of IFRS 9	1 January 2021	Open	Open	Open
IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
IFRS 7 <i>Financial Instruments: Disclosures</i>	Interest Rate Benchmark Reform	1 January 2020	1 January 2020	15 January 2020	16 January 2020
IFRS 9 <i>Financial Instruments</i>	Interest Rate Benchmark Reform	1 January 2020	1 January 2020	15 January 2020	16 January 2020

IASB			EU		
Standard / interpretation	Amendments	Effective date	EU adoption		
			Effective date	Regulation as of	Published on
	<i>Annual Improvements to IFRSs 2018-2020 Cycle: Fees in the '10 per cent' test for derecognition of financial liabilities</i>	1 January 2022	Open	Open	Open
IFRS 10 <i>Consolidated Financial Statements</i>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely	Postponed	Open	Open
IFRS 16 <i>Leases</i>	Covid-19-Related Rent Concessions	1 June 2020	Open	Open	Open
IFRS 17 <i>Insurance Contracts including Amendments to IFRS 17</i>	Amendments to IFRS 17	1 January 2023	Open	Open	Open
IAS 1 <i>Presentation of Financial Statements</i>	Definition of Material	1 January 2020	1 January 2020	29 November 2019	10 December 2019
	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
	Classification of Liabilities as Current or Non-current	1 January 2022 ¹	Open	Open	Open
IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Definition of Material	1 January 2020	1 January 2020	29 November 2019	10 December 2019
	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019

¹ On 15 July 2020, the IASB issued an amendment to defer the effective date to 1 January 2023. This amendment has not yet been reflected in the latest available EFRAG endorsement status.

IASB			EU		
Standard / interpretation	Amendments	Effective date	EU adoption		
			Effective date	Regulation as of	Published on
IAS 16 <i>Property, Plant and Equipment</i>	Proceeds before Intended Use	1 January 2022	Open	Open	Open
IAS 28 <i>Investments in Associates and Joint Ventures</i>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely	Postponed	Postponed	Postponed
IAS 34 <i>Interim Financial Reporting</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022	Open	Open	Open
IAS 38 <i>Intangible Assets</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
IAS 39 <i>Financial Instruments: Recognition and Measurement</i>	Interest Rate Benchmark Reform	1 January 2020	1 January 2020	15 January 2020	16 January 2020
IAS 41 <i>Agriculture</i>	<i>Annual Improvements to IFRSs 2018-2020 Cycle:</i> Taxation in Fair Value Measurements	1 January 2022	Open	Open	Open
IFRIC 12 <i>Service Concession Arrangements</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019

IASB			EU		
Standard / interpretation	Amendments	Effective date	EU adoption		
			Effective date	Regulation as of	Published on
IFRIC 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019
SIC 32 <i>Intangible Assets – Web Site Costs</i>	References to Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020	29 November 2019	6 December 2019

3. Status of standards, interpretations or amendments in the endorsement process

The table in this section reflects a summary of standards, interpretations and amendments still being considered for endorsement by the EU. The majority of those standards, interpretations and amendments have an IASB-effective date on or after 1 January 2020 and are therefore also included in the table above in section 2. However, the EU endorsement process is only completed when the standard, interpretation or amendment is published in the Official Journal of the European Union. The advice from EFRAG and the vote by the ARC are not sufficient to adopt a standard, interpretation or an amendment.

All IASB/IFRS Interpretations Committee documents not shown in the table below have been endorsed, except for certain IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting requirements that have not been endorsed. In October 2004, a qualified majority of Member States in the ARC were of the opinion that the Commission should adopt IAS 39 with two “carve outs”. The European Parliament also supported this solution. Therefore, in November 2004, the Commission adopted a Commission Regulation endorsing IAS 39 *Financial Instruments: Recognition and Measurement*, with the exception of certain provisions on the use of the full fair value option and on hedge accounting. This referred to the provisions relating to hedge accounting that prevent the application of hedge accounting to a portfolio of core deposits, and the provisions that assimilate a prepayment risk to an interest rate risk. The Commission did not replace any of the provisions contained in the standard, nor did it add anything; it simply removed, or carved out, certain provisions. The two issues were carved out because the Commission considered that the related provisions were not yet suitable for adoption and required further revision.² In November 2005, the Commission endorsed the amended version of IAS 39 *Financial Instruments: Recognition and Measurement – the Fair Value Option* with a restricted fair value option. The second carve-out relating to certain hedge accounting provisions is still effective.

With respect to IAS 27 *Separate Financial Statements*, note that in February 2007, the Commission issued two interpretations that address the conflict between the requirements of IAS 27 and the 4th Company Law Directive (78/660/EEC; the 4th Directive) and 7th Company Law Directive (83/349/EEC; the 7th Directive)³. The first interpretation states that the Commission Services are of the opinion that a parent company always has to prepare annual accounts as defined by the 4th Directive. Where, under the 7th Directive, a parent company is exempted from preparing consolidated accounts, but chooses, or is required, to prepare its annual accounts in accordance with IFRS as adopted by the EU, those provisions in the then IAS 27 *Consolidated and Separate Financial Statements* (now superseded by IFRS 10 *Consolidated Financial Statements*) setting out the requirement to prepare consolidated accounts do not apply. Such annual accounts are described as having been prepared in accordance with IFRS as adopted by the EU. The second interpretation states that the Commission Services are of the opinion that, if a company chooses or is required to prepare its annual accounts in accordance with IFRS as adopted by the EU, it can prepare and file them independently from the preparation and filing of its consolidated accounts and, thus, in advance, where the national law transposing the 4th and 7th Directives requires or permits separate publication.

² Please refer for further information to: https://ec.europa.eu/commission/presscorner/detail/en/MEMO_04_265.

³ Please refer to the agenda paper for the meeting of the Accounting Regulatory Committee on 24 November 2006 (Document ARC/19/2006) and to the agenda paper for the meeting of the Accounting Regulatory Committee on 2 February 2007 (Document ARC/8/2007).

The following IASB documents were still being considered for endorsement as at 30 June 2020, with the latest official EFRAG endorsement status report being available as at 6 July 2020:

IASB		EU		
Standard/interpretation/amendment	IASB-effective date	EFRAG endorsement advice	ARC vote	Expected adoption
IFRS 14 <i>Regulatory Deferral Accounts</i> (issued on 30 January 2014)	1 January 2016	The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.	Not applicable	Not applicable
IFRS 17 <i>Insurance Contracts</i> (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	1 January 2023	Open	Open	Open
Amendments to IFRS 10 and IAS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (issued on 11 September 2014)	Deferred indefinitely	Postponed	Open	Open
Amendments to IAS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i> (issued on 23 January 2020)	1 January 2022 ⁴	Open	Open	Open
Amendments to IFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i> (issued on 14 May 2020)	1 January 2022	Open	Open	Open
Amendments to IAS 16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i> (issued on 14 May 2020)	1 January 2022	Open	Open	Open
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract</i> (issued on 14 May 2020)	1 January 2022	Open	Open	Open

⁴ On 15 July 2020, the IASB issued an amendment to defer the effective date to 1 January 2023. This amendment has not yet been reflected in the latest available EFRAG endorsement status.

IASB		EU		
Standard/interpretation/amendment	IASB-effective date	EFRAG endorsement advice	ARC vote	Expected adoption
<i>Annual Improvements to IFRSs 2018-2020 Cycle</i> (issued on 14 May 2020)	1 January 2022	Open	Open	Open
<i>Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions</i> (issued on 28 May 2020)	1 June 2020	2 June 2020	2 July 2020	Q3/Q4 2020 ⁵
<i>Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9</i> (issued on 25 June 2020)	1 January 2021	6 July 2020	Q3 2020	Q4 2020

⁵ On 21 July 2020, the European Securities and Markets Authority (ESMA), the EU's securities markets regulator, issued a Public Statement recommending coordination of supervisory action with regards to issuers' accounting for COVID-19-related rent concessions. Provided that the European Parliament and the Council of Europe do not object to the endorsement of the IFRS 16 amendment, ESMA recommends that National Competent Authorities do not prioritise supervisory actions on the application of the lease modification requirements contained in IFRS 16 as currently endorsed by the EU over COVID-19-related lease modifications which would fall within the scope of the IFRS 16 amendment. This coordination of supervisory actions applies exceptionally for financial periods ending on or before 31 July 2020, as long as issuers account for those transactions on the basis of the IFRS 16 amendment. Where issuers apply the IFRS 16 amendment, ESMA and NCAs expect issuers to disclose compliance with this amendment as issued by the IASB in the notes to the financial statements. Notwithstanding this, ESMA highlights that the persons responsible within the issuers continue to be responsible for the obligations set out in Articles 4(2)(c) and 5(2)(c) of the Transparency Directive for the annual financial reports and the half-yearly financial reports respectively. Furthermore, where applicable, auditors continue to be responsible for providing an audit opinion in accordance with, amongst others, Article 28(2)(c) of the Audit Directive. Entities that want to apply the amendments before the endorsement process is completed should consult with their National Competent Authorities and their auditors.

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About EY's International Financial Reporting Standards Group

A global set of accounting standards provides the global economy with one measure to assess and compare the performance of companies. For companies applying or transitioning to International Financial Reporting Standards (IFRS), authoritative and timely guidance is essential as the standards continue to change. The impact stretches beyond accounting and reporting to the key business decisions you make. We have developed extensive global resources – people and knowledge – to support our clients applying IFRS and to help our client teams. Because we understand that you need a tailored service as much as consistent methodologies, we work to give you the benefit of our deep subject matter knowledge, our broad sector experience and the latest insights from our work worldwide.

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