

## FOCUS

### Accounting and digitalisation

Accounting standard setting is based on three pillars: the accounting methods to be applied to record events and transactions, the chart of account to classify entries and the format of the primary financial statements. Under French accounting standards, the chart of account and the format of the financial statements are part of the standard setting activity. The international accounting standard setting is dealing essentially with principles and accounting methods. The work on taxonomy starts and the status is in-progress. Today, the digitalisation of the transactions and of the media used for publication of financial statements lead us to question us about the various possible impacts. **The next symposium on accounting research will allow us to debate on all these questions.**

On one side, the digitalisation of financial information leads to consider key questions: how, for whom, for what purpose, when... The rules of the financial information are tested by this digitalisation in terms of content (quantity, quality) and in terms of temporality: is the taxonomy a threat? Has the choice of a structured language such as has XBRL an impact on accounting standard setting? Does a dematerialised reporting question the current practices on publications of investors relations department or on the format of the financial statements? ...

On the other side, the importance of digitalised activities increases in all business sectors beyond the pure new economy sector and beyond the development of new financing schemes. How to account for these new activities? Does the current accounting framework allow capturing all the inherent transactions even without cash transactions? Or should it lead to propose new definitions and new accounting rules for posting revenues, cost, assets or liabilities?...

## Achievements

### Regulations and positions adopted by ANC's Board during the 2<sup>nd</sup> quarter

ANC Board adopted during the last quarter the following regulations and positions:

- ▶ Regulation ANC 2017-01 dated May 5 2017 related to merger operations. This regulation modifies the National accounting code (*Plan Comptable Général* ANC2014-03). Upcoming official publication;
- ▶ Regulation ANC 2017-02 dated July 5 2017 related to *Groupe Action Logement's* accounts. Upcoming official publication;
- ▶ Guideline specifying the accounting treatment of the funds received from communities of property owners in the property manager's accounts;
- ▶ Guideline related to the presentation of the consolidated financial statements of financial institutions under IFRS rules;
- ▶ Two comment letters on IFRS-IC decisions dated March and May;
- ▶ Comment letter to EFRAG and IASB on ED 2017/3 related to proposed amendments to IFRS 9 on prepayment features with negative compensation;
- ▶ Comment letter to the European Commission public consultation on the operations of the European Supervisory Authorities (questions 14 and 15);
- ▶ Comment letter to EFRAG and IASB on ED 2017/1, annual improvement 2015-2017 cycle;
- ▶ Comment letter to EFRAG on the draft endorsement advice related to IFRS 16, Leases.

## Ambitions

### Strategic plan 2019 « Ambition 2019 »

The ANC Board validated on June 2 2017 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.

Patrick de Cambourg's participation in conferences:

- ▶ **9/11 Amsterdam:** Forum Ernst & Young
- ▶ **9/12 Frankfurt:** WICI
- ▶ **9/18 Brussels:** Symposium Accountancy Europe
- ▶ **9/19 Paris:** IMA

September 6 2017

At 2:30 pm

Public meeting on the subject « Better communication » held jointly with EFRAG and IASB (Françoise Flores) and chaired by Nicolas de Paillerets

7<sup>th</sup> Symposium on Accounting Research

Monday December 11 2017

« Accounting and digitalisation »

[Register here](#)

#### France :

CNP:	20 July–21 September-19 October
CNI :	18 July–19 September-17 October
Collège:	5 July– 8 September - 6 October

#### International :

3-4 July	ASAF à Londres
20 July	Board de l'EFRAG
26-27 July	TEG de l'EFRAG
14 September	Board de l'EFRAG
20-21 September	TEG de l'EFRAG
25-26 September	WSS
27 September	IFASS
28 September	ASAF
9-10 October	Board de l'EFRAG



## Focus on: ANC's role on supplementing guidances

In charge of the French standard setting, ANC establishes regulatory measures, which are compulsory, and also all needed additional guidance to specify implementation aspects. ANC publishes accordingly accounting compendiums by main business sectors (industry and services sectors, banking at this stage) including both regulations and guidance.

In its strategic plan « Ambition 2019 », ANC brings a particular attention to these additional guidances. To supplement and adapt the French accounting regulation, the current and new guidance existing in the compendiums will be reclassified in the five categories below (IR):

- ▶ contextual guidance (IR1) which presents and explains the context and the reasons behind the regulation;
- ▶ guidance on the scope of application of a regulation (IR2) to indicate whether a specific type of transaction falls within the scope of the regulation;
- ▶ implementation guidance (IR3);
- ▶ illustration (IR4) : this guidance provides examples;
- ▶ guidance on accounting entries (IR5) : this guidance specifies how to book relevant entries.

For example, ANC recently approved guidance on article 621-11 of the National accounting code (plan comptable général-PCG) relating to the specific case of bank accounts and sub-accounts of property owners in the property manager's accounts ([click here for more information](#)). As soon as adopted by ANC's Board, this additional guidance has been published on April 5 2017 on our website. It will be integrated (under the article 621-11 of the PCG as IR 3 – implementation guidance on funds managed in property managers' accounts) in the 2017 compendium for industrial and commercial companies.



## Focus on: Forum on the Application of International Accounting Standards

After a broad debate, ANC has created in May 2017 a forum dedicated to the implementation of IFRS (FANCI). Even if recent that forum has already proved crucial.

In a principles based environment, implementation of standards can neither be too centralised nor fragmented. The IFRS Interpretation Committee (IFRS-IC) therefore relies on regulators, auditors and standard-setters. The Forum is the French echelon of a global mechanism where subsidiarity links principles to practice. Acting in the public interest, ANC already brings together French contributions to accounting research, standards development and European endorsement. Like many other national standard setters, ANC could not be absent from the implementation phase, the 4<sup>th</sup> and last stage of accounting standard-setting, after research, standard setting itself and endorsement.

Made up of an equal number of auditors and preparers, FANCI also permanently invites regulators and, acting as liaison members, the French members of IASB and IFRS-IC. Its dual purpose is:

1. Supporting the French IFRIC member, identifying French common practices and commenting on IFRS-IC tentative decisions (former "rejection notices");
2. Processing requests submitted to ANC regarding IFRS implementation in order to provide a draft recommendation on best practices or convey the issue to the IFRS-IC.

The FANCI has already commented on the last 3 IFRIC meetings. Beyond their technical accounting aspect, these decisions raise implementation and governance issues since they actually become enforceable with no delay, no transitional provision and no endorsement process in Europe. Yes, a decision (which is not an interpretation) is only supposed to recall how to read standards, but such reading may sometimes prove contrary to common understanding and practices or new guidance may be embedded in the reminder. IASB acknowledges the ambiguous status of IFRIC decisions and is currently exploring ways to ease their application. ANC supports any facilitating initiative but is also concerned that decisions do not become the vehicle of "rereading" of standards that would fly under the radar of the EFRAG's endorsement process; especially when recently issued or adopted standards (IFRS 9, 15, 16, 17) may raise significant needs for interpretation...



## Focus on: Research projects – 2017

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: distinction between debt and equity, studies on application of IFRS 5, IFRS 13 and IFRS 10,11,12, intangibles assets, equity value of investments, taxes, impact of digitalisation.

Following the call for projects launched last April 2017, 14 projects have been received by June 9, date line for submission. The selection committee met on June 21 and has chosen 8 projects. These various projects offer a rich and complete methodological panorama of studies on all the proposed themes with the exception of the subject "tax" which was stayed away. The first results are expected for the beginning of 2018 and reports and final articles for the end of 2019.

- 1 *Distinction between debts and equity: hybrid financings* – research team led by Pascal Barneto
- 2 *Capital : accounting, economical and historical analysis*– Jacques Richard and Alexandre Rambaud
- 3 *Study on application of IFRS consolidation pack* – research team led by Eric Tort and François Lantin
- 4 *Recognition and disclosure of intangible assets : a meta-analysis review and framework* – Anne Jeny and Rucsandra Moldovan
- 5 *What is the frontier between the accounting and non-accounting? What is the space for the non-accounting? What could be possible indicators to follow the non-accounting and how to put them in place?* - Delphine Gibassier and Carol Adams
- 6 *Between accounting and non-accounting*- research team led by Elisabeth Walliser and Géraldine Michel
- 7 *The equity method*- research team led by Frédéric Poutrier
- 8 *Digital language : a strategic challenge for the international standard setting*- research team led by Pierre Teller