

FOCUS

Covid-19 and financial information

The ANC Board proposed recommendations to companies for including the Covid-19 pandemic event in their accounts, in order to help them to take an operational and pragmatic approach with a view to rebounding. After an initial communication on the financial statements at 31 December 2019, ANC published on 18 May its recommendations under French accounting standards and its observations under the IFRS framework for taking into account the Covid-19 event in both annual and consolidated financial statements as from 1 January 2020.

As a result of a working group involving all stakeholders, this document provides clarifications on questions raised with regard to existing regulations on the recognition of certain assets, liabilities, expenses and income, without creating any new obligations. This publication also stresses the importance of:

- **speed-up the publication of accounting information**, by recommending voluntary preparation of interim accounts or statements, without waiting for the annual closing,
- **a complete and relevant presentation of the information provided in the notes to the financial statements and not in the extraordinary/non-current items.**

This document is subject to change as new questions are raised and new versions will be re-published in the coming months.

Achievements

Regulations and positions adopted by ANC's Board during the 1st semester

ANC Board adopted during the first semester 2019 the following regulations and positions:

Regulations:

- n° 2020-01 dated 6 March 2020 superseding regulations CRC 99-02, 99-07, 2000-05, 2002-05, 2002-08 et 2002-13 related to consolidated accounts (upcoming official publication);
- N° 2020-02 dated 5 June 2020 amending the National accounting code (Plan Comptable Général) about additional information required for medium size companies.

Communications relating to Covid-19:

- 2 April 2020 on consequences on the annual and consolidated financial statements as of 31/12/2019;
- 7 April 2020 following the postponement of the filing date for allocation of basic payment entitlements by the Ministry of agriculture;
- 18 April 2020 on consequences on the annual and consolidated statements as from 1/1/2020.

International standards:

- Comment letter on IFRS-IC tentative decision from November 2019;
- Two recommendations (n° 2020-01 and 2020-02) related to presentation and codification of consolidated accounts according to IFRS standards;
- Technical proposal on accounting treatment of annual cohorts according to IFRS17;
- Comment letter to EFRAG and IASB on ED 2020/2 relating to IFRS16- Covid-19 related rent concessions;
- Comment letter to EFRAG and IASB on ED 2020/1 related to IFRS9, IAS39, IFRS4 et IFRS16 on interest rate benchmark reform.

Ambitions

Strategic plan 2020-2022

The ANC Board validated on July 24 2020 its strategic plan for the next three years by setting the objectives and general guidelines on the French standard setting, the contribution to the International standard setting and the promotion of accounting research activities.

ANC's works for the following years will aim at:

- promoting French standards that are appropriate and effective;
- contributing to the relevance and stability of international standards;
- fostering proactive research;
- ensuring effective and transparent processes.

Specific attention will be paid to encompass ANC's works in a global vision of the Corporate communication.

**Research projects
Answers expected
by 30 September**

**10th Symposium on
Accounting Research
Monday December 14 2020
Accounting and Crises**
[Register here](#)

Participations in conferences

- 23/01: OECD « *Parlement des Entrepreneurs d'avenir* »
- 24/02: OEC Morocco - Casablanca
- 30/03: IMA
- 09/04: CF2i
- 17/06: XBRL Europe 25th digital week

France :

CNP:	26 June-16 July 17 September-15October 19November-26November 17 December
CNI :	23 June-7 July 22 July-22 September- 3 November- 24 November 8 December
Collège:	5 June-3 July 4 September-9 October 6 November- 4 December

International :

3-4 June	EFRAG TEG
16 June	EFRAG Board
1st July	EFRAG TEG
16 July	EFRAG Board
2-3 September	EFRAG TEG
10 September	EFRAG Board
23-24 September	EFRAG TEG
28-29 September	WSS
30 Sept.- 1 Oct.	IFASS
2 October	ASAF in London
8 October	EFRAG Board
21-22 October	EFRAG TEG
17 November	EFRAG Board
2-3 December	EFRAG TEG



Focus on : New regulation on consolidated financial statements

On 6 March 2020, ANC Board adopted Regulation 2020-01 on consolidated financial statements, thereby making it possible to centralise in a single document articles previously scattered in various sector-specific regulations applicable to industrial and commercial companies, banking companies, insurance companies, agricultural cooperatives, etc.

This regulation makes it mandatory to apply certain methods deemed more relevant for the preparation of consolidated financial statements: balance sheet recognition of leasing and similar contracts, capitalisation of eligible development costs, deferral of borrowing costs, and recognition as expenses of formation expenses. However, the reference to the principle of substance over form has been removed, as well the possibility of recognising in the income statement translation differences relating to foreign currency receivables and payables.

The allocation of the purchase price acquisition of an entity to its identifiable assets and liabilities meets a new definition of the entry value; the format of the financial statements is revised and the provisions relating to the notes to the financial statements incorporate new features, particularly concerning goodwill and the link with the regulations relating to the parent company financial statements.

A new section is dedicated to groups preparing consolidated financial statements for the first time.

This regulation (waiting for official publication) applies to accounts relating to financial years beginning on or after 1 January 2021 and is available [here](#).



Focus on : Update of the recommendation on applying IFRS 16 to French commercial property lease

In February 2018, in response to a question on the application of IFRS 16 to French commercial property leases, ANC published a statement of conclusions setting out an indicative position on certain methods for determining the term used to measure leased assets and liabilities.

A commercial property lease generally has a minimum term of nine years. It ceases to exist when the lease is terminated six months in advance or when a request for renewal is made. In the absence of a notice of termination or a request for renewal, the lease is extended for an indefinite period: this is a situation of tacit extension. From a legal point of view, a tacit extension means the continuation of the existing lease. The existence of situations of tacit extension, which are infrequent and generally temporary, has led ANC to update its analysis. At the end of the review procedures conducted and taking into account the facts and circumstances prevailing in France, ANC's Board reached the following consensus:

- the term to be used for the measurement of leased assets and liabilities reflects the period during which the lessee is reasonably certain of continuing the lease. This term is generally nine years at inception;
- the tacit extension is taken into account in determining the initial term of the lease if the lessee can reasonably anticipate, among other things, that it will have an interest in using this provision. An unanticipated tacit extension gives rise, when it becomes reasonably certain due to a material event or change in circumstances within the lessee's control, to a re-estimation of the term of the lease;
- the assumptions used to determine the term of the lease and those used for the depreciation of non-reusable fixtures and fittings are consistent.

The statement of conclusions is available [on our website](#).



Focus on: call for research projects – submission of application until September 30

ANC decided to postpone the submission of candidate files for research projects until **September 30** to take into account the difficulties encountered by academics during the Covid-19 pandemic period.

As part of its proactive reflections on future accounting debates, ANC wishes this year to encourage research work on the following themes:

- Taxation
- Accounting impacts of digital activities
- Possible methodologies for an impact study
- Presentation of non-current items in the income statement
- Quality of accounting information and provisions
- Notion of control through standards

For more information on the content of the file to be sent, please consult [our website](#). In addition, ANC remains open to specific proposals on other research topics.

Do not hesitate to contact us for all projects you intend to launch and which may be useful for accounting standard setting.