SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL)

SFRS(I) INT 1-7
Introduction of the Euro

This Interpretation is applicable for annual reporting period beginning on 1 January 2022.

SFRS(I) Interpretation 1-7 *Introduction of the Euro* (SFRS(I) INT 1-7) is set out in paragraphs 3 and 4. SFRS(I) INT 1-7 should be read in the context of the Basis for Conclusions on International Financial Reporting Standards. The scope and authority of Interpretations are set out in the *Preface to Singapore Financial Reporting Standards (International)*.

Preface

Singapore Financial Reporting Standards (International) (SFRS(I)s) are available for entities to apply for annual reporting periods beginning on or after 1 January 2018.

The first volume of SFRS(I)s contains the equivalent of the consolidated text of International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual reporting period beginning on 1 January 2018.

In this Interpretation, paragraphs with a prefix 'IFRS' refer to effective date, transition provisions and/or other text that are extracted from IFRSs. An entity that is not a first-time adopter shall apply those requirements, if applicable[1]. Paragraphs that are specific to SFRS(I)s are indicated with a prefix 'SG'.

Notwithstanding the effective date and transition provisions in this Interpretation, an entity that is a first-time adopter of SFRS(I)s[2] shall:

(A) Initially apply this Interpretation in the first annual period in which it adopts SFRS(I)s; and

(B) Apply SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* in its first SFRS(I) financial statements. The entity shall also apply SFRS(I) 1 in each interim financial report that it presents in accordance with SFRS(I) 1-34 *Interim Financial Reporting* for any part of the period covered by its first SFRS(I) financial statements.

SFRS(I) INT 1-7 *Introduction of the Euro* is equivalent to SIC-7 *Introduction of the Euro*. An entity that complies with SFRS(I) INT 1-7 can simultaneously comply with SIC-7.

1 For example, SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* specifies that the transitional provisions in SFRS(I)s apply to a transitioning entity's transition to SFRS(I)s. SFRS(I) 1 defines a 'transitioning entity' as an entity that presents its first SFRS(I) financial statements, and that presented its annual financial statements in the most recent previous year that contained an explicit and unreserved statement of compliance with IFRSs.

2 SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* defines a 'first-time adopter' as an entity that presents its first SFRS(I) financial statements. A first-time adopter excludes a transitioning entity.

SFRS(I) Interpretation 1-7
Introduction of the Euro

References

- SFRS(I) 1-1 *Presentation of Financial Statements*
- SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- SFRS(I) 1-10 *Events after the Reporting Period*
- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates*
- IAS 27 *Consolidated and Separate Financial Statements* (as amended in 2008)

Issue

1 From 1 January 1999, the effective start of Economic and Monetary Union (EMU), the euro will become a currency in its own right and the conversion rates between the euro and the participating national currencies will be irrevocably fixed, ie the risk of subsequent exchange differences related to these currencies is eliminated from this date on.

2 The issue is the application of SFRS(I) 1-21 to the changeover from the national currencies of participating Member States of the European Union to the euro (‘the changeover’).

Consensus

3 The requirements of SFRS(I) 1-21 regarding the translation of foreign currency transactions and financial statements of foreign operations should be strictly applied to the changeover. The same rationale applies to the fixing of exchange rates when countries join EMU at later stages.

4 This means that, in particular:

(a) foreign currency monetary assets and liabilities resulting from transactions shall continue to be translated into the functional currency at the closing rate. Any resultant exchange differences shall be recognised as income or expense immediately, except that an entity shall continue to apply its existing accounting policy for exchange gains and losses related to hedges of the currency risk of a forecast transaction;

(b) cumulative exchange differences relating to the translation of financial statements of foreign operations, recognised in other comprehensive income, shall be accumulated in equity and shall be reclassified from equity to profit or loss only on the disposal or partial disposal of the net investment in the foreign operation; and

(c) exchange differences resulting from the translation of liabilities denominated in participating currencies shall not be included in the carrying amount of related assets.

Date of consensus

IFRS. October 1997

Effective date

IFRS. [SIC-7 *Introduction of the Euro* (issued in 1998)] becomes effective on 1 June 1998. Changes in accounting policies shall be accounted for according to the requirements of IAS 8.

IFRS. IAS 1 (as revised in 2007) amended the terminology used throughout IFRSs. In addition it amended paragraph 4. An entity shall apply those amendments for annual periods beginning on or after 1 January 2009. If an entity applies IAS 1 (revised 2007) for an earlier period, the amendments shall be applied for that earlier period.

IFRS. IAS 27 (as amended in 2008) amended paragraph 4(b). An entity shall apply that amendment for annual periods beginning on or after 1 July 2009. If an entity applies IAS 27 (amended 2008) for an earlier period, the amendment shall be applied for that earlier period.