

Table of Contents

Deferred income tax—

Deferred income tax is recognized using the liability method on temporary differences between the accounting basis and the tax basis at the date of statement of financial position.

Liabilities for deferred income taxes are recognized for all taxable temporary differences, when the opportunity of reversal can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the future offset of unused tax credit and tax loss carryforward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforwards of unused tax credits and unused tax losses can be used.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and is reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow the benefit of part or the entire deferred asset to be utilized. Unrecognized deferred assets are re-assessed on each statement of financial position date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax rules that were approved to date end of the period over which it is reported, or whose approval is near to completion at that time.

Deferred tax items are recognized in correlation to the underlying transaction either in the income statement or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and when the deferred taxes related to the same taxable entity and the same taxation authority.

Value added tax—

Revenues, expenses and assets are recognized net of the amount of Value Added Tax, except:

- When the Value Added Tax (VAT) incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the item of expenditure, as appropriate;
- Accounts receivable and payable are already stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other accounts receivable or payable in the statement of financial position.

3.3 New accounting pronouncements

The Company has decided not to early adopt the following standards and interpretations that were issued by the IASB, but are not effective at December 31, 2014:

- *IFRS 9, "Financial Instruments: classification and measurement"*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all phases of project financial instruments and replace IAS 39 "Financial Instruments: Recognition and Measurement" and all previous versions of IFRS 9. The standard introduces new

F-390