

IFRSs and NL GAAP
A pocket comparison



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- updates on developments in national accounting standards; and
- comparisons between IFRSs and local GAAPs.

Foreword

Welcome to the fourth edition of “IFRSs and NL GAAP, A pocket comparison”. The objective of this publication is to provide a summary of key differences between the requirements of IFRSs compared to NL GAAP. This publication does not attempt to capture all of the differences between IFRSs and NL GAAP that may exist or that may be material to a particular company’s financial report.

Our analysis shows that there are many differences between IFRSs and NL GAAP. We expect that the number of differences will increase in the future. The IASB is working on many different projects which will lead to major changes to current IFRSs. However, NL GAAP will evolve into a more stable platform. Before 2005 the DASB had a strategy to implement changes to IFRSs into its own standards. But the strategy of the DASB was changed as a consequence of the adoption of IFRSs by the European Union. The current strategy of the DASB is to focus on financial reporting standards for non-listed entities. As a

consequence, we expect that many current differences between IFRSs and NL GAAP will remain and that many forthcoming changes to IFRSs will not be implemented in DASs. This will lead to an increase of the number of differences.

The goal of this publication is to provide you with a clear and practical oversight of the key differences between IFRSs and NL GAAP and the developments herein. Therefore, we are planning to publish this comparison on a yearly basis. With regard to this edition I want to express my gratitude to Dingeman Manschot for his efforts in editing this comparison.

We trust that you will find this publication a useful tool to keep you informed about the main differences between IFRSs and NL GAAP.

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Comparison of IFRSs and NL GAAP

The table on the following pages sets out some of the key differences between IFRSs and NL GAAP for annual periods beginning on or after 1 January 2011. The table also includes new and revised IASB Standards issued before 31 July 2011 that have not yet become effective for annual periods beginning on or after 1 January 2011. We refer to the end notes for the date on which new and revised Standards must be applied.

The summary does not attempt to capture all of the differences that exist or that may be material to a particular entity's financial statements. Our focus is on differences that are commonly found in practice.

The significance of these differences — and others not included in this list — will vary with respect to

individual entities, depending on such factors as the nature of the entity's operations, the industry in which it operates, and the accounting policy choices it has made. Reference to the underlying accounting standards and any relevant national regulations is essential in understanding the specific differences.

The rate of progress being achieved by the IASB to improve accounting standards means that a comparison between standards can only reflect the position at a particular point in time. You can keep up to date on later developments through our IAS Plus website, which sets out the IASB agendas and timetables, as well as project summaries and updates.

Abbreviations used in this publication are as follows:

DAS(s)	Dutch Accounting Standard(s)
DASB	Dutch Accounting Standards Board
IASB	International Accounting Standards Board
IAS(s)	International Accounting Standard(s)
IFRIC	International Financial Reporting Interpretations Committee
IFRS(s)	International Financial Reporting Standard(s)
NL GAAP	Generally Accepted Accounting Standards in the Netherlands, comprising the Netherlands Civil Code and the Dutch Accounting Standards published by the DASB

IAS/IFRS	Topic	IFRSs	NL GAAP
	General approach	Less “principles-based” standards with more application guidance.	More “principles-based” standards with more options and less application guidance.
IFRS 1	First-time adoption	General principle is full retrospective application of IFRSs in force at the time of adoption, unless the exemptions in IFRS 1 permit or require otherwise.	No specific standard. Practice is generally full retrospective application unless the transitional provisions in a specific standard require otherwise.
IFRS 2	Equity-settled share-based payments	For equity-settled share-based payment transactions the goods or services received are measured at fair value, unless that fair value cannot be estimated reliably.	DASs contain an alternative treatment allowing to measure equity-settled share-based payments with employees at their intrinsic value, initially at the grant date and subsequently at the end of each reporting period and at the date of final settlement, with any change in intrinsic value recognised in profit or loss.
IFRS 2	Share-based payments among group entities	An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	DASs contain no specific guidance. Best practice is similar to IFRSs.
IFRS 3	Accounting method	All business combinations should be accounted for using the purchase method. The pooling of interests method is prohibited.	The purchase method is required for combinations classified as acquisitions and the pooling of interests method is required for combinations classified as uniting of interests.
IFRS 3	Recognising a liability for a planned post-acquisition restructuring	Only if an acquiree has already recognised a provision under IAS 37.	An acquirer is required to recognise, as part of allocating the cost of a business combination, a provision for terminating or reducing the activities of the acquiree that was not a liability of the acquiree at the acquisition date, provided the acquirer satisfies specified criteria.
IFRS 3	Recognising contingent liabilities of acquiree	An acquirer shall recognise separately the acquiree’s contingent liabilities (as defined in IAS 37) at the acquisition date as part of allocating the cost of a business combination, provided their fair values can be measured reliably.	An acquirer shall not recognise separately the acquiree’s contingent liabilities. Such contingent liabilities are subsumed within the amount recognised as goodwill or negative goodwill.

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRS 3	Intangibles	Must always be recognised and measured. There is no “reliable measurement” exception.	An intangible asset is recognised separately from goodwill when it meets the definition of an intangible asset, its fair value can be measured reliably and it is probable that any associated future economic benefits will flow to the acquirer.
IFRS 3	Deferred tax assets and liabilities	In determining its fair value, acquired tax assets and liabilities should be measured against nominal value. That means discounting is not allowed.	As an alternative, DASs allow acquired tax assets and liabilities to be discounted.
IFRS 3	Goodwill	Goodwill should be capitalised, but should subsequently not be amortised. Instead, it should be tested for impairment annually.	<p>The benchmark treatment is that goodwill should be capitalised and subsequently systematically amortised over its useful life. There is a rebuttable presumption that the useful life of goodwill will not exceed twenty years from initial recognition.</p> <p>An enterprise should, at least at each financial-year end, estimate the recoverable amount of goodwill that is amortised over a period exceeding twenty years from initial recognition, even if no indication exists that it is impaired.</p> <p>Based on Dutch law, DASs also permit the method by which goodwill is charged immediately to the shareholders’ equity or profit and loss account.</p>

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRS 3	Excess of fair value of net assets acquired over the acquisition cost (negative goodwill)	Recognise immediately as a gain.	<p>To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquirer's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill should be recognised as income in the income statement when the future losses and expenses are recognised.</p> <p>To the extent that negative goodwill does not relate to identifiable expected future losses and expenses that can be measured reliably at the date of acquisition, negative goodwill should be recognised as income in the income statement as follows:</p> <ul style="list-style-type: none"> • the amount of negative goodwill not exceeding the fair values of acquired identifiable non-monetary assets should be recognised as income on a systematic basis over the remaining weighted average useful life of the identifiable, acquired, depreciable/ amortisable assets; and • the amount of negative goodwill in excess of the fair values of acquired, identifiable non-monetary assets should be recognised as income immediately.
IFRS 3	Acquisition costs	Recognise immediately as an expense.	Recognise as part of the cost of acquisition.
IFRS 3	Contingent consideration	Contingent consideration must be measured at fair value at the time of the business combination. If the amount of contingent consideration changes as a result of a post-acquisition event, accounting for the change in consideration depends on whether the additional consideration is an equity instrument or cash or other assets paid or owed. If it is equity, the original amount is not remeasured. If the additional consideration is cash or other assets paid or owed, the changed amount is recognised in profit or loss.	Contingent consideration must be recognised as part of the cost of the acquisition if the contingent consideration is probable and can be measured reliably. If the amount of contingent consideration changes as a result of a post-acquisition event, the cost of the acquisition shall be adjusted accordingly.

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRS 3	Goodwill and non-controlling interest	An entity is permitted to recognise 100% of the goodwill of the acquired entity, not just the acquiring entity's portion of the goodwill, with the increased amount of goodwill also increasing the non-controlling interest in the net assets of the acquired entity. This is known as the "full goodwill method". Such non-controlling interest is reported as part of consolidated equity. The "full goodwill" option may be elected on a transaction-by-transaction basis.	The "full goodwill method" is not permitted.
IFRS 3	Step acquisition	Prior to control being obtained, the investment is accounted for under IAS 28, IAS 31, or IAS 39, as appropriate. On the date that control is obtained, the fair values of the acquired entity's assets and liabilities, including goodwill, are measured. Any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss.	On the date that control is obtained, the fair values of the acquired entity's assets and liabilities, including goodwill, are measured (however, no option to measure full goodwill). Previously recognised assets and liabilities can be remeasured. Any resulting adjustments to previously recognised assets and liabilities shall be credited directly to equity (revaluation reserve which is a legal reserve).
IFRS 3	Pre-existing relationships and reacquired rights	If an acquirer and acquiree were parties to a pre-existing relationship, this must be accounted for separate from the business combination. In most cases, this will lead to the recognition of a gain or loss for the amount of the consideration transferred to the vendor, which effectively represents a "settlement" of the pre-existing relationship. However, where the transaction effectively represents a reacquired right, an intangible asset is recognised and measured on the basis of the remaining contractual term of the related contract excluding any renewals. The asset is then subsequently amortised over the remaining contractual term, again excluding any renewals.	Recognising pre-existing relationships and reacquired rights is not required.

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRS 4	Rights and obligations under insurance contracts	IFRS 4 only briefly addresses recognition and measurement. It is an interim standard, pending completion of a comprehensive project.	DASB has published an accounting standard for insurance companies. Many differences exist between this accounting standard and IFRS 4.
IFRS 5	Non-current assets held for sale (or disposal groups)	Specific requirements to account for non-current assets held for sale (or disposal groups).	No requirements for non-current assets held for sale (or disposal groups).
IFRS 7	Disclosures relating to financial instruments	Qualitative and quantitative information required about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.	Disclosure requirements are similar to the previous requirements in IAS 32 (revised 2004).
IFRS 9 ¹	Measurement of debt instruments	<p>A debt instrument that (1) is held within a business model whose objective is to collect the contractual cash flows and (2) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost unless it is designated at fair value through profit and loss (see below).</p> <p>All other debt instruments must be measured at fair value through profit or loss (FVTPL).</p> <p>A fair value option is also available as an alternative to amortised cost measurement (provided that certain conditions are met) for debt instruments allowing such instruments to be designated as financial assets at FVTPL.</p>	<p>Debt instruments that classify as part of the trading portfolio shall be measured at fair value with changes through profit or loss.</p> <p>Purchased loans and bonds held until the end of the term are measured at amortised cost.</p> <p>Other purchased loans and bonds with a stock exchange quotation are measured at fair value.</p> <p>Other purchased loans and bonds without a stock exchange quotation are measured at amortised cost or at fair value. For financial instruments measured at fair value an entity can opt to recognise changes in fair value directly in profit or loss or, to the extent the aggregate of the revaluation is positive, to recognise it in the shareholders' equity until it is realised.</p> <p>Loans granted and other receivables are measured at amortised cost.</p>

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRS 9	Measurement of equity instruments	All equity instruments (e.g. shares) are to be measured at fair value with the default recognition of gains and losses in profit or loss. Only if the equity instrument is not held for trading an irrevocable election can be made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in profit or loss.	Investments in listed equity instruments are measured at fair value with changes through profit or loss. Investments in equity instruments without stock exchange quotation are measured at cost or at fair value. For financial instruments measured at fair value an entity can opt to recognise changes in fair value directly in profit or loss or, to the extent the aggregate of the revaluation is positive, to recognise it in the shareholders' equity until it is realised.
IFRS 9	Measurement of derivatives	All derivatives within the scope of the Standard are required to be measured at fair value.	Listed derivatives or derivatives with a listed underlying value shall be measured at fair value, with which changes in value are recognised directly in profit or loss. Derivatives with a non-listed underlying value are measured at cost price or fair value. Upon measurement at fair value changes in value are recognised in profit or loss. The foreign currency element in a derivative measured at cost price shall be translated at the rate as at balance sheet date. The exchange difference occurring upon translation of such a derivative shall be recognised in profit or loss in the period in which this occurs.
IFRS 9	Measurement of financial liabilities	For a financial liability designated as at fair value through profit or loss using the fair value option, the change in the liability's fair value attributable to changes in the liability's credit risk is recognised directly in other comprehensive income, unless it creates or increases an accounting mismatch. The amount that is recognised in other comprehensive income is not recycled when the liability is settled or extinguished.	A financial liability cannot be designated at fair value through profit or loss.

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRS 10 ²	Consolidated financial statements	A parent shall consolidate investees over which it has control. The definition of control includes three elements: power over an investee, exposure or right to variable returns of the investee and the ability to use power over the investee to affect the investor's returns.	Consolidated financial statements shall include the financial data of the parent itself, subsidiaries in the group, other group companies and other legal entities over which in can exert control or over which it has central management.
IFRS 10	Potential voting rights	Potential voting rights are considered when they are substantive and can, alone or in combination with other rights, give the current ability to direct the relevant activities.	The existence and effect of potential voting rights are considered when assessing control if these rights are currently exercisable.
IFRS 11 ³	Joint arrangements	Joint arrangements are classified as either joint operations (combining the NL GAAP concepts of jointly controlled assets and jointly controlled operations) or joint ventures (equivalent to the NL GAAP concept of a jointly controlled entity).	Joint arrangements are classified as jointly controlled assets, jointly controlled operations or jointly controlled entity.
IFRS 11	Joint ventures	Investments in joint ventures are accounted for by using the equity method.	Investments in jointly controlled entities are accounted for by using the equity method or the proportionate consolidation method.
IAS 1	Financial statements presentation	Specific line items required.	Prescriptive formats of the balance sheet and profit and loss account are applicable.
IAS 1	Departure from a standard when compliance would be misleading	Permitted in "extremely rare" circumstances to achieve a fair presentation. Specific disclosures are required.	Departure from Netherlands Civil Code is required to the extent necessary to provide a true and fair view. The reasons for departure shall be disclosed. Departure from DASs may only occur with good reasons. There is no requirement to disclose a departure from DASs.
IAS 1	Classification of liabilities on refinancing	Non-current if refinancing is completed before the balance sheet date.	Allowed to present as non-current if refinancing is completed before the date of issuance of the financial statements.
IAS 1	Classification of liabilities due on demand due to violation of debt covenant	Non-current if the lender has granted a 12-month waiver before the balance sheet date.	Allowed to present as non-current if the lender has granted a waiver for a period greater than one year before the issuance of the financial statements or when the violation is corrected before the issuance of the financial statements.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 2	Measurement of inventory	Inventories shall be measured at the lower of cost and net realisable value.	Inventories shall be measured at the lower of cost and net realisable value or at current cost ("replacement value").
IAS 2	Method for determining cost	LIFO is prohibited.	LIFO is permitted, but not recommended.
IAS 7	Statement of cash flows	All entities are required to present a statement of cash flows.	Only large and medium-sized legal entities are required to present a statement of cash flows.
IAS 7	Classification of expenditures on unrecognized assets	Only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities.	DASs contain no specific requirement.
IAS 8	Correcting errors	Material prior period errors shall be recognised retrospectively in the first set of financial statements authorized for issue after their discovery.	Distinction between fundamental and other material errors. Fundamental errors shall be recognised retrospectively in the first set of financial statements authorised for issue after their discovery. Other material errors are recognised in profit or loss.
IAS 10	Declared dividends after the balance sheet date	Declared dividends through holders of equity instruments after the balance sheet date should not be recognised as a liability at the balance sheet date.	The balance sheet should be drawn up before or after the appropriation of profit. If the latter option is used, a difference with IFRSs could arise, because an entity is allowed to present the proposed dividend as a liability at the balance sheet date.
IAS 11	Definition of a construction contract	A contract that must be specifically negotiated for the construction of an asset.	A construction contract is defined in a more broad sense which might lead to a broader application of the percentage of completion method.
IAS 11	Presentation of construction contracts	An enterprise should present: <ul style="list-style-type: none"> • the gross amount due from customers for contract work as an asset; and • the gross amount due to customers for contract work as a liability. 	DASs contain an alternative treatment allowing the balance of all construction contracts to be shown as one amount. If this balance is a credit balance it shall be presented as a liability. However, if the alternative treatment is applied an entity shall disclose the gross amount due to customers and the gross amount due from customers.
IAS 12	Revaluation of property, plant and equipment	Items of property, plant and equipment can be revalued. The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability.	The recognition of a deferred tax liability is not required but recommended. However, if no deferred tax liability is recognised, this should be disclosed including the quantitative effects.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 12	Recognition of deferred tax assets	Recognition of a deferred tax asset if it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is also recognised if the probability of realisation is only connected to the existence of a deferred tax liability relating to revalued assets.	A deferred tax asset is not recognised if the probability of realisation is only connected to the existence of a deferred tax liability relating to revalued assets.
IAS 12	Measurement of deferred tax assets and liabilities	Not to be discounted.	Measured at nominal value (undiscounted) or at present value (discounted).
IAS 12 ⁴	Deferred tax: Recovery of underlying assets	For the purposes of measuring deferred tax, a rebuttable presumption exists that the carrying amount of an investment property measured using the fair value model in IAS 40 will be recovered entirely through sale.	DASs contain no rebuttable presumption.
IAS 16	Costs of decommissioning, restoration and similar liabilities	The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.	Allowed to recognise a provision for costs of decommissioning, restoration and similar liabilities over the useful life of an item of property, plant and equipment.
IAS 16	Major inspection and maintenance	Generally accounted for as part of the cost of an asset.	Allowed to recognise a provision for costs of major inspection and maintenance.
IAS 16	Selling of Items held for rental	Entities that routinely sell items of PP&E that they have previously held for rental to others should transfer such assets to inventories at their carrying amount when they cease to be rented. The proceeds from the sale of such assets should be recognised as revenue in accordance with IAS 18.	DASs contain no specific requirements.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 18	Determining whether an entity is acting as a principal or as an agent	Non-mandatory guidance is included to determine whether an entity is acting as a principal or as an agent.	DASs contain no specific guidance. Best practice is similar to IFRSs.
IAS 19	Post-employment benefit plans	<p>Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.</p> <p>For defined contribution plans, the cost to be recognised in the period is the contribution payable in exchange for service rendered by employees during the period.</p> <p>For defined benefit plans, the amount recognised in the balance sheet should be based on the present value of the defined benefit obligation (that is, the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods) minus the fair value of plan assets at the balance sheet date.</p>	<p>In its profit and loss account, the legal entity must recognise the contribution to be paid to the pension provider as an expense.</p> <p>The legal entity must assess on the basis of the administration agreement whether and, if so, which liabilities exist at the balance sheet date in addition to the annual contributions payable to the pension provider.</p> <p>In addition to the liabilities owed to the pension provider, there may also be liabilities that are owed to employees. These latter may arise, among other things, from fully or partially unfunded pension commitments. Insofar as future salary increases have already been granted at the balance sheet date, final pay schemes must recognise a provision for past service obligations to allow for accrued entitlements to be adjusted for these granted salary increases. The amount recognised as a pension provision must be the best estimate of the amounts needed to settle the relevant liabilities as at the balance sheet date.</p>

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 19	Application of U.S. GAAP	Not allowed.	Entities that also — for internal or external purposes — prepare a balance sheet and profit and loss account according to U.S. GAAP (or IFRS), are allowed to apply the U.S. GAAP (or IFRS) standards relating to pensions and other “post retirement benefits” in their financial statements, subject to the condition that these standards are applied integrally.
IAS 19 (Revised) ⁵	Presentation of defined benefit cost	The defined benefit cost comprises: <ul style="list-style-type: none"> • service cost recognised in profit or loss; • net interest on the net defined benefit liability (asset) recognised in profit or loss; and • remeasurements recognised in OCI. 	DASs prescribe that pension expense should be part of the operational result within the profit and loss account.
IAS 19 (Revised)	Other long term employee benefits	Should be measured and presented according to defined benefit plans.	DASs contain no presentation descriptions. Measurement should be based on a best estimate approach.
IAS 20	Non-monetary government grants	Non-monetary government grants are recognised at fair value or at nominal amount.	DASs contain no specific requirements. On the basis of general DASs-requirements, measurement at fair value better reflects economic reality.
IAS 20	Government loan at a below-market rate	The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan shall be recognised and measured in accordance with IAS 39. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 and the proceeds received. The benefit is accounted for in accordance with IAS 20.	DASs contain no specific requirements for government loans at a below-market rate.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 21	Goodwill arising as a result of the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets and liabilities arising as a result of the acquisition	Shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated to the presentation currency at the closing rate.	Any goodwill arising as a result of the acquisition of a foreign entity and any fair value adjustments to the carrying amounts of assets and liabilities arising as a result of the acquisition shall be treated as either: <ul style="list-style-type: none"> • assets and liabilities of the foreign operation (like IFRS); or • as assets and liabilities of the acquirer.
IAS 21	Cumulative amount of the exchange differences deferred in a separate component of equity relating to a disposed foreign operation	Shall be recognised in profit or loss when the gain or loss on disposal is recognised.	Recognition in profit or loss is only recommended. Under the alternative allowed it may be transferred directly to other reserves.
IAS 23	Borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale	Capitalisation is mandatory.	Capitalisation is an available accounting policy choice.
IAS 24	Related party disclosures	Disclosure of transactions with related parties is required.	Significant transactions that have been entered into by the entity with related parties under irregular market ('not at arm's length') conditions must be disclosed. This disclosure requirement does not apply to medium-sized legal entities, unless the legal entity is a public limited liability company, and small-sized legal entities.
IAS 24	Government-related entities	Simplified disclosure requirements for transactions with government-related entities.	DASs contain no specific disclosure requirements for transactions with government-related entities.
IAS 27	Subsidiary acquired with the intention to dispose of in the near future	Consolidation is required.	Consolidation is not required.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 27	Consolidation exemption for small-sized groups	No exemption.	Consolidation is not required for small-sized groups.
IAS 27	Consolidation exemption for intermediate holdings	Intermediate holdings need not present consolidated financial statements if, among other requirements, the ultimate or any intermediate parent of the intermediate holding produces consolidated financial statements for public use that comply with IFRSs.	Intermediate holdings need not present consolidated financial statements if, among other requirements, the financial information which the intermediate holding should consolidate has been included in the consolidated financial statements of the ultimate or any intermediate parent and these consolidated financial statements have been prepared for public use in accordance with the provisions of the Seventh Directive of the EU on Company Law or in an equivalent manner (IFRSs and other high quality GAAPs included).
IAS 27	Investment companies	Investment companies do have to consolidate subsidiaries.	Investment companies do not have to consolidate subsidiaries if for these subsidiaries a concrete exit strategy is formulated ever since the date of acquisition.
IAS 27	Separate financial statements	In the parent's separate financial statements investments in subsidiaries, associates and joint ventures (other than those that are classified as held for sale under IFRS 5) are accounted for either at cost or as investments under IAS 39.	In the parent's separate financial statements investments in subsidiaries, associates and joint ventures are accounted for in accordance with the equity method.
IAS 27	Partial disposal of an investment in a subsidiary that results in loss of control	Loss of control triggers remeasurement of the residual holding to fair value. Any difference between fair value and carrying amount is a gain or loss on the disposal, recognised in profit or loss. Thereafter, apply IAS 28, IAS 31, or IAS 39, as appropriate, to the remaining holding.	Not required, but allowed. Recognising a gain or loss in profit or loss is also in line with NL GAAP. Although not treated specifically a gain or loss is only allowed for the part of the investment that is sold.
IAS 27	Partial disposal of an investment in a subsidiary while control is retained	This is accounted for as an equity transaction with owners, and no gain or loss is recognised.	Not required, but allowed. There is no specific accounting prescribed in NL GAAP for these transactions. An acceptable method is to apply "acquisition accounting".

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 27	Acquiring additional shares in the subsidiary after control was obtained	This is accounted for as an equity transaction with owners (like acquisition of "treasury shares"). Goodwill is not remeasured.	Not required.
IAS 28	Definition of associate	An entity in which the investor has significant influence and which is neither a subsidiary nor a joint venture.	<p>An enterprise holds an associate if the enterprise, or one of its subsidiaries, has provided capital for its own account for furthering its own business activities by establishing a long-term relationship.</p> <p>A distinction is made between associates ("deelnemingen") in which significant influence is exercised and other associates. This distinction is made for measurement purposes.</p>
IAS 28	Measurement of associates	Associates should be accounted for by using the equity method in consolidated financial statements and individual financial statements. However, the investor does not apply the equity method when presenting separate financial statements prepared in accordance with IAS 27. In the separate financial statements investments in associates, joint ventures and subsidiaries that are not classified as held for sale in accordance with IFRS 5 shall be accounted for either at cost or in accordance with IAS 39.	<p>An associate in which significant influence is exercised should be measured according to the equity method in consolidated financial statements and company financial statements.</p> <p>In the company financial statements investments in subsidiaries and joint ventures shall be accounted for by using the equity method.</p> <p>An investor may deviate from the equity method when insufficient data is available. The associate should then be valued at the so-called visible equity value of the associate.</p>
IAS 28	Measurement of non-associates	Non-associates (no significant influence) should be accounted for as financial instruments in accordance with IAS 39 and IFRS 7.	<p>Associates in which no significant influence is exercised should be measured by using the cost method or by using current (fair) value (with value differences recorded in a revaluation reserve).</p> <p>Non-associates should be accounted for as financial instruments in accordance with DAS 290.</p>
IAS 28	An investment in an associate that is classified as held for sale in accordance with IFRS 5	Shall not be accounted for using the equity method, but is measured at the lower of its carrying amount and fair value less cost to sell.	No accounting concept for assets held for sale. Therefore, the general rules on measurement continue to apply.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 28	Associates held by venture capital organizations, investment funds, unit trusts and similar entities	No requirement to apply equity accounting provided that upon initial recognition such investments are designated upon initial recognition as "at fair value through profit or loss". Such investments shall be measured at fair value in accordance with IAS 39, with changes in fair value recognised in profit or loss in the period of change.	There is no exemption for venture capitalists and similar entities.
IAS 28	Goodwill relating to associates	<p>The initial measurement of an investment in an associate is based on the cost of acquisition. Any difference between the cost of acquisition and the investor's share of the net identifiable assets of the associate is accounted for in accordance with IFRS 3.</p> <p>Goodwill is included in the carrying amount of the investment. However, amortisation is not permitted. Instead, the entire carrying amount of the investment is tested for impairment under IAS 36 "Impairment of assets", whenever application of the requirements in IAS 39 indicates that the investment may be impaired.</p>	<p>The recognition is based on the investor's share of the fair value of the net identifiable assets of the associate. Any goodwill should be separately recognised and disclosed as an intangible asset.</p> <p>Goodwill is accounted for in accordance with goodwill relating to subsidiaries.</p>
IAS 28	Excess of fair value of net assets acquired over the acquisition cost (negative goodwill)	Recognise immediately as a gain.	Similar to the accounting of negative goodwill relating to subsidiaries (we refer to the differences relating to IFRS 3).
IAS 28	Loss of significant influence	On loss of significant influence, the investment is remeasured to its fair value at that date, with the gain or loss recognised in profit or loss. Thereafter, IAS 39 is applied to the remaining holding.	On loss of significant influence the last known carrying amount under the equity method should be the basis for subsequent measurement at cost or fair value.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 31	Joint venture	In its consolidated financial statements, a venturer shall report its interest in a jointly controlled entity using proportionate consolidation. The equity method is allowed as an alternative treatment.	Proportionate consolidation permitted in the consolidated financial statements, if this satisfies the required true and fair view. Otherwise the equity method shall be used.
IAS 31	Joint venture in separate financial statements	An investor does not apply the equity method when presenting separate financial statements prepared in accordance with IAS 27. In the separate financial statements investments in joint ventures that are not classified as held for sale in accordance with IFRS 5 shall be accounted for either at cost or in accordance with IAS 39.	A joint venture should be measured according to the equity method in the company financial statements.
IAS 31	Loss of joint control	On loss of joint control, the investment is remeasured to its fair value at that date, with the gain or loss recognised in profit or loss. Thereafter, IAS 28 or IAS 39, as appropriate, is applied to the remaining holding.	NL GAAP does not contain specific requirements. Accounting in analogy with loss of significant influence is appropriate.
IAS 32	Classification as equity or liability	In the consolidated financial statements, individual and separate financial statements an instrument is classified as a liability if the issuer could be obliged to settle in cash or another financial instrument.	In the consolidated financial statements the classification of financial instruments by issuers is based on the economic substance of a financial instrument, with some exceptions. In the company financial statements the classification of financial instruments by the issuer is based on the legal form of an instrument instead of the economic substance of a financial instrument.
IAS 32	Preference shares	Preference shares that bear contingent dividends shall be classified as a liability, because the payment of dividend cannot be avoided indefinitely.	Preference shares that bear contingent dividends are classified as equity.
IAS 32	Financial instrument that contains both a liability and an equity element	The issuer shall classify the instrument's component parts separately in accordance with the substance of the contractual arrangement on initial recognition and the definitions of a financial liability and an equity instrument.	The issuer may, but is not required to, classify the instrument's components separately in accordance with the substance of the contractual arrangement on initial recognition and the definitions of a financial liability and an equity instrument.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 32	Puttable instruments at fair value	Classified as equity if they are subordinated to all other classes of instruments and if certain other criteria are met.	Presentation as equity is allowed, but not required if they are subordinated to all other classes of instruments and if certain other criteria are met.
IAS 32	Classification of rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer	Rights issues where the holder has the right to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are classified as an equity instrument if, and only if, the entity offers the financial instrument pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.	DASs contain no specific guidance for the classification of rights issues that are denominated in a currency other than the functional. We believe that application of IFRSs approach is defensible under NL GAAP.
IAS 36	Timing of impairment tests	An impairment test shall be performed if an indication of impairment exists, except for intangible assets with indefinite useful lives, intangible assets not yet in use and goodwill acquired in a business combination. For these assets an impairment test shall be performed at least annually.	An impairment test shall be performed if an indication of impairment exists.
IAS 36	Allocating goodwill to cash-generating units	The largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by IFRS 8, i.e. before the aggregation of segments with similar economic characteristics.	Goodwill is allocated to each cash-generating unit or smallest group of cash-generating units to which a portion of that carrying amount could be allocated on a reasonable and consistent basis ("bottom-up/top-down" approach). This "bottom-up/top-down" approach is based on a previous version of IAS 36.
IAS 36	Reversals of impairment losses for goodwill	Prohibited.	Required if the impairment was due to a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event. Prohibited in all other situations.
IAS 37	Cost of major maintenance	Should be capitalised as a component of the asset if recognition criteria are met. Otherwise the cost should be recognised directly in profit and loss.	Allowed to systematically recognise a provision over the interval period of the maintenance projects.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 37	Provision for reorganisation	Should only be recognised if the reorganisation was started or announced prior to the balance sheet date.	Allowed to recognise if the reorganisation was started or announced after the balance sheet date but before the date of issue, if certain conditions have been met.
IAS 37	Measurement of provisions	Where the effect of the time value of money is material, the amount of a provision should be the present value. If the effect is not material, the use of the nominal value is allowed.	May be measured at present value or nominal value.
IAS 37	Accrued interest	Where discounting is used, the carrying amount of a provision increases in each period with the accrued interest, to reflect the passage of time. This increase is recognised as borrowing cost in profit or loss.	Additions to the provision due to accrued interest should be presented either as interest expenses or as part of the related expense in profit or loss.
IAS 38	Useful life	Required to regard an intangible asset as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.	Useful life of an intangible asset is always finite.
IAS 38	Intangibles with indefinite useful life	Shall not be amortised. The useful life of such an intangible shall be reviewed each reporting period.	Intangible assets shall be amortised consistently, based on the expected useful life. There is a rebuttable presumption that the useful life of an intangible fixed asset does not exceed twenty years.
IAS 38	Advertising and promotional activities	An entity may recognise a prepayment asset for advertising or promotional expenditure. Recognition of an asset would be permitted up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of the services. Mail order catalogues are specifically identified as a form of advertising and promotional activities.	Expenditure on advertising or promotional activities is recognised as an expense when it is incurred.
IAS 38	Impairment testing	Intangible assets with an indefinite useful life are subject to an annual impairment test.	Intangible assets with a useful life exceeding 20 years and intangible assets not yet taken into use are subject to an annual impairment test.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 39	Categories of financial assets	Financial assets must be classified into one of four categories: at fair value through profit or loss, loans and receivables, held-to-maturity or available for sale.	Financial assets must be classified into one of five categories: trading portfolio, derivatives, acquired loans and bonds, loans and other receivables and investment in equity instruments.
IAS 39	Categories of financial liabilities	Financial liabilities must be classified into one of two categories: fair value through profit or loss or other liabilities.	Financial liabilities must be classified into one of three categories: trading portfolio, derivatives and other financial liabilities.
IAS 39	Measurement of financial assets	<p>After initial recognition financial assets (including derivatives) are measured at fair value except for the following categories of financial assets, that should be valued at (amortised) cost:</p> <ul style="list-style-type: none"> • loans and receivables; • held-to-maturity investments; and • any financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. 	<p>Financial assets that classify as part of the trading portfolio shall be measured at fair value.</p> <p>Purchased loans and bonds held until the end of the term are measured at amortised cost.</p> <p>Other purchased loans and bonds with a stock exchange quotation are measured at fair value.</p> <p>Other purchased loans and bonds without a stock exchange quotation are measured at amortised cost or at fair value.</p> <p>Loans granted and other receivables are measured at amortised cost.</p> <p>Investments in listed equity instruments are measured at fair value.</p> <p>Investments in equity instruments without stock exchange quotation are measured at cost or at fair value.</p>

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 39	Measurement of financial liabilities	<p>After initial recognition an entity shall measure all financial liabilities at amortised cost using the effective interest method, except for:</p> <ul style="list-style-type: none"> • financial liabilities at fair value through profit or loss; • financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; • financial guarantee contracts; • commitments to provide a loan at a below-market interest rate. 	<p>After initial recognition an entity shall measure financial liabilities at amortised cost, except for:</p> <ul style="list-style-type: none"> • financial liabilities that classify as part of the trading portfolio; and • derivatives.
IAS 39	Changes in fair value	<p>A recognised gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship should be reported as follows:</p> <p>A. a gain or loss on a financial asset or liability held for trading (including derivatives) or designated at fair value through profit or loss should be included in net profit or loss for the period in which it arises;</p> <p>B. a gain or loss on an available for sale financial asset should be either included in net profit or loss for the period in which it arises or recognised directly in equity.</p>	<p>A recognised gain or loss arising from a change in the fair value of financial instruments that classify as part of the trading portfolio shall be recognised in profit or loss.</p> <p>For other financial instruments measured at fair value an entity can opt to recognise changes in fair value directly in profit or loss or, to the extent the aggregate of the revaluation is positive, to recognise it in the shareholders' equity until it is realised. Impairments below (amortised) cost shall be accounted for directly in profit or loss.</p>

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 39	Measurement of derivatives	All derivatives are measured at fair value with the fair value changes immediately recognised in profit or loss, except for derivatives that are part of a hedging relationship (cash flow hedge or hedge of a net investment in a foreign entity).	<p>Listed derivatives or derivatives with a listed underlying value shall be measured at fair value, with which changes in value are recognised directly in profit or loss.</p> <p>Derivatives with a non-listed underlying value are measured at cost price or fair value. Upon measurement at fair value changes in value are recognised in profit or loss.</p> <p>The foreign currency element in a derivative measured at cost price shall be translated at the rate as at balance sheet date. The exchange difference occurring upon translation of such a derivative shall be recognised in profit or loss in the period in which this occurs.</p>
IAS 39	Effective interest method	Application of effective interest method is required.	Linear amortisation is allowed if that does not lead to major differences with application of effective interest method.
IAS 39	Embedded derivatives	<p>An embedded derivative shall be separated from the host contract and accounted for as a derivative if:</p> <ul style="list-style-type: none"> • the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; • a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and • the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss (i.e., a derivative that is embedded in a financial asset or financial liability at fair value through profit or loss is not separated). 	If an entity adopts a policy to measure similar stand-alone derivatives at fair value, NL GAAP is like IFRS. Otherwise the embedded derivative shall not be separated from the host contract.

IAS/IFRS	Topic	IFRSs	NL GAAP
IAS 39	Types of hedge accounting	<p>IAS 39 identifies three types of hedging relationships:</p> <ul style="list-style-type: none"> • fair value hedge: a hedge of the exposure to changes in the fair value of a recognised asset or liability or an identified portion thereof that is attributable to a particular risk; • cash flow hedge: a hedge of the exposure to variability in cash flows; • hedge of a net investment in a foreign entity. 	<p>The types of hedge accounting under IFRSs are applicable. However, NL GAAP also identifies cost price hedge accounting. In the event of cost price hedge accounting recognition occurs as follows:</p> <ul style="list-style-type: none"> • as long as the hedged item is not yet recognised in the balance sheet, the hedge instrument is not revalued; • if the hedged item regards a foreign currency monetary item the derivative, if applicable, is also measured at the rate as at balance sheet date; • when the results of the hedged position are recognised in the profit or loss, the related result on the hedge instrument is also recognised directly in profit or loss.
IAS 39	Derecognition of financial assets	<p>Derecognition of a financial asset is not permitted to the extent to which the transferor has retained (1) substantially all risks and rewards of the transferred asset or part of the asset, or (2) control of an asset or part of an asset for which it has neither retained nor transferred substantially all risks and rewards.</p>	<p>Unlike IFRSs, the criteria for derecognition focus on a significant change in the economic reality (based on risks and rewards that are actually expected to occur). Control is not a specific factor to be considered. As a consequence the derecognition provisions under NL GAAP are very principles-based (formulated on a very high level) and as a consequence provide more room for interpretation than under IFRSs. However, we believe that under NL GAAP it's defensible to use the IAS 39 derecognition provisions as further guidance for complex derecognition issues.</p>
IAS 40	Fair value changes of investment property measured at fair value	<p>Shall be recognised in profit or loss. A revaluation reserve shall not be recognised.</p>	<p>Shall be recognised in profit or loss. However, a revaluation reserve shall be recognised for the difference between cost and the fair value until the fair value is realised.</p>
IAS 41	Agriculture	<p>Specific requirements for the following when they relate to agricultural activity:</p> <ul style="list-style-type: none"> • biological assets; and • agricultural produce at the point of harvest. 	<p>No specific requirements for agricultural activity.</p>

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRIC 12	Service concession arrangements	<p>For all arrangements falling within the scope of IFRIC 12 (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator recognises:</p> <ul style="list-style-type: none"> • a financial asset — where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement; or • an intangible asset — where the operator's future cash flows are not specified. 	<p>DASs contain no specific guidance. Application of IFRSs approach is allowed, but not required.</p>
IFRIC 13	Customer loyalty programs	IFRIC 13 requires entities to account for award credits as a separately identifiable component of the sales transaction(s) in which they are granted.	<p>DASs contain no specific guidance. Application of IFRSs approach is allowed, but not required.</p>
IFRIC 14	The limit on a defined benefit asset	IFRIC 14 provides guidance on how to assess the limit on the amount of the surplus that can be recognised as a defined benefit asset. It also explains how the pensions asset or liability may be affected when there is a statutory or contractual minimum funding requirement.	<p>DASs contain no specific guidance. Application of IFRSs approach is allowed, but not required.</p>
IFRIC 15	Construction of real estate	An agreement for the construction of real estate is a construction contract within the scope of IAS 11 only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/ or specify major structural changes once construction is in progress (whether it exercises that ability or not). If the buyer has that ability, IAS 11 applies. If the buyer does not have that ability, IAS 18 applies.	<p>Pre-completion sales contracts entered into by an entity carrying out a real estate development project are accounted for as construction contracts. Where the outcome of the project can be reliably estimated, revenue and expenses must be recognised by applying the percentage of completion method to that proportion of the project represented by the individual units of property sold.</p>

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRIC 16	Hedges of a net investment in a foreign operation	<p>The presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.</p> <p>The hedging instrument(s) may be held by any entity or entities within the group as long as the designation, effectiveness and documentation requirements for a hedge of a net investment are satisfied.</p>	DASs contain no specific guidance. Best practice is similar to IFRSs.
IFRIC 17	Distributions of non-cash assets to owners	<p>A dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity. An entity should measure the dividend payable at the fair value of the net assets to be distributed. The liability should be remeasured at each reporting date with changes recognised directly in equity. The difference between the dividend paid and the carrying amount of net assets distributed should be recognised in profit or loss.</p>	DASs contain no specific guidance. Application of IFRSs approach is allowed, but not required.

IAS/IFRS	Topic	IFRSs	NL GAAP
IFRIC 18	Transfers of assets from customers	IFRIC 18 deals with circumstances where an entity receives from a customer an item of PP&E that the entity then must use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. IFRIC 18 provides guidance on when a recipient should recognise such assets in their financial statements. Where recognition is appropriate, the deemed cost of the asset is its fair value on the date of the transfer. IFRIC 18 also provides guidance on the pattern of revenue recognition arising on the transfer of the asset.	DASs contain no specific guidance. Best practice is similar to IFRSs, but not required.
IFRIC 19	Extinguishing financial liabilities with equity instruments	An entity shall measure the equity instruments issued as extinguishment of the financial liability at their fair value on the date of extinguishment of the liability, unless that fair value is not reliably measurable. In this case the equity instruments should be measured to reflect the fair value of the liability extinguished. Any difference between the carrying amount of the liability (or the part of the liability) extinguished and the fair value of equity instruments issued is recognised in profit or loss.	DASs contain no specific guidance. Best practice is similar to IFRSs.

(Endnotes)

1. IFRS 9 “Financial Instruments: Classification and Measurement” is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. Supersedes and modifies certain parts of IAS 39 from date of application. Endorsement of IFRS 9 for use in Europe has been postponed. IASB has recently proposed to delay the mandatory application of IFRS 9 to annual periods beginning on or after 1 January 2015.
2. IFRS 10 “Consolidated Financial Statements” is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. Supersedes certain parts of IAS 27 from date of application.
3. IFRS 11 “Joint Arrangements” is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. Supersedes IAS 31 from date of application.
4. The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012, with earlier application permitted.
5. IAS 19 (Revised) “Employee Benefits” is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.



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