

## FOCUS

### ***New accounting framework for not for profit sector: public consultation***

ANC launches a public consultation until **17 September** on the proposed new accounting regulation for non for profit sector entities.

The current regulation has been issued in 1999 and requires to be updated in the light of the regulatory and economic changes that have occurred since then and of the increased funders' demand for financial transparency. It is the accounting framework not only for associations and foundations but also for many other entities, subject to specific adaptations, such as endowment funds, trade unions, works councils, social and medico-social institutions.

The regulation project has been drafted by a working group made of professional accountants, associations and foundations. However, given the diversity of non-profit sector actors, ANC Board, having validated this draft text, decided to launch a public consultation in order to seek opinion from the broadest number of the stakeholders and in particular those who have not directly participated in ANC working group.

Based on the comments received, the definitive regulation will be prepared for adoption by ANC and then endorsed by ministerial decree, for entry into force on 1 January 2020.

► **To learn more about the project and to respond the consultation, click [here](#).**

## Achievements

### ***Regulations and positions adopted by ANC's Board during the 1<sup>st</sup> semester***

ANC Board adopted during the first semester 2018 the following regulations and positions:

- Regulation ANC n° 2018-01 dated April 20, 2018 related to changes in accounting policies. This regulation modifies the National accounting code (*Plan Comptable Général* ANC2014-03). Upcoming official publication;
- Regulation ANC n° 2018-02 dated July 6, 2018 related to withholding tax for employees' earned income . This regulation modifies the National accounting code (*Plan Comptable Général* ANC2014-03). Upcoming official publication;
- Comment letter to EFRAG and IASB on ED 2017/6 – Definition of Material;
- Comment letter to EFRAG on ED 2017/5 improvements to IAS 8;
- Comment letter to EFRAG on the discussion paper "Goodwill impairments test: can it be improved?"
- Comment letter on IFRS-IC tentative decisions in November 2017;
- Statement of conclusions of ANC on French commercial property leases;
- Comment letter to EFRAG on the DEA related to IAS28 amendments;
- Comment letter to EFRAG's research paper on "Equity instruments – Impairment and recycling";
- Comment letter to EFRAG and IASB on ED 2018/1 "Accounting Policy changes – proposed amendments to IAS 8."

## Ambitions

### ***Symposium on Accounting Research 2018 : Accounting and extra-financial information***

The relationship between extra-financial reporting and the stricto sensu financial information has been hot topic for discussion during the last months in France and in the European Union. This can be illustrated by the various initiatives such as the Senard-Notat report, the report of the expert group on sustainable finance (HLEG), the creation of a Lab at EFRAG on these subjects at the request of the European Commission and the European public consultation on the relevance of the regulatory frameworks (*Fitness check on the EU framework for public reporting by companies*).

The next symposium on accounting research will give an opportunity to further discuss this topic with series of round tables on **changes in companies' information and its related financial or extra-financial components**. In particular, debates will deal with the way financial communication has evolved to include an increasing number of extra-financial items, on the various characteristics of this information, on the potential boundaries and barriers and on the expected and desirable next steps. A day rich in debates for an overview of the current challenges faced by the extra-financial information and its interaction with accounting requirements and be informed that registration is now opened.

#### Participation in conferences:

- May 16 : AFC Congress in Nantes
- May 23 : IMA France
- July 2 2018 : DRSC 20th Anniversary
- September 20 : workshop AGEFI
- September 25 : IMA France

#### ACCRA

(Audit Comptabilité Contrôle .  
Recherches Appliquées)

A new French academic review from the AFC is available now on-line. This review enables publication of papers aiming promotion of applied researches.

Free access on :

[cairn.info/revue-accra.htm](http://cairn.info/revue-accra.htm)

#### 8<sup>th</sup> Symposium

on Accounting Research

**Monday December 10 2018**

*Accounting and extra-financial information*

[Register here](#)

#### April 2018

**Emmanuelle Guyomard** has been appointed EFRAG TEG member, replacing Nicolas de Paillerets whose mandate has terminated.

#### France:

CNP:	17 May-21 June-19 July-20 September
CNI:	15 May-19 June-17 July-18 September
Collège:	4 May-1 June- 6 July-7 September

#### International:

16 May:	EFRAG TEG (webcast)
30 May:	EFRAG Board
13-14 June:	EFRAG TEG
27 June:	EFRAG Board
3 July:	EFRAG Board in Berlin
4-5 July:	EFRAG TEG
9-10 July:	ASAF in London
25 July:	TEG EFRAG
21-22 August:	EFRAG Board
3-4 September	EFRAG Board
5-6 September:	EFRAG TEG
20 September:	EFRAG Board
26-27 September:	EFRAG TEG



## Focus on : new regulation on changes in accounting policies

The regulation ANC n° 2018-01 dated April 20, 2018 modifies the National Accounting Plan (Plan comptable général) regarding changes in accounting policies, changes in accounting estimates and corrections of errors. This regulation, currently under official publication, will be applicable to the reporting period opened on the date of publication of its homologation decree in the official journal.

The new rules are about the definition of accounting policies, the changes in accounting policies and estimates and implementation conditions, error corrections and tax options.

The main modification is that a change in accounting policy at the initiative of the entity, which remains limited to exceptional cases, is now conditional on giving the best financial information, and no longer in case of an exceptional event in the situation of the entity. Thus, an entity may change its accounting policy due to a new ANC regulation or on its own initiative if this change leads to a better financial information, i.e. an information more relevant and more appropriate to the entity's performance or asset's regarding its activity, situation and environment.

In addition, the preferred methods (*méthodes préférentielles*) are replaced by four reference methods that permit having a better financial information meeting the general principles of private accounting standards, i.e. the definition of assets and liabilities. Their adoption does not have to be justified and is irreversible.

Tax options are limited to derogatory accounting treatments specifically provided for by a dedicated tax law. In terms of presentation, the impact of the change in policy, net of tax, is now mentioned in a line, outside the net operating income in the case where the change is recognised in profit or loss. The impact of errors correction is recognised gross of tax in a line outside the net operating income. Information in the notes to the accounting statements have to distinguish between the general notes and those specific to accounting changes.

[The regulation and its presentation note are available on ANC website.](#)



## Focus on: applying IFRS 16 to French commercial property leases

An application question has been submitted to ANC relating to IFRS 16 on lease contracts. This standard, applicable from 2019 onwards requires recognising in the balance sheet statement lease contracts previously identified as operating leases (i.e. others than financial leases). The question raised related to the duration of the contract from an accounting point of view for French commercial property leases, also identified as "3-6-9 leases".

For over a century, French laws on commercial property leases (including the so-called 1953 "*Loi sur les baux commerciaux*") have structured the relationship between lessee and lessor. It is generally considered that the legal system put in place organises a balanced relationship where neither the lessee nor the lessor benefits from over-protection. It encourages negotiation between the two parties to the lease after a minimum legal duration period of 9 years. In a context where the legal framework of leases has a pivotal influence, commercial practice reflects this balanced relationship approach. At the end of the term, the lessee has the right to request a renewal. The lessor has the right to accept or to refuse the renewal.

ANC has examined, from an accounting standpoint, the existence of an option to renew, as well as the enforceable period and the non-cancellable period of commercial property leases to be considered under the French regime in the context of IFRS 16 implementation. At the end of the process involving ANC's bodies, and on the basis of the facts and circumstances prevailing in France, ANC's Board reached the following consensus on French commercial property leases: from an accounting standpoint, no option to extend exists at the term of the lease and therefore the 9 year duration is generally the period for which the contract is enforceable (the non-cancellable period being then 3 years).

ANC's statement of position, published in February, is non authoritative. It is the first case analysed by ANC, in a way comparable to the work performed by other standard setters. Largely relying on consensus, anchored in the practice while maintaining a link with IASB, this work is ANC's additional contribution to the international standard setting process.

Feel free to send us your questions !



## Focus on: Research projects – 2018

Within the framework of proactive reflections on future accounting debates, ANC has wished this year to encourage academic professors to initiate accounting research works on the following themes: accounting for taxes, distributable income, studies on implementation of IFRS 15 and IFRS 9 standards, rate regulated activities and accounting impacts of digital activities as a follow-up of the debates occurred at the 2017 Symposium on accounting research.

Following the call for projects launched last April 2018, 9 projects have been received by June 8, deadline for submission. The selection committee met on June 27 and has chosen 4 projects, which results are expected between mid 2019 to end of 2020.

1. European study on distributable income – research team led by Anne Le Manh
2. Study on implementation of IFRS 15 – research team led by Lionel Touchais
3. Study on implementation of IFRS 9 – research team led by Véronique Blum
4. Literature review on Rate regulated activities – research team led by Pascal Alphonse

If you wish to inform us of your specific research projects outside these subjects and outside the dedicated periods of calls for projects, do not hesitate to contact us for all projects which may be useful for standard setting.