



IFRS versus BE GAAP

A comprehensive comparison



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Welcome to this edition of “IFRS versus BE GAAP - A comprehensive comparison”

The objective of this publication is to provide you with a summary and a clear and practical overview of the key differences between the requirements of IFRS and BE GAAP. This 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.

As IFRS and BE GAAP are developing over time, we recommend you to approach your advisor in case you want to make an analysis of the differences between IFRS and BE GAAP specific to your company. Although great care has been given to this publication, BDO and the authors will take no responsibility for any omissions.

ABBREVIATIONS

CESR	Committee of European Securities Regulators
EC	European Commission
EEA	European Economic Area (EU 27 + 3 countries)
EFRAG	European Financial Reporting Advisory Group
EU	European Union (27 countries)
FASB	Financial Accounting Standards Board (US)
GAAP	Generally Accepted Accounting Principle(s)
IAS(s)	International Accounting Standard(s)
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee (predecessor to the IASB)
IASCF	IASC Foundation (parent body of the IASB)
IFRIC	International Financial Reporting Interpretations Committee of the IASB, and Interpretations issued by that committee
IFRS(s)	International Financial Reporting Standard(s)
BE GAAP	Law of May 7, 1999 on the Companies Code, executed by the Royal Decree of 30 January 2001, and Law of 17 July 1975 on enterprise bookkeeping
SEC	Securities and Exchange Commission (US)
SIC	Standing Interpretations Committee of the IASC, and Interpretations issued by that committee



A SHORT HISTORY OF CONVERGENCE

Harmonizing global accounting standards

From its inception in 1973, the former International Accounting standards Committee (IASC) worked towards harmonizing global accounting standards by developing standards that could serve as a model on which national standard setters could base their own requirements. The IASC was replaced by the International Accounting Standards Board (IASB) effective in 2001. Its mission became one of convergence of global accounting standards - development of a single set of high quality, understandable and enforceable global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting to help participants in the world's capital markets and other users make economic decisions.

IFRS-US GAAP convergence

The Norwalk Agreement

In October 2002, the FASB and the IASB formalized their commitment to the convergence of US GAAP and IFRS by issuing a memorandum of understanding (commonly referred to as the 'Norwalk Agreement'). The two boards pledged to use their best efforts to:

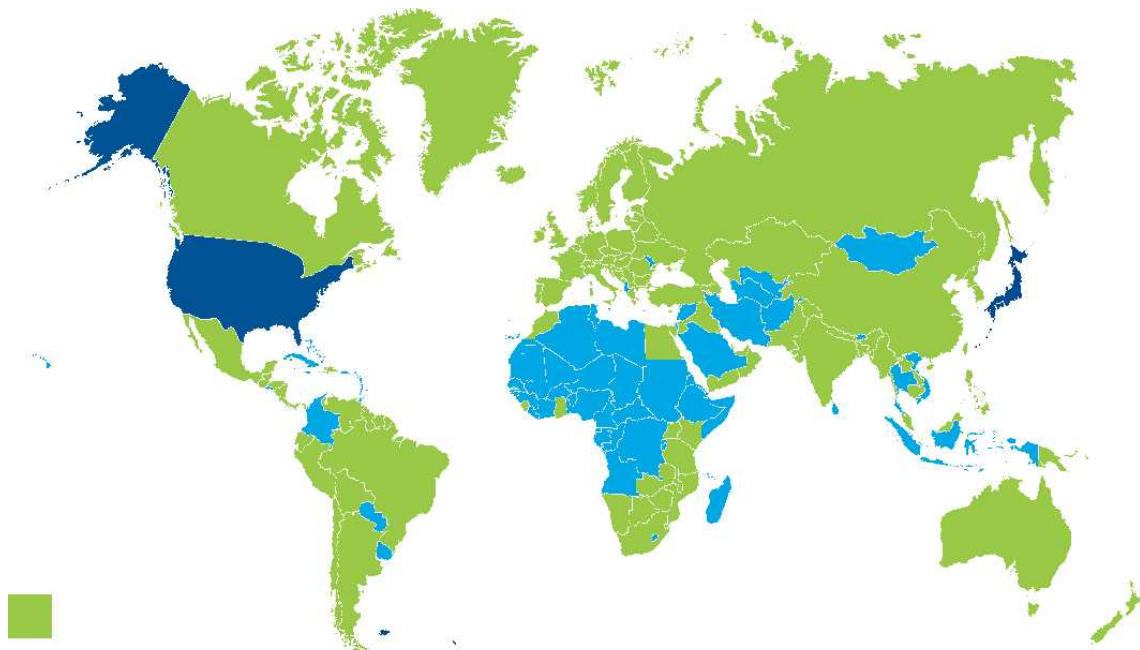
- Make their existing financial reporting standards fully compatible as soon as is practicable;
- Coordinate their future work programmes to ensure that, once achieved, compatibility is maintained.

'Compatible' does not mean word-for-word identical standards, but rather that there are no significant differences between the two sets of standards.

Memorandum of Understanding 2006-2008

In February 2006, the FASB and the IASB released a Memorandum of Understanding (MOU) that identified short-and long-term convergence projects with steps and milestones toward achieving convergence. The MOU was updated in 2008.

The global move towards IFRS



For the purpose of filings by non-EU companies

Use of IFRS in Europe

European Accounting Regulation effective from 2005

Listed companies

To implement a 'financial reporting strategy' adopted by the European Commission (EC) in June 2000, the European Union (EU) in 2002 approved an Accounting Regulation requiring all EU companies listed on a regulated market (approximately 8,000 companies in total) to follow IFRS in their consolidated financial statements starting from 2005. The IFRS requirement applies not only in the 27 EU countries but also in the three European Economic Area (EEA) countries. Most large companies in Switzerland (not an EU or EEA member) also apply IFRS.

listed on an EU regulated market, in December 2008, the EC designated the GAAP of the United States, Japan, China, Canada, South Korea and India to be equivalent to IFRS as adopted by the EU. (The status of China, Canada, South Korea and India will be re-examined by 31 December 2011). Companies from other countries must use either IFRS as adopted by the EU or IFRS starting 2009.

Unlisted companies and separate company statements

EU Member States may extend the IFRS requirement to non-listed companies and to separate company statements. Nearly all Member States permit some or all non-listed companies to use IFRS in their consolidated statements, and the majority permit it in separate statements.

Endorsement of IFRS for use in Europe

Under the EU Accounting Regulation, IFRS must be individually endorsed for use in Europe. The endorsement process involves the following steps:

- EU translates the IFRS into all European languages;
- the private-sector European Financial Reporting Advisory Group (EFRAG) gives its views to the EC;
- the EC's Standards Advice Review Group (SARG) gives its views to the EC on EFRAG's recommendations;
- the EC's Accounting Regulatory Committee an endorsement recommendation;
- the EC submits the endorsement proposal to the European Parliament's Regulatory Procedure with Scrutiny Committee and to the 27-member Council of the EU. Both must approve endorsement or the proposal is sent back to the EC for further consideration.

Enforcement of IFRS in Europe

European securities markets are regulated by individual member states, subject subjects to certain regulations adopted at the EU level. EU-wide regulations include standards adopted by the Committee of European Securities Regulators (CESR), a consortium of national regulators. Standard No. 1 Enforcement of Standards on Financial Information in Europe sets out 21 High level principles that EU member No. 2 Coordination of Enforcement Activities adopts guidelines for implementing Standard No. 1.

In February 2009, the European Commission approved a plan to provide 5 million of funding to the IASB annually from 2011 through 2013.

Use of IFRS in Belgium



In Belgium, despite the adoption of IFRS for the consolidated financial statements of several types of companies, Belgian GAAP remains the required accounting framework for stand-alone financial statements, because of the current impact on tax, company laws and SMEs (small and medium size entities).

IFRS as adopted by the European Union are required for consolidated financial statements since financial year 2005 for listed companies, since 2006 for banks and since 2007 for management companies of undertakings of collective investments. Other companies are allowed since 2004 to early adopt IFRS instead of Belgian GAAP in their consolidated financial statements (irrevocable choice).

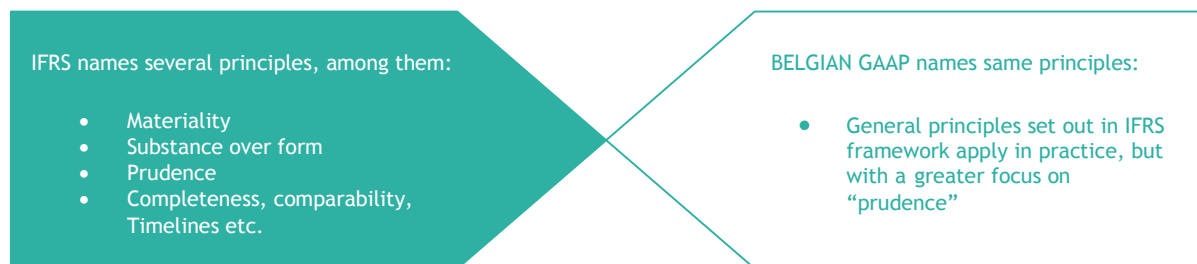
Current use of IFRS in Belgium

Requirement	Belgium
Non-Listed Company Reporting	<p>BE GAAP is required for stand-alone financial statements.</p> <p>IFRS as adopted by the EU is for consolidated financial statements (irrevocable choice)</p>
Listed Company Reporting	<p>IFRS as adopted by the EU is required for consolidated financial statements.</p> <p>BE GAAP is required for stand-alone financial statements, except for Public real estate sicafs that are required to prepare their statutory financial statements in accordance with IFRS as adopted for use in the EU.</p>
Other Considerations	<p>Plans for converging</p> <ul style="list-style-type: none">At present, the application of IFRS is limited to consolidated financial statements. However, the IASB is currently working on a project that aims to scale down the current IFRSs to fit the needs of non-listed companies that are operative on an international level. This new IFRS would enable them to compete with global market players by means of comparable, hence more competitive tools. <p>Tax Considerations</p> <ul style="list-style-type: none">As Belgium has a dependent regime, the adoption of IFRS could significantly impact the tax position.

Comparison of IFRS and Belgian GAAP

Principles/Policies

Qualitative characteristics of financial statements



IAS/IFRS	IFRS	BELGIAN GAAP
IAS 8	<p><i>Selection of accounting policies:</i> If the issue is specifically addressed, the Accounting policy or policies applied to that item shall be determined by applying the IFRS.</p>	<p><i>Selection of accounting policies:</i> The accounting law has contains specific guidance from which certain choices can be made. No guidance is given but the annual accounts shall give a true and fair view of the undertaking’s assets, liabilities, financial position and results</p>
IAS 8	<p><i>Selection of accounting policies:</i> If it is not specifically addressed, management shall use its judgment in developing and applying an accounting policy.</p>	In line with IFRS
IAS 8	<p><i>Selection of accounting policies:</i> Management shall refer to, and consider:</p> <ul style="list-style-type: none"> • The requirements and guidance in IFRS. Dealing with similar and related issues. • The definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework. 	In line with IFRS
IAS 8	<p><i>Selection of accounting policies:</i> Management may also consider the most recent pronouncements of other standards setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices</p>	Belgian GAAP is mandatory unless it would not result in a true and fair view of the undertaking’s assets, liabilities, financial position and results.

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 8	<p>Changes in accounting policy:</p> <ul style="list-style-type: none"> • If required by an IFRS, an entity shall account For a change resulting from the initial application of an IFRS in accordance with the specific transitional provisions, if any, and • when an entity changes an accounting policy .Upon initial application of an IFRS that does not include specific transitional provisions, or changes an accounting policy voluntarily, it shall apply the change retrospectively 	<p>Changes in accounting policy:</p> <p>Retrospective application is not allowed. Any change in accounting policy is recorded in the income statement and must be disclosed in the notes (assessment of its effect on the financial position and the income statement of the current year)</p>
IAS 8	<p>Changes in accounting policy:</p> <p>Voluntary changes must result in the financial Statements providing reliable and more relevant information. Such changes shall be applied retrospectively (unless it is impracticable)</p>	<p>Changes in accounting policy:</p> <p>Retrospective application is not allowed. Any change in accounting policy is recorded in the income statement and must be disclosed in the notes (assessment of its effect on the financial position and the income statement of the current year)</p>
IAS 8	<p>Changes in accounting estimates:</p> <p>Prospectively by including in the profit of loss</p>	<p>Changes in accounting estimates:</p> <p>In line with IFRS</p>
IAS 8	<p>Correction of prior period errors:</p> <p>Accounts shall be restated unless impracticable</p>	<p>Correction of prior period errors:</p> <p>In the income statement of the current year (extraordinary income or expenses). Restatement is generally forbidden, unless in extremely rare circumstances when BoD has approval of shareholders to issue corrected financial statements for the prior period.</p>

Presentation of Financial Statements

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 1	Financial statements shall present fairly the Final position, final performance and cashflows of an entity.	The annual accounts shall give a true and fair view of the undertaking's assets, Liabilities, financial position and results
IAS 1	<p><i>Complete set has 5 elements:</i></p> <ul style="list-style-type: none"> • Statements of financial position • Statement of comprehensive income • Statement of changes in equity • Statement of cash flows • Disclosures 	<p><i>Complete set has 3 element:</i></p> <ul style="list-style-type: none"> • Balance sheet • Income statement (including statement of approbation of results) • Notes & disclosures
IAS 1	<p><i>Statement of financial position:</i> Not fixed format, but minimum requirements Which shall be presented on the face of the statement of financial position</p>	<p><i>Balance sheet:</i> Fixed format as required by and included in BELGIAN GAAP - accounting law</p>
IAS 1	<p><i>Statement of financial position:</i> Current/non-current classification, but liquidity order is permitted as well if reliable and more relevant</p>	<p><i>Balance sheet:</i> Fixed format, which is split by current/ non-current, not by order of liquidity</p>
IAS 1	<p><i>Statement of comprehensive income:</i> Includes income, expenses and OCI (other comprehensive income) of the entity</p>	<p><i>Income statement:</i> Includes income and charges of the Entity. No OCI.</p>
IAS 1	<p><i>Statement of comprehensive income:</i> An entity shall present all items of income and expense recognized in a period:</p> <ul style="list-style-type: none"> • In a single statement of comprehensive income, or <p>In two statements:</p> <ul style="list-style-type: none"> • A statement displaying components of profit or loss (separate income statement) • A second of other comprehensive income (statement of comprehensive income) 	<p><i>Income statement:</i> Not addressed</p>
IAS 1	<p><i>Statement of comprehensive income:</i> Not fixed format, but minimum requirements which shall be presented on the face of the statement of comprehensive income</p>	<p><i>Income statement:</i> Fixed format as required by and included in BELGIAN GAAP- accounting law</p>

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 1	<i>Statement of comprehensive income:</i> Expenses presented either by nature of by function	<i>Income statement:</i> Expenses presented by nature
IAS 1	<i>Statement of comprehensive income:</i> An entity shall not present any items of income or expenses as extraordinary items, in the statement of comprehensive income, the separate income statement (if presented), or in the notes	<i>Income statement:</i> Income and charges that arise otherwise than in the course of the company's ordinary activities are shown under "extraordinary income or charges"
IAS 1	<i>Statement of cash in equity:</i> Compulsory, unless specified conditions are met	<i>Statements of changes in equity:</i> Not required, not addressed
IAS 1	<i>Statement of cash flows:</i> Cash flows from operating activities are presented by direct ob by indirect method	<i>Statement of cash flows:</i> Not required, not addressed
IAS 1	<i>Notes to the account:</i> <ul style="list-style-type: none"> Accounting policies Information about judgments Information about key source of estimation uncertainty Others required by specific pronouncements 	<i>Notes to the accounts:</i> Standard format is prescribed. Content: Accounting policies as well as other notes required by BELGIAN GAAP. Free disclosures are permitted.
IAS 1	An entity shall disclose information that enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.	Not required, not addressed

Operating Segments

IAS/IFRS	IFRS	BELGIAN GAAP
IFRS 8	<p><i>Scope:</i> The standard shall be applied by an entity:</p> <ul style="list-style-type: none"> • Whose ordinary shares are traded in a public market • That files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization to issue ordinary shares in a public market 	Not required, not addressed
IFRS 8	An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates	Not required, not addressed
IFRS 8	<p><i>An entity shall disclose:</i></p> <ul style="list-style-type: none"> • Factors used to identify the entity's reportable segments, including the basis of organization and • Types of products and services from which each reportable segment derives its revenues 	Not required, not addressed
IFRS 8	An entity shall report a measure of profit or loss and total assets for each reportable segment	The notes to the accounts (for BIG entities) must provide net turnover broken out by categories of activity and into geographical sectors if such categories and sectors differ substantially from one another

IAS 33 Earnings per Share

Not addressed in BELGIAN GAAP

Scope

The standard shall be applied by an entity:

- whose ordinary shares are traded in a public market
- That files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization to issue ordinary shares in a public market

Summary

An entity shall present basic and diluted earnings per share in the statement of comprehensive income for:

- Profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity and
- For profit or loss attributable to the ordinary equity holders of the parent entity

Basic earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period

For the purpose of calculating *diluted earnings per share*, an entity shall adjust profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares

IAS 7 Statement of Cash Flows

Not addressed in BELGIAN GAAP

Objective	Information about the cash flows of an entity is useful in providing users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to use the cash flows
Scope	An entity shall prepare a statement of cash flows in accordance with the requirements of this Standard and shall present it as an integral part of its financial statements for each period for which financial statements are presented
Summary	<p>Cash comprises cash on hand and demand deposits</p> <ul style="list-style-type: none">• Cash equivalents are short-term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value• The statement of cash flows shall report cash flows during the period classified by operating, investing and financing activities (a single transaction may include cash flows that are classified differently)• An entity shall report cash flows from operating activities using either:<ul style="list-style-type: none">(a) The direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or(b) The indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows• An entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities• Cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as either operating, investing or financing activities• Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities• An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent valances held by the entity that are not available for use by the group

Interim Financial Reporting

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 34	<p>The standard specifies the content of an interim financial report that is described as conforming to IFRS. However, it does not mandate:</p> <ul style="list-style-type: none"> • Which enterprises should publish interim financial reports • How frequently, or • How soon after the end of an interim period 	<p>Listed entities that are required to publish interim financial information have to follow IAS 34 if they are required to publish their consolidated accounts under IFRS.</p> <p>If they are not required to publish IFRS consolidated accounts, they should follow the rules of the Royal Decree of 14 November 2007. This RD specifies the content of interim financial statements under Belgian GAAP.</p>
IAS 34	<p>Minimum components:</p> <ul style="list-style-type: none"> • A condensed statement of financial position • A condensed statement of comprehensive income • A condensed statement of changes in equity • A condensed statement of cash flows • Selected explanatory notes • If an entity publishes a complete set of financial statements in its interim financial report, the form and content of those statements shall conform to the requirements of IAS 1 for a complete set of financial statements • Periods to be covered: <ul style="list-style-type: none"> ○ Statement of financial positions as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year ○ Statements of comprehensive income for the current interim period and cumulatively for the current financial year to date, with comparative statements of comprehensive income for the comparable interim periods (current and year-to date) of the 	<p>This RD specifies the content of interim financial statements under Belgian GAAP which includes:</p> <ul style="list-style-type: none"> • A condensed statement of financial position • A condensed statement of income • Selected explanatory notes • The condensed statement of financial position and the condensed statement of income contain all headings and totals as presented in the latest annual financial statements • The interim financial statements are prepared on the same basis as the annual financial statements; • Earnings per share (basic and diluted) are presented; • Comparative figures are presented • The notes contain sufficient information to ensure comparability and adequate information to inform the reader on all significant changes and evolutions during the latest interim period.

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 34	<p>immediately preceding financial year</p> <ul style="list-style-type: none"> ○ Statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year ○ Statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year ● For an entity whose business is highly seasonal, financial information for the twelve months up to the end of the interim period and comparative information for the prior twelve-month period may be useful. - An entity shall include the following information, as a minimum, in the notes to its financial report: <ul style="list-style-type: none"> ○ Explanatory comments about the seasonality or cyclicity of interim operations the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence ○ Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period ○ The effect of changes in the composition of the entity during the interim period, including business combinations (to disclose the information required by IFRS 3 Business Combinations), obtaining or losing control of subsidiaries and long-term investments, restricting, and discontinued operations 	

IAS 34

- An entity shall apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements
- Revenues that are received seasonally, cyclically, or occasionally within a financial year shall not be anticipated or deferred as of an interim date if anticipation or deferral would not be appropriate at the end of the entity's financial year
- Costs that are incurred unevenly during an entity's financial year shall be anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year

The measurement procedures shall be designed to ensure that the resulting information is reliable and that all material financial information that is relevant to an understanding of the financial position or performance of the entity is appropriately disclosed. The preparation of interim financial reports generally will require a greater use of estimation methods than annual financial reports

Consolidation

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 27 (2008)	A parent entity shall present consolidated financial statements, unless it is a subsidiary of another entity, and the ultimate parent prepares consolidated financial statements in compliance with IFRS	<p>Exemption is given on quantified criteria, based on balance sheet total (EUR 14,6 million), net turnover (EUR 29,2 million), average number of employees (250 persons), as well as on qualitative criteria. The entity may be exempted if it is a sub of a parent that establishes and publishes consolidated financial statements including the sub, subject to a qualified majority shareholder approval.</p> <p>No exemption is applicable for:</p> <ul style="list-style-type: none"> • Listed entities • Entities required to present consolidated financial statement to the worker's council
IAS 27 (2008)	Consolidated financial statements shall include all subsidiaries of the parent, other than those which on acquisition date meet then criteria to be classified as held for sale	<ul style="list-style-type: none"> • The following exemptions apply: • Subsidiaries in liquidation/decision to liquidate (equity method required) • Shares held exclusively with a view to their subsequent resale (equity method required) • Discontinued activities (equity method required) • Severe long-term restrictions on control • Sub is immaterial • Information/cost benefit or undue delay • Subs activities are different to the group and inclusion would impair true and fair view (equity method required) • Sub is jointly controlled and activities are not integrated into the consolidating group
IAS 27 (2008)	A subsidiary of an entity that is controlled by the parent, where control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities	<p>Control (de facto and de jure) is derived f</p> <ul style="list-style-type: none"> • Voting rights • Right to appoint the members of the boards • Possibility to influence management decisions <p>Agreements with the other shareholders</p>

IAS 27 (2008)	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity	Potential voting rights are not considered when assessing control
IAS 27 (2008)	Non-controlling interest has to be presented within the shareholders equity	Minority interest is presented separately from shareholders equity
IAS 27 (2008)	The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date unless it is impracticable	Consolidated financial statements must be prepared as of the same date as the consolidating entity, or at the closing date of the most important consolidating entities. If the reporting date of a consolidated entity differs by more than three months , it shall be consolidated based on interim financial statements
IAS 27 (2008)	Consolidated financial statements shall be prepared using uniform accounting policies . If a member uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to its financial statements	Assets and liabilities to be included in consolidated accounts shall be valued according to uniform accounting policies . However, other methods of valuation complying with BE GAAP may be used in consolidated accounts
IAS 27 (2008)	The nature and extent of any significant restrictions on the liabilities of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay shall be disclosed	Not required

IAS/IFRS	IFRS	BELGIAN GAAP
SIC 12	SPE (special purpose entities) created by the entity shall be consolidated when the substance of the relationship between the entity and the SPE indicates that the SPE controlled by the entity	Not addressed
IAS 28	An investment in an associate shall be accounted for using the equity method, exemptions apply	Investments in associates shall be accounted for by the equity method in the consolidated financial statements
IAS 28	Equity method - reporting date: When the end of the reporting period of the investor is different from that of the associate, the associate prepares, for the use of the investor, financial statements as of the same date as the financial statements of the investor unless it is impracticable	Equity method - reporting date: If the difference in the reporting dates is more than three months, the associate has to draw up interim accounts
IAS 28	Equity method - accounting policy: If an associate uses accounting policies other than those of the investor, adjustments shall be made to conform the associate's accounting policies to those of the investor	Equity method - accounting policy: Where an associate's in the reporting dates is more than three months, the associate has to draw up interim accounts
IAS 31	Types of joint ventures: <ul style="list-style-type: none"> • Jointly controlled operations • Jointly controlled assets • Jointly controlled entities 	Not addressed
IAS 31	A venture shall recognize its interest in a jointly controlled entity either proportionate consolidation, or the equity method, exemptions apply	Investments in jointly controlled entities shall be accounted for in proportion to the rights in its capital held by the investor (proportionate consolidation)

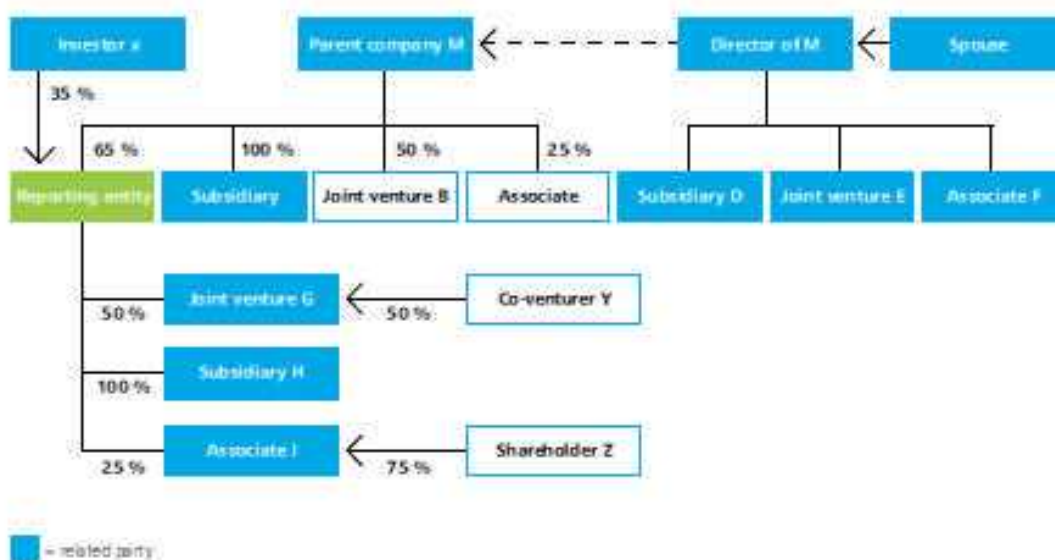
Business Combinations

IAS/IFRS	IFRS	BELGIAN GAAP
IFRS 3 (2008)	<p>Goodwill is the excess of the aggregate of:</p> <ul style="list-style-type: none"> • The consideration transferred • The amount of any non-controlling interest in the acquiree • In a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest <p>Over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this IFRS</p>	<p>Goodwill is calculated as the difference between the book value of shares and proportion of capital and reserves:</p> <ul style="list-style-type: none"> • Either on the basis of book values • Or on the basis of values or identifiable assets and liabilities
IFRS 3 (2008)	<p>The acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets</p>	<p>Minority interest is recorded based on proportion of book values after allocation of fair value adjustments</p>
IFRS 3 (2008)	<p>Goodwill is not amortised systematically, but tested for impairment at least annually</p>	<p>Goodwill must be written off over its useful life however, it may be written off over a period exceeding five years provided that this period does not exceed the useful economic life of the asset</p>
IFRS 3 (2008)	<p>Negative goodwill shall be recognized immediately in profit or loss</p>	<p>Negative goodwill is presented as a reserve in equity and may not be included in the profit and loss account, unless it relates to expected losses at the date of acquisition and to the extent that those losses subsequently are realized.</p>

Related Party Disclosures

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 24	Requires an entity to whether its financial position and profit or loss have been affected by the existence of related parties and by transactions and outsourcing balances with such parties	Much less information, some limited information is disclosed in the footnotes.
IAS 24	The related party is a person or entity that is related to the reporting entity, including the member of the key management personnel of the entity or of a parent to the entity, or a close member of that member's family	Related parties concerned are not defined by law.
IAS 24	<p>To disclose key management personnel compensation in total for each categories:</p> <ul style="list-style-type: none"> • Short term employee benefits • Post-employment benefits • Other long-term benefits • Termination benefits • Share-based payment 	To disclose the amount of compensation granted to members of the administrative, managerial and supervisory bodies of the parent, and commitments to provide retirement pensions for current or former members of those bodies, with an indication of the total for each category. Also fees relative to the auditor and related parties to the auditor are to be disclosed in the footnotes.

Illustration of definition



Financial Instruments

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 32	Principle: substance over form	Principle: from over substance
IAS 32	<p>A financial asset is any asset that is:</p> <ul style="list-style-type: none"> • Cash • An equity instrument of another entity • A contractual right • To receive cash or another financial asset from another entity; or • To exchange financial assets or liabilities with another entity under conditions that are potentially favorable to the entity • A contract that will or may be settled in the entity's own equity instruments and is: • A non-derivative to receive a variable number of shares; or • A derivative that will or may be settled other than by the exchange of a fixed amount for a fixed number of shares 	Not addressed
IAS 32	<p>A financial liability is any liability that is:</p> <ul style="list-style-type: none"> • A contractual obligation: • To deliver cash or another financial asset to another entity, or • To exchange financial assets or liabilities with another entity under conditions that are potentially unfavorable to the entity • A contract that will or may be settled in the entity's own equity instruments and is: • A non-derivative to deliver a variable number of shares: or • A derivative that will or may be settled other than by the exchange of a fixed amount for a fixed number of shares 	Not addressed
IAS 32	An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities	Not addressed

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 32	A preference share providing for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability	Classification based on the legal form
IAS 32	A financial instrument that gives the holder the right to put it back to the issuer for cash or another financial asset (a 'puttable instrument') is a financial liability, except if specific criteria are met	Classification based on the legal form
IAS 32	The issuer of a non-derivative financial instruments shall evaluate the terms of the financial instrument to determine whether it contains both a liability and an equity component. Such components shall be classified separately as financial liabilities, financial assets or equity instruments	Classification based on the legal form
IAS 32	When the initial carrying amount of a compound financial instrument is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability	Classify convertible debt as a liability at cost, any difference between the total amount repayable and the amount received, is either deferred/accrued and recognized through profit and loss over the period of the debt.
IAS 32	If an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments	An entity should recognize treasury -own held shares within financial assets (max 10% of share capital), but in that case an undistributable reserve shall be created within equity for the carrying amount.
IAS 39	Financial assets are classified as: <ul style="list-style-type: none"> • Fair value through profit or loss (FVTPL) • Held-to-maturity (HTM) • Loans and receivables (LAR) • Available-for-sale (AFS) 	Not addressed

IAS 39	<p>Financial liabilities are classified as:</p> <ul style="list-style-type: none"> • Fair value through profit or loss (FVTPL) • Other financial liabilities 	Not addressed
IAS 39	<p>Derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) are classified as FVTPL</p>	<p>Derivative financial instruments are generally not recognized, but disclosed as off-balance sheet items and in the annual report of the board of directors.</p>
IAS 39	<p>Recognition and derecognition is based on the substance of the transaction. Financial instruments shall be recognized when, and only when, the entity becomes a party to the contractual provision of it</p>	<p>Recognition and derecognition, as well, is based on the legal ownership of the instrument</p>
IAS 39	<p>When a financial asset or financial liability is recognized initially, an entity shall measure it at its fair value</p>	<p>When a financial asset or financial liability is recognized initially, an entity shall measure it at the price paid, although where the total amount repayable on any debt exceeds the amount received, the difference may be capitalised</p>
IAS 39	<p>Transaction costs that are directly attributable to the acquisition or issue of any financial asset or financial liability shall be recognized in the initial measurement of those financial instruments, unless they are classified at FVTPL</p>	<p>The purchase price of assets shall be determined by adding expenses incidental to the purchase price paid</p>
IAS 39	<p>After initial recognition, an entity shall measure the financial assets classified in the category of HTM at amortised cost using the effective interest rate method</p>	<p>An entity shall measure financial assets at cost less impairment such that financial assets are stated at the lower of cost or market value, valuation above cost is prohibited. Effective interest rate method can be used</p>
IAS 39	<p>After initial recognition, an entity shall measure the financial assets classified in the category of FVTPL at fair value through profit or loss</p>	<p>An entity shall measure financial assets at cost less impairment such that financial assets are stated at the lower of cost or market value, valuation above cost is prohibited, except for financial fixed assets which may be revalued subject to strict conditions.</p>

IAS 39	After initial recognition, an entity shall measure the financial assets classified in the category of LAR at amortised cost using the effective interest rate method	An entity shall measure financial assets at cost less impairment such that financial assets are stated at the lower of cost or market value, valuation above cost is prohibited. Effective interest rate method can be used
IAS 39	After initial recognition, an entity shall measure the financial assets classified in the category AFS at fair value recognized in other comprehensive income, except for impairment losses	An entity shall measure financial assets at cost less impairment such that financial assets are stated at the lower of cost or market value, valuation above cost is prohibited
IAS 39	After initial recognition, an entity shall measure the financial liabilities classified in the category of <i>FVTPL</i> at fair value through profit and loss	Where the total amount repayable on any debt exceeds the amount received, the difference may be deferred. The amount of this difference must be written off over the term of the debt.
IAS 39	After initial recognition, an entity shall measure the financial liabilities classified in the category of <i>other financial liabilities</i> at amortised cost using the effective interest rate method	In line with IFRS Effective interest rate method should be used in case the financial liability benefits from abnormal low interest rates.

Inventories & Agriculture Assets

IAS 39	<p>The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, the asking price, unless there are offsetting positions, when mid-market prices may be used too</p>	<p>Mid-market prices are generally used for market valuation</p>
IAS 39	<p>If specified criteria are met, an entity may designate a hedge relationship in such a way to qualify for hedge accounting (permitting offset of gain or losses on the hedged item and on the hedging instrument)</p>	<p>In general, Belgian GAAP emphasizes the concept of prudence, implying that companies holding derivative positions for which no hedge accounting is available should apply a lower of cost or market approach, meaning that unrealised gains are deferred, whilst unrealised losses are recorded in the income statement. Hedge accounting is specifically permitted, subject to certain criteria, for forward contracts hedging currency and commodity risks, and for hedges using equity options.</p>
IFRS 7	<p>IFRS 7 requires an entity to provide disclosures in its financial statements that enable users to evaluate:</p> <ul style="list-style-type: none"> • The significance of financial instruments for the entity's financial position and performance • The nature and extent of risks arising from financial instruments 	<p>Belgian GAAP requires disclosure in the financial statements of the derivatives not valued at fair value, by category, with mention of their nature and volume. Additional information is required in the annual report of the Board of Directors:</p> <ul style="list-style-type: none"> • Description of the objective and the policy of the company regarding the management of the financial risks, including hedging accounting; <p>Exposure of the company to the risk of price, credit risk, liquidity risk and treasury risk</p>

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 2	<p>An entity shall measure inventories at the lower of cost and net realizable value, where net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, but exception applies</p>	<p>Comparable to IFRS, except that:</p> <ul style="list-style-type: none"> • choice between full cost and direct cost method; • LIFO is permitted, with additional disclosure in the footnotes.
IAS 2	<p>Commodity broker-traders measure their inventories at fair value less costs to sell</p>	<p>Not defined.</p>
IAS 2	<p>An entity shall measure the cost of inventories using specific identification of individual cost, or if the inventory is interchangeable:</p> <ul style="list-style-type: none"> • Weighted average cost formula • First-in, first-out (FIFO) cost formula 	<p>The cost of inventories that are interchangeable is assigned by using either the first-in, first-out (FIFO), last-in, first-out (LIFO) or weighted average cost formula. The cost of inventories that are not interchangeable is determined on an individual basis.</p>
IAS 41	<p>A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case where the fair value cannot be measured reliably</p>	<p>Not addressed: there are no specific provisions in Belgian GAAP relating to agricultural activities.</p>
IAS 41	<p>In the case where the fair value cannot be measured reliably, the biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses</p>	<p>Not addressed: there are no specific provisions in Belgian GAAP relating to agricultural activities.</p>
IAS 41	<p>Agricultural procedure harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying IAS 2 inventories or another applicable Standard</p>	<p>Not addressed: there are no specific provisions in Belgian GAAP relating to agricultural activities.</p>

Tangible Assets

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 16	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	Not addressed but practice is broadly similar to IFRS, except that grants cannot be deducted from the cost of property, plant and equipment. They should be recorded in a specific caption of equity, net of deferred taxes.
IAS 16	The cost of regular major inspections for faults shall be recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied	Not specifically addressed in Belgian accounting law. Belgian practice is similar to IFRS, except that the cost of major repairs and overhauls occurring at regular intervals is often provided for (provision for major repairs and maintenance) instead of being capitalised as an asset cost when relevant recognition criteria are met.
IAS 16	If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit unless such interest is capitalised	Same as IFRS.
IAS 16	An entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment	Revaluation may be done and can relate either to one single asset or to an entire class of assets. Revaluation is subject to criteria (sustainable, rentability requirement).
IAS 16	Cost model: After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses	In line with IFRS, except that grants cannot be deducted from the cost of property, plant and equipment. They should be recorded in a specific caption of equity, net of deferred taxes.
IAS 16	Revaluation model: After recognition as an asset an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, less any subsequent accumulated	Revaluation of tangible assets is also permitted. Revaluation surpluses are credited to a specific reserve account in shareholders' equity. Revaluation can relate either to one single asset or to an entire class of

	depreciation and subsequent accumulated impairment losses	assets.
IAS 16	Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately	No distinction foreseen between important parts of an item and not important ones
IAS 16	The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life	Similar to IFRS but exclusion of the residual value from the depreciable amount is not addressed
IAS 16	The depreciation method applied to an asset shall be reviewed at least annually and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern	Not required
IAS 16	Investment property is property held by the owner (or by the lessee under a finance lease) to earn rentals or for capital appreciation of both, rather than for: <ul style="list-style-type: none"> • Use in the production or supply of goods or services or for administrative purposes; or • Sale in the ordinary course of business 	Not addressed
IAS 40	An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement	Such properties are treated in the same way as property, plant and equipment. Investment property companies can opt for the fair value model similar to IFRS.
IAS 40	An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement	Such properties are treated in the same way as property, plant and equipment.

IAS 40	An entity shall choose as its accounting policy either the fair value model or the cost model and shall apply that policy to all of its investment property	Not addressed but such properties are treated in the same way as property, plant and equipment
IAS 40	Fair value model: After initial recognition, an entity that chooses the fair value model shall measure all of its investment property at fair value	Not addressed but such properties are treated in the same way as property, plant and equipment. Investment property companies can opt for the fair value model similar to IFRS.
IAS 40	Fair value model: A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises	Not addressed but such properties are treated in the same way as property, plant and equipment; Investment property companies can opt for the fair value model similar to IFRS.
IAS 40	Cost model: After initial recognition, an entity that chooses the cost model shall measure all of its investment properties in accordance with IAS 16's requirements for that model, other than those that meet the criteria to be classified as held for sale with IFRS 5	Not addressed
IAS 23	An entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset	Broadly comparable to IFRS. An entity can choose between capitalising or not interest on specific borrowings to finance the construction of an individual qualifying asset. Belgian legislation also permits the capitalisation of debt-issue costs as formation expenses, to be amortised over the period of the related debt instrument
IAS 23	Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds	Broadly comparable to IFRS
IFRS 5	An entity shall measure a non-current asset (or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use	Not specifically addressed.

IFRS 5	An entity shall measure a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell	Not specifically addressed.
IFRS 5	Assets that meet the criteria to be classified as held for sale shall be presented separately in the statement of financial position	Assets held for sale are not specifically addressed. Nevertheless, the financial statements should give a true and fair view of the financial position. If the entity decides to sell an activity, it must provide a note in the annex to the annual financial statements or present this information in its annual report.
IAS 20	<p>Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets</p> <p>Grants related to income are government grants other than those related to assets</p>	Investment grants include grants obtained from public authorities in respect of investments in fixed assets (capital grants). Other grants are those not related directly to investments in fixed assets and interest subsidies.
IAS 20	<p>Government grants shall not be recognized until there is reasonable assurance that:</p> <ul style="list-style-type: none"> • The entity will comply with the conditions attaching to them, and • The grants will be received 	<p>In Belgium, the grant should be accounted for if it has been obtained (i.e. when official approval is obtained from the public authorities). The consequences of non-compliance with conditions attached to the grants will only be taken into account when they occur.</p> <p>Belgian GAAP requires deferred capital grants to be reported in a separate caption within shareholders' equity, net of any deferred tax impact.</p>
IAS 20	Government grants shall be recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. They shall not be credited directly to shareholders' equity	<p>In Belgium, the grant should be accounted for if it has been obtained (i.e. when official approval is obtained from the public authorities). The consequences of non-compliance with conditions attached to the grants will only be taken into account when they occur.</p> <p>Belgian GAAP requires deferred capital grants to be reported in a separate caption within shareholders' equity, net of any deferred tax impact.</p>

Intangible Assets

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 38	No intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Expenditure on research (or on the research phase of an internal project) shall be recognized as an expense when it is incurred	Research and development costs can be capitalized. Belgian GAAP permit the capitalisation of formation and certain start-up or restructuring costs (which must be amortised at an annual rate of at least 20%).
IAS 38	An intangible asset arising from development (or from the development phase of an internal project) shall be recognized as an expense when it is incurred	Research and development costs can be capitalized. Belgian GAAP permit the capitalisation of formation and certain start-up or restructuring costs (which must be amortised at an annual rate of at least 20%).
IAS 38	Start-up costs shall be expensed as incurred	Formation expenses may be capitalised, and must be written off within a maximum period of five years
IAS 38	After initial recognition, an intangible asset can be carried at a revalued amount which is defined as its fair value at the date of the revelation less any subsequent accumulated amortization and impairment losses. Fair value shall be determined by reference to an active market	The revaluation model is prohibited
IAS 38	The residual value of an intangible with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or there is an active market for the asset an residual value can be determined by reference to that market	Residual value is not addressed in Belgian GAAP.

IAS 38 The amortisation period and the amortisation method for an intangible asset with a finite useful life shall be reviewed annually. If the expected useful life of the asset is different from previous estimates, the amortization period shall be changed accordingly

Amortisation methods and periods are influenced by tax matters in Belgian GAAP while these elements are based on economic matters in IFRS. Accelerated amortisation may be applied in accordance with the relevant tax regulations.

There is no generally applicable maximum useful life, except that justification for amortising research and development costs over more than five years must be disclosed. If formation or other start-up costs are capitalised, they must be amortised over a maximum of five years.

Intangible assets should be amortised over their estimated useful economic lives. Research and development costs should be amortised over their estimated useful life, which should not exceed five years unless a longer period can be justified and the justification is disclosed in the footnotes.

This concept of indefinite useful life is not addressed in Belgian GAAP.

Impairment of Assets

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 36	The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use	Not addressed
IAS 36	An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset	Value adjustment is assessed once a year, at each reporting date
IAS 36	Irrespective of whether there is any indication of impairment, an entity shall test an intangible asset with an indefinite useful life or not yet available for use and goodwill acquired in a business combination for impairment annually, by comparing its carrying amount with its recoverable amount	Intangible fixed assets are subject to exceptional amortization when, due to changes in economic or technological circumstances, their carrying value exceeds their recoverable amount
IAS 36	If It is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the cash generating unit to which to the asset belongs	Not specifically addressed. However, application of this concept would not conflict with Belgian GAAP.
IAS 36	For the purpose of impairment testing, goodwill acquired In a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, of groups of cash-generating units	The concept of cash-generating unit is not used.
IAS 36	An impairment loss recognized for goodwill shall not be reversed in a subsequent period	Goodwill should be subject to extraordinary amortisation where, as a result of changes in economic or technological developments, and this is economically justified. Subsequent reversal of impairment write-downs is required when the write-down is no longer economically justified.

Leases

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 17	<p>A lease is classified at inception as a finance lease if it transfers to the lessee substantially almost all of the risks and benefits to ownership. All other leases are treated as operating leases. If a lease is a finance lease or an operating lease depends on the substance of the transaction “substance over form” rather than the legal form of the contract</p>	<p>BEGAAP does not address accounting for intangibles and land under lease contract.</p> <p>A finance lease in BEGAAP is basically the same as under IFRS taking into account that the only qualifying criterion is the transfer of substantially all the risks and rewards to the lessee, this being looked at from the substance of the transaction rather than from its legal form.</p> <p>A finance lease is deemed to exist in BE GAAP when the sum of the minimum lease payments is equal to or greater than the lessor’s investment in the leased asset, including other transaction costs.</p> <p>Purchase options included in leases for assets that represent at the most 15% of the lessor’s investment are included in the minimum lease payments. Purchase options may not be considered for real estate assets.</p>
IAS 17	<p>For sale-and-lease-back transactions resulting in a leaseback of a finance lease, the gain realized by the seller-lessee on the transaction is deferred and amortized through the profit or loss over the lease term. Other requirements prevail where the transaction results in an operating lease.</p>	<p>For sale-and-lease-back transactions resulting in a finance lease, the gain or loss realized by the seller-lessee on the transaction is recorded in deferred income and recognized through the income statement at the same rate as the depreciation of the leased assets.</p>
IAS 17	<p>Finance leases - lessee’s accounting:</p> <ul style="list-style-type: none"> • Asset and liability are recognized at the lower of the present value of minimum lease payments and the fair value of the asset • Depreciation policy is as for owned assets • Finance lease payments are apportioned between interest expense and reduction in liability 	<p>Finance leases are recorded as a fixed asset and a financial debt reflecting future rentals, at an amount equal to the capital portion of the installments contractually due.</p> <p>The same depreciation rules apply as for other similar depreciable assets</p>

IAS 17	<p>Finance leases - Lessor's accounting:</p> <ul style="list-style-type: none"> o Receivable is recognized at an amount equal to the net investment in the lease • Finance income is recognized based on a pattern reflecting a constant periodic rate of return on the lessor's net investment • Manufacturer or dealer lessors recognize selling profit or loss consistent with the policy for outright sales 	<p>Assets acquired for the purpose of being leased are classified as inventories.</p> <p>A receivable is recorded at the beginning of the lease, equaling the sum of the capital portion of the term to be received.</p> <p>The capital and interest portions of the lease installments received are respectively recorded as reduction of the receivable and finance income (or sales) in the income statement.</p> <p>Finance income is generally calculated on the net receivable outstanding according to the agreed reimbursement time table.</p> <p>The difference between the acquisition cost of the leased asset and the receivable is directly recognized in the income statement</p>
IAS 17	<p>Operating leases - lessee's accounting:</p> <p>Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern of benefit</p>	In line with IFRS
IAS 17	<p>Operating leases - lessor's accounting:</p> <ul style="list-style-type: none"> • Assets held for operating leases are presented in the lessor's statement of financial position according to the nature of the asset and are depreciated in accordance with the lessors depreciation policy for similar assets • Lease income is recognized on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern of benefit <p>Lessors add initial direct costs to the carrying amount of the leased asset and spread them over the lease term (immediate expensing prohibited)</p>	In line with IFRS

Revenue Recognition

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 18	An entity shall measure revenue at the fair value of the consideration received of receivable	Not specifically addressed, but similar in practice
IAS 18	When the inflow of cash or cash equivalents is deferred, and the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future using an imputed rate of interest	Not allowed in BEGAAP (Advice CNC 137-09).
IFRIC 13	An entity shall account for award credits as a separately identifiable component of the sales transaction in which they are granted. The fair value of the consideration received or receivable shall be allocated between the award credits and the other components	Not addressed
IAS 18	Sale of goods: Revenue from the sale of goods shall be recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods	In line with IFRS
IAS 18	Rendering of services: <ul style="list-style-type: none"> When the outcome of a transaction involving rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period When the outcome of a transaction involving rendering of services cannot be estimated, revenue shall be recognized only to the extent of the expenses recognized that are recoverable 	In line with IFRS but BE GAAP also allows the use of the « Completed Contract Method ».

IAS 11	<p>Construction contracts:</p> <ul style="list-style-type: none"> • When the outcome of a construction contract can be estimated reliably contract costs shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting package • When the outcome of a construction contract cannot be estimated reliably revenue shall be recognized only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognized as an expense in the period 	Either, the Percentage of Completion and the Completed Contract Method are authorized. The accounting policy is specified in the appendix of the financial statements.
IFRIC 15	Determining whether an agreement for the construction of real estate is within the scope of IAS 11 or IAS 18 depends on the terms of the agreement and all the surrounding facts and circumstances. This requires judgment with respect to each agreement	Classification based on the legal form
IAS 18	<p>Interest:</p> <p>Shall be recognised using the effective interest rate method</p>	In line with IFRS
IAS 18	<p>Royalties:</p> <p>Shall be recognised on an accrual basis in accordance with the substance of the relevant agreement</p>	In line with IFRS. Advice CNC 104.
IAS 18	<p>Dividends:</p> <p>Shall be recognised when the shareholder's right to receive payment is established</p>	In line with IFRS

The Effects of changes in Foreign Exchange Rates

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 21	In preparing financial statements, each entity determines its functional currency. An entity's functional currency is the currency of the primary economic environment in which the entity operates.	Presentation of Financial information in EUR (default currency in EURO area). Other currencies are only allowed if an exemption is given by the Minister of Economic Affairs. (Art 125 § 1 Belgian Companies Code) ; Advice CNC 117/2 ; Advice CNC 117/3 ; Advice CNC 2009/10 ; Advice CNC 2010/4.
IAS 21	The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash . Entities consider the factors mentioned in the standard to determine the functional currency.	In line with IFRS
IAS 21	Once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions.	In line with IFRS
IAS 21	At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate, even if it implies unrealised gains.	In line with IFRS
IAS 21	The entity may present its financial statements in any currency (or currencies). If the presentation currency differs from the entity's functional currency, it translates its results and financial information into the presentation currency.	EUR is the default currency used for financial information in BEGAAP. An exemption exists as mentioned above.

Income Tax

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 12	An entity is required to recognise the current and future tax consequences of transactions and other events that have been recognised in the financial statements	Only current tax consequences are dealt with in the individual financial statements. For consolidated financial statements the rules are in line with IFRS.
IAS 12	Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax	In line with IFRS, except that deferred taxes are limited to specific situations in BE GAAP.
IAS 12	Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period	In line with IFRS
IAS 12	Deferred tax is tax payable or recoverable in future periods , generally as a result of the entity recovering or settling its assets and liabilities for their current carrying amount, and the tax effect of the carryforward of currently unused tax losses and tax credits	Not addressed, however specific rules exist related to deferred tax. Deferred tax might occur on investment grants obtained from public authorities for investment in fixed assets and on gains on disposals of tangible and intangible fixed assets and securities issued by public authorities
IAS 12	Deferred tax assets and deferred tax liabilities arising from the temporary differences, unused tax losses and unused tax credits shall be recognised	Not addressed, although specific rules are mentioned in case of preparing consolidated financial statements. As a consequence, it is necessary to draw a distinction between deferred tax in statutory financial statements and deferred tax in consolidated financial statements. (Art 129 - AR 30.01.01) Unused tax credits and losses are mentioned in the notes to the statutory financial statements.
IAS 12	Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base	Not specifically addressed, but similar in practice

IAS 12	Deferred tax assets and liabilities shall be measured at the <i>tax rates</i> that are expected to apply to the period when <i>the asset is realized or the liability is settled</i> , based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period	Not specifically addressed, but similar in practice
IA12	The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period	Not specifically addressed, but similar in practice
IA12	Deferred tax assets and liabilities shall not be discounted	Not specifically addressed, but similar in practice
IA12	Deferred tax assets (liabilities) shall not be classified as current assets (liabilities)	Not addressed
IA12	An entity shall offset current tax assets and current tax liabilities, if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously	Not specifically addressed, but similar in practice
IA12	Thorough disclosure requirement	Limited disclosure of unused tax credits and losses in the appendix of the statutory financial statements

Provisions, Contingent Liabilities and Assets

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 37	<p>A provision shall be recognised when:</p> <ul style="list-style-type: none"> • the entity has a present obligation (legal or constructive) as a result of a past event • it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation • a reliable estimate can be made 	<p>All foreseeable risks and potential losses and impairment which have arisen in the course of the financial year concerned or of a previous financial year must be recognized, even if those risks, losses or impairment are known between the balance sheet date and the date of the board that determine the financial statements (art 33 AR 30.01.2001).</p> <p>Provisions must be recorded to cover clearly identified losses or charges that result from past events at the balance sheet date, and which are either likely or certain to occur, but not reliably quantifiable as to their amount. . The existence of an obligation (legal or constructive) is not required</p> <p>Provisions for risks and charges may not be used to rectify the value of an asset. (art 50 AR 30.01.2001).</p>
IAS 37	<p>The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period</p>	<p>In line with IFRS - <i>best estimate</i> by management</p>
IAS 37	<p>Where the effect of the time value of money is material, the amount of a provision shall be the present value of the amount of expenditures expected to be required to settle the obligation</p>	<p>In line with IFRS. Provision for early retirement and pension obligation are discounted. (Advice CNC-107/9)</p> <p>A similar approach is applied in the accounting for live annuity. (Advice 149/04)</p>

IAS 37

Provisions shall not be recognised for future operating losses

In line with IFRS.

Provisions could be recorded to cover notably:

- a) Commitments in retirement matter and other similar
- b) interests;
- c) Charges because of important maintenance and repair;
- d) Risks of losses or charges resulting from:
 - o guaranties and commitments given on fixed assets (to acquire or on sale),
 - o Technical guaranties on sales and services
 - o currency's positions
 - o position on derivatives
 - o litigation (art 54 AR30.01.2001).

Events after the Reporting Period

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 10	Events after the end of the reporting period are those events, that occur between the end of the reporting period and the date when the <i>financial statements are authorized for issue</i>	In line with IFRS
IAS 10	Two types of events can be identified: <ul style="list-style-type: none"> • those that provide evidence of conditions that existed at the end of the reporting period (adjusting events) • those that are indicative of conditions that arose after the reporting period (non-adjusting events) 	In line with IFRS All foreseeable liabilities and potential losses must be recognized if they relate to conditions that existed at the end of the reporting period, including where such liabilities or losses become apparent between the end of the reporting period and the date when the financial statements are authorized for issue
IAS 10	If an entity declares <i>dividends</i> to holders of equity instruments after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period	Financial statements submitted for approval to the shareholders must include proposed profit appropriations, including dividends. Dividends proposed in respect of one financial year are presented as a liability in the year-end financial statements relating to that year, even though they may not be declared and paid until the following year.
IAS 10	An entity shall disclose the date when the financial statements were <i>authorized for issue</i> and who gave the authorization. If the entity's owners or other bodies have the power to amend the financial statements after issue, this fact must also be disclosed. (IAS 10.17)	Not specifically addressed, but in practice corresponds to the date of the board of directors' meeting that adopts the financial statements in accordance with the Belgian Company Code.

Employee Benefits

IAS/IFRS	IFRS	BELGIAN GAAP
IAS 19	Post-employment benefit plans are classified as either defined contribution plans or defined benefit plans	Not addressed
IAS 19	Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal of constructive obligation to pay further contributions or to make direct benefit payments to employees	Not addressed
IAS 19	Defined benefit plans are post employment benefit plans other than defined contribution plans. Under defined benefit plans, the entity's obligation is to provide the agreed benefits to current and former employees	Not addressed
IAS 19	Defined contribution plans: A contribution payable for the period shall be recognised as a liability after deducting any amount already paid	In line with IFRS
IAS 19	Defined benefit plan: An entity shall recognise: <ul style="list-style-type: none"> • A liability for its obligations under defined benefit plans net or plan assets - its defined benefit liability • The net change in that liability during the period as the cost of its defined benefit plans during the period 	Not addressed Accounting law however requires entities to set up provisions for their obligations relating to retirement or survivor's pensions, early retirement and other similar pensions or allowances. Belgian entities are also bound by law to fund their pension obligations with an independent pension fund or insurance company. Consequently, the normal practice in Belgium is to expense as incurred the premium charged by the insurance company or pension fund, on the assumption that the amount of the premium

		constitutes an appropriate measure of the economic cost of their pension obligations for the period concerned.
IAS 19	<p>An obligation under a defined benefit plan is calculated as the difference of:</p> <ul style="list-style-type: none"> the present value of its obligations under defined benefit plans at the reporting date and the fair value at the reporting date of plan assets out of which the obligation are to be settled directly 	<p>Not addressed. See also comment above.</p> <p>Disclosure is made in the notes on the nature and the manner of funding of the obligations arising from defined benefit and defined contribution plans.</p>
IAS 19	<p>The entity shall determine the rate used to discount the future payments by reference to market yields at the reporting date on high quality corporate bonds</p>	Not addressed
IAS 19	<p>An entity shall:</p> <ul style="list-style-type: none"> recognise all actuarial gains and losses in profit or loss or recognise all actuarial gains and losses in other comprehensive income as an accounting policy election 	Not addressed

Share -based Payment

IFRS 2

Share-based Payment

Not addressed in BE GAAP

Summary

An entity shall recognize the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. The entity shall recognize a corresponding increase in:

- equity if the goods or services were received in an ***equity-settled share-based payment transaction*** or
- a liability if the goods or services were acquired in a ***cash-settled share-based payment transaction***
- For ***equity-settled*** share-based payment transactions, an entity shall measure the goods or services received, and the corresponding increase in equity, at the ***fair value of the goods or services received***, unless that fair value cannot be estimated reliably. If the fair value cannot be estimated reliably, the entity shall measure their value, indirectly, by reference to the fair value of the equity instruments granted
- For ***cash-settled*** share-based payment transactions, an entity shall measure the goods or services acquired and the liability incurred at the ***fair value of the liability***. Until the liability is settled, the entity shall remeasure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

In practice, under BELGIAN GAAP, provision if cash settlement

First-time adoption of IFRS

IFRS 1	First-time adoption of IFRS	Not addressed in BE GAAP
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Scope An entity shall apply this IFRS in:

- its first IFRS financial statements; and
- each interim financial report, if any, that it presents in accordance with IAS 34 Interim Financial Reporting for part of the period covered by its first IFRS financial statements

Summary *An entity's first IFRS financial statements* are the first annual financial statements in which the entity adopts IFRSs, by an **explicit and unreserved statement** in those financial statements of compliance with IFRS

- An entity shall use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements
- An entity shall explain how the transition from previous GAAP to IFRSs affected its reported financial position, financial performance and cash flows
- An entity's first IFRS financial statements shall include:
- reconciliation of its equity reported in accordance with previous GAAP to its equity in accordance with IFRS for both or the following dates:
- date of transition to IFRS; and
- the end of the latest period presented in the entity's most recent annual financial statements in accordance with GAAP
- An entity's first IFRS financial statements shall include, as well:
- a reconciliation to its total comprehensive income in accordance with IFRSs in its first financial statements that conform to IFRS
- An entity's date of transition to IFRSs is the beginning of the earliest period for which the entity presents full comparative information in accordance with IFRS in its first financial statements that conform to IFRS
- An entity may elect to use exemptions when preparing its first financial statements that conform to IFRS
- This IFRS prohibits retrospective application of some aspects of other IFRSs



BDO IFRS Resources

In addition to this publication, BDO has a range of tools and publications to assist in implementing and reporting under IFRS.

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Model financial statements

Model financial statements illustrating the presentation and disclosure requirements of IFRS.

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