AUTORITÉ DES NORMES COMPTABLES

PROPOSAL

Simplify accounting obligations

for

"small listed companies" in Europe

Contents

Introduction

Background

The simplification of accounting obligations for "small listed companies" is a major issue in Europe today. Indeed, these companies too rarely raise finance on the capital markets; they often point to the numerous obstacles they encounter in accessing this source of funding.

Based on this evidence, France has already proposed to develop a specific legal framework for these companies through the European "Small Business Act". Such a framework would include legal requirements for securities and in particular amendments to the "Transparency" and "Prospectus" Directives and implies establishing a definition of a "small listed company". Proposals have been made in this respect.

Moreover, the "small listed companies" - to be precisely defined by the European authorities – should form an integral part of an ambitious strategy of the European Union in the area of accounting standards. Such "**accounting strategy for SMEs in Europe**" would target three distinct and consistent social and economic categories: the smallest companies, other non listed companies, "small listed companies". Companies in all three categories are SMEs deserving simplified standards, yet in a different form, adapted to the needs of each of them. Orientations for"small listed"entities are presented hereafter.

Objectives

In accordance with the European Regulation No 1606/2002 the application of IFRS is **mandatory** in the consolidated financial statements of listed companies. But their application is often **burdensome** for "small listed companies". For this reason it would be preferable to adapt their accounting obligations to their size, without either diminishing the quality of the reporting or introducing a new set of accounting principles.

In this respect, it would be contrary to the objective of simplification and contribute to increased inconsistency and complexity to introduce a set of accounting standards like IFRS for SMEs which are designed exclusively for unlisted entities. That would bring about a change in the rules for annual accounts, thus depriving "small listed companies" of the benefit of a single set of internationally recognized accounting standards, full IFRS. Moreover, the accounting standards applicable to "small listed companies" would then become stand-alone and changing them would become a new issue in itself and a source of uncertainty and risk.

An alternative would be to propose a **simplification of the existing accounting framework**. Annual accounts include the statement of financial position, the income statement as well as the notes and a statement of cash flows, the practitioners consulted consider that the **preparation of the notes to the accounts is a burdensome exercise**. In addition to which, the quantity of information provided hinders the identification of items that have real importance.

There exists scope for simplifying the preparation of the notes and making them easier to read by reducing the amount and level of detail of the information provided.

Moreover, the IASB itself recognizes the need to review the contents of the notes with a view to simplifying and reorganizing them, even for large companies.

Characteristics of the project

The ANC's proposals for simplifying the notes do not affect IFRS recognition and measurement principles for preparing annual accounts.

The chosen objective was to eliminate superfluous obligations and information. The principle consists of requiring a **basic minimum** of information and no more; the company may however provide additional information which it considers relevant for the users of its accounts. In this way a whole series of obligations are eliminated, the amount of information should be reduced by one third.

Lastly, the proposal provides companies with a **practical tool** enabling a substantial time saving in the preparation of accounts and a reduction in the extent of the notes.

These proposals are the result of **widespread concertation** in France: professional accountants, companies and in particular Middlenext (association representing medium-sized listed companies), financial analysts and regulators took part in drawing up these proposals.

It now seems appropriate and necessary to go beyond the national borders and give a European dimension to this project.

The application of these proposals would not give rise to a new set of accounting standards for "small listed companies" or to regional standards; it just illustrates the unique position of Europe, as the main user of IFRS for more than five years, which enables it to capitalize on its experience to adapt accounting standards to the particular situation of those companies on which a major part of its growth is dependent. In this respect these proposals are of a similar nature to those[1] setting out to define a regulatory framework for small entities. In this context, this project should be presented to the IASB which has not established specific rules for these entities.

[1] The United States have on different occasions, and in particular in the case of the Sarbanes Oxley Law, applied the same approach.

Presentation of proposals for simplification

Objective of the notes to the financial statements:

For “small listed companies” notes to the financial statements contain a great deal of information and this often with the sole objective of complying with the requirements of accounting standards. It seems then necessary to first recall the objective and usefulness of notes to the financial statements: the notes shall provide additional information that is relevant to the needs of users in order to better assess the financial position, financial performance and cash flows of the entity.

According to the above objective, the entity shall provide information that would be qualitatively or quantitatively material for the users of the financial statements and is not therefore required to disclose information that is not material.

Generally the information disclosed in the notes should be limited to:

- The judgements that management has made in the process of applying the accounting policies when these can have a significant effect on the amounts recognised in the financial statements (for example the definition of the cash-generating units, the choice of accounting options, etc.).
- Information not presented elsewhere in the financial statements that is relevant to an understanding of the significant changes in the financial position, financial performance and cash flows of the entity and every item that occurred during the period that could be quantitatively or qualitatively material for the users of the financial statements.
- Assumptions made by the entity about the future and other major sources of estimation uncertainty that could result in a material impact on the accounts of the current or following periods (for example the useful lives of property, plant and equipment).

The working methods used in developing the proposals:

Beyond the above general principles a technical working group of the ANC was created in order to propose a minimum level of information required in the notes to the financial statements with a view to offering practical solutions to "small listed companies”.

To this end, the working group has performed several tasks:

- Review of the studies currently carried out by the other accounting organisations on disclosures and of the proposals included in the IFRS for SMEs (not applicable to listed entities).
- Examination of the financial statements of small companies that appeared to be particularly brief and relevant in order to identify best practices.
- Analysis of the disclosure requirements under IFRS in order to identify information considered as non relevant[2] for “small listed companies” or for which the cost of providing it would exceed the benefits for the users of the financial statements[3].

[2] According to qualitative characteristics of relevance and materiality described in the IASB Framework (paragraphs 26 and 29) and in the accounting standards IAS 1.31 and IAS 8.8.

[3] The constraint of the balance between benefit and cost of the provided information is described in the IASB Framework (paragraph 44).

The ANC's proposals:

Two ways of simplifying IFRS for "small listed companies" are considered:

1. Reduce the volume of the notes thanks to simplifications to the current disclosure requirements under IFRS

2. Facilitate the preparation, and improve the readability and relevance of the notes to the financial statements by proposing in particular an illustrative set of simplified financial statements

Naturally, the simplifications and the model proposed do not exempt the management from exercising its judgement to disclose other elements that would be quantitatively or qualitatively significant to the users of the financial statements. For example, certain information which it is proposed to eliminate as a simplification could in fact be significant, such as for example the information on the "market value" of an investment property when there is a material difference with the amount recognized in the financial statements, or the information relating to discontinued operations on the comparative period (N-1) when discontinued operations had a material impact on the accounts of the year N-1.

FIRST WAY: REDUCE THE VOLUME OF THE NOTES

The analysis of the disclosures required under IFRS has led to concrete proposals to reduce the volume of the notes to the financials statements.

❶ Simplify the disclosure requirements under IFRS

Some disclosure requirements are considered irrelevant for a "small listed company", considering especially the cost of obtaining the required information[4]. It is therefore proposed to **eliminate a number of disclosure requirements without changing the existing accounting rules used for the recognition and measurement of items in the financial statements.**

Proposal n°1: Eliminate the requirement to provide a statement of financial position for a third period when an entity applies an accounting policy retrospectively or makes a significant reclassification/ retrospective restatement

Full IFRS	The statement of financial position shall at least be provided for two periods: at the end of the current period (31st December N) and at the end of the previous period (31st December N-1) as comparative information. When an entity applies an accounting policy retrospectively or makes a reclassification or retrospective restatement of items in its financial statements, the entity is required to provide also a statement of financial position as at the beginning of the earliest comparative period (1st January N-1) (IAS 1.10 (f)).
ANC's proposal	The entity may provide only the impact of accounting policies applied retrospectively and reclassifications/ retrospective restatements as at the beginning of the earliest comparative period (1st January N-1) without providing a third statement of financial position.

[4] See above footnotes n°3 and 4.

Proposal n°2: Eliminate the requirement to list the Standards and Interpretations that have been issued but are not yet effective and estimate their impact when no material impact is expected on the financial statements of the following period.

Full IFRS	When a new standard, improvement of an existing standard or interpretation is issued by the IASB/ IFRIC but is not yet effective (if there is a specific later application date included in the issued standard/ interpretation or if the standard/ interpretation has not been endorsed by the European Union), the entity shall disclose this fact and estimate the impact on its financial statements (IAS 8.30). For example, if a standard is effective in period N+3, the financial statements of period N shall disclose the existence of this new standard and provide an assessment of its impact on the financial statements of period N+3.
ANC's proposal	In the current financial statements (N) the entity is required to disclose issued but not yet effective new standards, improvements of existing standards and interpretations only when their period of initial application is the following period (N+1). Hence, if a standard is effective in period N+3, it is not required in the financial statements of period N to disclose the existence of this new standard and provide an assessment of its impact on the financial statements of period N+3.

Proposal n°3: Simplify the requirements regarding information on operating segments and geographical areas

Full IFRS	The entity shall breakdown some items by operating segment (revenues, profit or loss, assets, depreciation and amortisation, liabilities, etc.) if such amounts are regularly provided to the chief operating decision maker. (IFRS8.23). In addition, the entity shall report the revenue and non current assets attributed to each geographical area with separated disclosures for the items attributable to its country of domicile and for each individual foreign country with material revenue or non-current assets (IFRS 8.33).
ANC's proposal	Information about segments and geographical areas is considered to be relevant to better understand the performance and risks related to companies involved in diverse businesses and multinational companies. However for "small listed companies" the level of detail required on operating segments and geographical areas may lead to disclosure issues of strategic information to the competitors that are not necessarily subject to such a level of detail. It appears then necessary to allow these companies to (1) limit the information by segment and by geographical area to revenue only and to (2) authorize transactions made in the same currency areas to be aggregated (if the country of domicile is in the euro area, the revenue attributed to the county of domicile may therefore be aggregated with the revenue achieved in the other countries of the euro area).

Proposal n°4: Eliminate the requirement to disclose some comparative information if this information was already published in the financial statements of the previous period

Full IFRS	The entity shall disclose comparative information in respect of the previous period for all amounts reported in the current period's financial statements (IAS 1.38).
ANC's proposal	In order to facilitate the reading of the notes, the entity is not required to disclose in the financial statements of the current period (N) the following comparative information (N-1) if this information was already disclosed in the previous period's financial statements (N-1): o The details of the movements of the carrying amounts for the period N-1 (required in the full IFRS in particular for intangible assets, property, plant and equipment, investment properties or deferred tax assets and liabilities) o Related party transactions o The reconciliation between the categories of financial assets and liabilities and the line items presented in the statement of financial position

Proposal n°5: Eliminate the requirement to disclose key assumptions used for impairment tests when the likelihood of depreciation is remote

Full IFRS	The entity shall describe the key assumptions used to determine the recoverable amount of the cash-generating unit (CGU) for each CGU to which a significant amount of goodwill (or intangible assets with indefinite useful lives) has been allocated (IAS 36.134.d and e).
ANC's proposal	The entity is not required to describe the key assumptions used for impairment tests if such information is not material for the users of the financial statements. This can for example be the case when the calculated recoverable amount of the CGU exceeds its carrying amount by a substantial margin and that there was no impairment loss related to the CGU recognized in the current period (N) or comparative period (N-1).

Proposal n°6: In the case of discontinued operations, eliminate the requirement to provide information and to restate the accounts for the comparative periods

Full IFRS	In the case of discontinued operations in the current period N, in addition to information required for the current period N, the entity must provide information for the discontinued operations (sales, cash flows, etc.) for the comparative period N-1 (IFRS 5.34) and recalculate and disclose the earnings per share relating to continuing and discontinued operations for the comparative period N-1 (IAS 33.66-68).
ANC's proposal	The entity may limit the required disclosures relating to discontinued operations and to the calculation of the earnings per share for continuing and discontinued operations to the current period only (period N).

Proposal n°7: Eliminate the requirement to disclose the fair value of financial instruments and investment properties if these elements are accounted for using the cost or amortised cost method

Full IFRS	The entity is required to disclose the fair value of the financial assets and financial liabilities measured at amortised cost (IFRS 7.25) and of the investment properties if the cost measurement model is applied (IAS 40.79(e)).
ANC's proposal	The entity is not required to disclose the information on the fair value of financial assets and liabilities and investment properties if these elements are accounted for using the cost or amortised cost measurement method.

Proposal n°8: Eliminate the requirement to disclose information relating to pension plans beyond the periods presented in the financial statements

Full IFRS	The entity is required to disclose the amounts for the current annual period and previous four annual periods of the present value of the defined benefit obligation, the fair value of plan assets, the surplus or deficit of the plan and the experience adjustments (IAS 19.120A(p)).
ANC's proposal	The entity may limit this information to the years presented in the financial statements, generally the current period (N) and the comparative period (N-1).

Proposal n°9: Eliminate the requirement to disclose separately the amount of deferred taxes expected to be recovered in no more than twelve months/ more than twelve months after the reporting period

Full IFRS

to disclose separately for each asset and liability the amount expected to be recovered in no more than twelve months/ more than twelve months after the reporting period (IAS 1.61).

ANC's proposal

The split of the amount of deferred taxes expected to be recovered in no more than twelve months/ more than twelve months is not required as the types of each temporary difference that have also to be disclosed give already information on the recoverable period.

The entity is required

Proposal n°10: Eliminate the requirement to disclose temporary differences related to investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised

Full IFRS

The entity is required to disclose separately the aggregate amount of temporary differences related to investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised (IAS 12.81(f)).

ANC's proposal

The aggregate amount of temporary differences related to investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised is not required.

Proposal n°11: Eliminate the voluntary disclosures which are not mandatory in the accounting standards

Full IFRS

A number of IFRS encourage entities to provide certain information which is not mandatory (for example IAS 16.79 "*Users of financial statements may also find the following information relevant to their needs*"). More precisely the voluntary disclosures included in the following paragraphs are not mandatory in IFRS: IAS 7.50, IAS 33.72, IAS 34.21, IAS 12.87, IAS 16.79, IAS 17.48, IAS 36.132, IAS 38.128 and IAS 41.43.

ANC's Proposal

The proposed simplification consists of eliminating voluntary disclosures in order to avoid complicating the existing IFRS with non mandatory disclosures requirements. Furthermore it should be stressed that preparers do not need to provide specific disclosures required by IFRS that are not quantitatively or qualitatively material for the users of the financial statements.

SECOND WAY: FACILITATE THE PREPARATION, IMPROVE THE READABILITY AND RELEVANCE OF THE NOTES TO THE FINANCIAL STATEMENTS

❷ Standardizing the documents

The models of IFRS financial statements currently available on the market are not adapted to “small listed companies”. This view is shared by preparers and users of the financial statements and also by auditors and regulators. In order to assist the preparers in elaborating understandable and relevant notes, an illustrative set of IFRS simplified financial statements is proposed. This simplified model illustrates the minimal disclosures required in the notes to the financial statements of a “small listed corporate entity”[5].

This illustrative set of financial statements includes the above simplification proposals (see the first way of simplification). Whenever possible standard schedules including all relevant information are proposed in order to facilitate the preparation of the notes of “small listed companies” while improving the readability for their users.

Since IFRS offer presentation options, the model retains the presentation that appears most frequently used by preparers and users of financial statements in France [6] with for example a presentation of the cash flow statement using the indirect method, and a presentation of the income statement with a classification of the expenses based on their nature. Note that the options offered by IFRS are not removed: the company may choose another presentation which would appear more relevant.

❸ Provide practical tools to preparers

Beyond the illustrative set of financial statements proposed hereafter, which could be updated regularly, the ANC could make available to preparers on a biannual basis a summary of the new standards, improvements and interpretations adopted by the European Union as well as their date of application.

Note: In the remainder of the document, the text highlighted in gray indicates simplifications proposed to IFRS for “small listed companies”.

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[5] Specific transactions and requirements related to insurance companies and banks have been excluded.

[6] See in particular the release of the French society of financial analysts (Société Française des Analystes Financiers - SFAF) of April 7, 2010.

ILLUSTRATIVE SET OF SIMPLIFIED

FINANCIAL STATEMENTS

FOR SMALL LISTED COMPANIES

Financial statements for the year ended 31st December 20XN[7]

The financial statements of "small listed companies" comprise:

- **A statement of financial position**: the statement of financial position is limited to the minimal line items proposed in IAS 1. Each line item is cross-referenced to a corresponding note.
- **An income statement**: the income statement is limited to the minimal line items proposed in IAS 1. The earnings per share appear in the income statement.
- **A statement of comprehensive income displaying components of other comprehensive income**: the model retains the presentation of all items of income and expense that is the most used in France, the presentation in two statements (§ 81(b) IAS 1).
- **A statement of change in equity**
- **A statement of cash flows**: the model retains the presentation of the statement of cash flows that is the most used in France, the indirect method (§ 18 IAS 7).
- **The notes to the financial statements**

The financial statements are provided for two periods only (instead of three in the cases listed in IAS1.10 (f)). The information regarding the impact of any accounting policy applied retrospectively would be included in the note on accounting policies and the information regarding any significant reclassification or retrospective restatement would be disclosed in the note dealing with the items that have been reclassified/ restated.

[7] This illustrative set has been prepared according to IFRS applicable in Europe as at June 30, 2011.

STATEMENT OF FINANCIAL POSITION

The statement of financial position shall contain the minimal line items listed below according to IAS 1.54 (unless the line item is nil). An entity shall present additional line items when such presentation is relevant to an understanding of the entity's financial position (IAS 1.55).

In M€	Note	**N**	**N-1**
Property, plant and equipment	5		
Investment property			
Intangible assets	7		
Biological assets			
Investments accounted for using equity method	8		
Other financial assets			
Deferred tax assets	22		
Total Non current assets			
Inventories	9		
Trade and other receivables	10		
Cash and cash equivalents	12		
Total Current assets			
Non current assets held for sale	25		
TOTAL ASSETS			

	Note	**N**	**N-1**
Issued capital and reserves attributable to owners of the parent			
Non controlling interest			
Total Equity			
Retirement benefit obligations	18		
Other long-term provisions	19		
Long-term financial liabilities	13		
Deferred tax liabilities	22		
TOTAL Non current liabilities			
Short-term provisions	19		
Trade and other payables	11		
Liabilities for current tax			
Other short-term financial liabilities			
TOTAL Current liabilities			
Liabilities directly associated to non current assets held for sale	25		
TOTAL EQUITY AND LIABILITIES			

When the entity applies an accounting policy retrospectively or makes a reclassification/ retrospective restatement, it is not required to present a statement of financial position for a third period as at the beginning of the earliest comparative period (N-1). The impact of the new accounting policies, reclassification and retrospective restatements is disclosed in a note without presenting a third statement of financial position (does not comply with IAS1.10 (f)).

The income statement and the statement of comprehensive income shall contain the minimal line items listed below according to IAS 1.82 (unless the line item is nil). An entity shall present additional line items when such presentation is relevant to an understanding of the entity's financial performance (IAS 1.85).

INCOME STATEMENT

Note: The income statement is here presented with a classification of expenses based on their nature. An entity classifying expenses by function shall disclose additional information on the nature of expenses in the notes to the financial statements.

In M€	Note	**N**	**N-1**
Revenue [1]	2		
Raw materials and consumables used	2		
Employee benefit expenses	2		
Depreciation and amortisation expense	2		
Other operating costs [2]	2		
Finance income	3		
Finance costs	3		
Share of the profit (loss) of associates (*and joint ventures if applicable*) accounted for using the equity method	8		
Gains (losses) arising from the derocognition of financial assets measured at amortised cost			
Gains (losses) arising from the reclassification of a financial asset so that it is measured at fair value			
Tax expense on continuing operation	23		
Profit for the year from continuing obligations			
Profit for the year from discontinued operations			N/A[3]
Profit (loss) for the year			
Including exchange differences recognised in profit or loss			
Profit (loss) attributable to owners of the parent			
Profit (loss) attributable to non controlling interests			
Basic earnings per share [4]	4		
Diluted earnings per share [4]	4		

(1) Provide details on each significant category (IAS 18 § 35)

(2) The significant items of a dissimilar nature shall be presented separately (IAS 1 § 29 and 85). It is also recalled that an entity shall not offset income and expenses (IAS 1 § 32), except when offsetting reflects the substance of the transaction

(3) In the case of discontinued operations, restatement of the comparative period is not required (does not comply with IAS 1.38 and IFRS 5.34)

(4) In the case of discontinued operations, the earnings per share on continuing operations shall be also presented in the income statement. This information is required for the current period N only (does not comply with IAS 33.67 and IAS 1.38)

STATEMENT OF COMPREHENSIVE INCOME

In M€	Note	N	N-1
Profit (loss) for the year			
Cash flow hedges	15		
Exchange differences on translating foreign operations			
Income tax relating to components of other comprehensive income [(1)]	22		
Share of the other comprehensive income of associates (*and joint ventures if applicable*) accounted for using the equity method	8		
Total comprehensive income for the year [(2)]			
Comprehensive income attributable to owners of the parent			
Comprehensive income attributable to non controlling interests			

(1) a presentation net of tax of the components of other comprehensive income is possible if the income tax relating to these components is disclosed in the notes to the financial statements (IAS 1.90).

(2) the amount of components of other comprehensive income reclassified in profit or loss (IAS 1.92) is provided in the statement of change in equity

STATEMENT OF CHANGE IN EQUITY

In M€	Attributable to owners of the parents					Non-Controlling interest	Total Equity
	Capital (note 16)	Translation reserve	Other reserves (1)	Retained earnings	**Total**		
Equity as at January 1st, 20XN-1							
Profit (loss) for the year							
Other comprehensive income							
Total comprehensive income							
Payment of Dividends (*x € per share*)							
Issue of ordinary shares							
Recognition of share-based payments (note 17)							
Effect of change in accounting policy							
Equity as at December 31, 20XN-1							
Profit (loss) for the year							
Other comprehensive income							
Total comprehensive income							
Payment of Dividends (*x € per share)*							
Non controlling interests arising on the acquisition of A							
Recognition of share-based payments (note 17)							
Equity as at December 31, 20XN							

(1) Present a separate column for (i) components that can be reclassified in profit or loss and (ii) components with a significant change during the presented periods.

STATEMENT OF CASH FLOWS

In M€	N	N-1
Profit (loss) for the year		
Income tax expense recognised on the profit and loss		
Changes in inventories, operating receivables and payables		
Other non-cash items		
Other items for which the cash effects are investing or financing cash flows		
Cash generated from operations		
Income tax paid [(1)]		
Net cash flows from operating activities		
Payment for intangible assets		
Payment for property, plant and equipment		
Payment to acquire financial assets		
Proceeds from disposal of assets		
Net outflow on acquisition of subsidiary		
Net cash inflow on disposal of subsidiary		
Net cash flows from investing activities		
Proceeds from issue of share capital		
Dividends paid [(2)]		
Interest paid [(2)]		
Dividends received [(2)]		
Interest received [(2)]		
Increase/ decrease in borrowing		
Net cash flows from financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year		
Effect of exchange rate changes on the balance of cash held in foreign currencies		
Cash and cash equivalents at the end of the year		

(1) Cash flows arising from taxes on income shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities (IAS 7.35)

(2) Dividends paid may be classified as a component of cash flows from operating activities (IAS 7.34). Interest paid and interest and dividends received may be classified as operating cash flows or investing cash flows (IAS 7.33)

Notes to the financial statements for the year ended 31st December 20XN

The main purpose of the notes is to provide the readers with information on accounting policies used and relevant information to enable them to assess the financial position, financial performance and cash flows of the entity. It is not necessary to provide elements that would not be material for the users of the financial statements.

1. Note on accounting policies

The entity shall indicate the application made of the accounting principles. The aim of the note on accounting policies is not to reproduce the accounting standards but to provide information on the application or potential adaptation of the standards to represent faithfully the transactions of the entity. The information given below represents minimum expected disclosures. **This minimum does not exempt the entity from providing additional information which might appear to be qualitatively or quantitatively significant for the users of the financial statements.**

- ***General information***

Statement of compliance with IFRS: The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as at December 31, 20XN.

Only accounting standards with an initial application during the period and that have an effect on the accounts of the period are required to be disclosed (for each of these, paragraphs 28(a) to 28(f) of IAS 8 detail the information to be disclosed).

The list of standards and interpretations that have been issued but are not yet effective and an estimation of their impact are required only when the period of initial application is the following period and their impact is expected to be material (does not comply with IAS 8.30).

- ***Significant accounting policies***

In this note, the entity shall inform the users of the financial statements about applications made of standards and especially specify options chosen and methods used when choices exist. As a minimum, the following information is expected to be provided if the entity is concerned by the items below:

Revenue: types of revenue, criteria used for recognition, types of warranties provided if any, existing customer loyalty programmes, accounting treatment of construction contracts, basis of recognition for dividends.

Measurement of assets and liabilities: detailed rules for valuing assets and liabilities, specifying which are valued at cost or fair value.

Segmental reporting: nature of business activities, type of entity's reportable segments and factors used to identify them.

Taxation: recognition and measurement methods and details on new tax specifications.

Property, plant and equipment: classes of property, plant and equipment, useful lives and depreciation rates used for each class.

Intangible assets and research and development expenses: criteria used for recognition and impairment, useful lives and depreciation rates used, reasons for assessing some useful lives as indefinite.

Leases: Explanations regarding contracts under finance lease.

Impairment: method used for performing impairment tests, definition of cash-generating units (CGU).

Goodwill: allocation of goodwill to each CGU and impairment methods.

Investment property: details on the measurement method chosen, useful lives and depreciation rates used.

Inventories: classes of inventories, accounting policies adopted in measuring each class.

Financial instruments: categories of financial instruments and accounting policies adopted for measuring each category.

Borrowings: types of borrowings and methods used for measurement.

Employee benefits: description of employee benefits granted and accounting policies for recognising and measuring employee benefits.

Related parties: description of the related parties and of the criteria used to identify them.

Business combination: description and accounting policies used for recognising and measuring effects of business combinations.

Provisions: classes of provision and accounting policies used for recognising and measuring each class.

Accounting estimates and judgements: nature and amount of significant estimates and judgements made over the reporting period.

Basis of consolidation: description of consolidation methods and scope of consolidation.

Example of a note on consolidation methods and scope

The holding company of the ABC Group, ABC SA, is a "société anonyme" incorporated in France. The Head office is situated XXX (address).

The ABC Group comprises the following significant subsidiaries, jointly controlled entities and associates:

Name	**Business**	**Ownership interest**
Fully consolidated subsidiaries Company A Company B		
Joint ventures proportionally consolidated Company C Company D		
Associates accounted for using the equity method Company E		

Explanations are required regarding the assessment of the level of control/ significant influence over subsidiaries, jointly controlled entities or associates when it differs from the presumptions included in the standards (for example when an entity is not controlled and more than 50% of the voting power is owned by the Group or when an entity is controlled whereas the Group owns less than 50% of the voting power).

2. Segment reporting

Analysis by business segment:

The entity may limit segment reporting to revenue only (does not comply with IFRS 8.23).

Example of analysis by business segment

In M€	**20XN**				**20XN-1**			
	Total Group	Segment A	Segment B	Other	Total Group	Segment A	Segment B	Other
Revenue								

Analysis by products and services:

Example of analysis by products and services

In M€	**20XN**	**20XN-1**
Electronic equipment Maintenance		
Revenue		

Analysis by geographical segment:

The entity may limit the information by geographical area to revenue and aggregate transactions made in the same currency areas. Therefore a European entity need not differentiate transactions made in its country of domicile from other transactions made in the euro area (does not comply with IFRS 8.33).

Example of analysis by geographical segment:

In M€	20XN			20XN-1		
	Total Group	Euro zone	Other countries	Total Group	Euro zone	Other countries
Revenue						

3. Finance income and costs

In M€	20XN	20XN-1
Cost of debt (gross) Less interest capitalised in the cost of assets (average borrowing rate of x %) Less Income on cash and cash equivalents		
Cost of Debt (net)		
Other finance costs (1) Less Other finance income (1)		
TOTAL Finance income and costs		

(1) Present additional significant items if any either in the notes or in the income statement.

4. Earnings per share

In M€	20XN	20XN-1
Basic earnings per share Profit for the year attributable to owners of the Company Other [describe]		
Earnings used in the calculation of total basic earnings per share		
Weighted average number of ordinary shares		

Diluted earnings per share Earnings used in the calculation of total basic earnings per share Interest on convertible notes (after tax at 30%)		
Earnings used in the calculation of total diluted earnings per share		
Weighted average number of ordinary shares used in the calculation of basic earnings per share Shares deemed to be issued for no consideration in respect of: - employee options - partly paid ordinary shares - convertible notes - other [describe]		
Weighted average number of ordinary shares used in the calculation of diluted earnings per share		

In the case of discontinued operations, the group shall also present the earnings per share related to continued operations and to discontinued operations in the current period N. This information is not required for the comparative period N-1 (does not comply with IAS 33.67-68).

5. Property, plant and equipment

In order to simplify the notes and make them easier to read, the movements for the comparative period are not required (does not comply with IAS 1.38). If needed, this information is available in the previous period's financial statements.

Reminder of the general principle: Information required according to the standard (IAS 16.79) is only disclosed if it could be quantitatively or qualitatively material for the users of the financial statements.

In M€	Land and Buildings	Fixture and equipment	Assets[1] under finance lease	**Total**
Cost				
At 1st January 20xN				
Additions				
Acquisition through business combination				
Disposals				
Effect of foreign currency exchange differences				
At 31st December 20xN				
Depreciation				
At 1st January 20xN				
Annual depreciation				
Depreciation of acquisitions through business combination				
Impairment				
Accumulated depreciation on assets disposed of				
Effect of foreign currency exchange differences				
At 31st December 20xN				
Net carrying amount				
At 1st January 20xN				
At 31st December 20xN				

[1] Indicate the class of property, plant and equipment involved (add additional columns if more than one class is involved).

Commitments related to properties, plants and equipments shall be disclosed as they are generally material (quantitatively or qualitatively) for the users of the financial statements.

6. Investment property

Disclose the movements in the gross carrying amount and depreciation during the current period. The movements for the comparative period are not required (does not comply with IAS 1.38)

Provide also the rental income and the expenses arising from investment properties recognised in profit or loss in the current period (20XN) and comparative period (20XN-1). Commitments related to investment properties shall be disclosed as they are generally material (quantitatively or qualitatively) for the users of the financial statements.

The entity is not required to disclose the fair value of investment properties if these elements are accounted for according to the cost model (does not comply with IAS 40.79 (e)).

7. Intangible assets

As for property, plant and equipment, the movements for the comparative period are not required (does not comply with IAS 1.38).

Reminder of the general principle: Information required according to the standard (IAS 38.128) is only disclosed if it could be quantitatively or qualitatively material for the users of the financial statements.

In M€	Goodwill	Brand name	Software and Licences	Patents	**Total**
Cost					
At 1st January 20xN					
Additions					
Additions from internal developments					
Acquisition through business combination					
Disposals					
Effect of foreign currency exchange differences					
At 31st December 20xN					
Depreciation					
At 1st January 20xN					
Annual depreciation					
Depreciation of acquisitions through business combination					
Impairment					
Accumulated depreciation on assets disposed of					
Effect of foreign currency exchange differences					
At 31st December 20xN					
Net carrying amount					
At 1st January 20xN					
At 31st December 20xN					

Regarding research and development expenditures, the entity shall also disclose the amount recognised as an expense during the period.

Concerning impairment tests, the entity may limit the information to the allocation of goodwill to the CGU without providing the key assumptions used for impairment tests if such information is not material for the users of the financial statements. In such an event the entity will briefly explain why such information is not material. This can be the case when the recoverable amount of the CGU exceeds its carrying amount by a substantial margin and that there was no impairment loss recognized during the current or comparative periods (does not comply with IAS 36.134).

If needed the entity can use the schedules below to document the impairment tests.

Disclosure example when "value in use" is used to determine the recoverable amount of the CGU

a) Main assumptions:

For each cash-generating unit (CGU) for which the carrying amount of goodwill (or intangible assets with indefinite useful lives) allocated to that unit is significant, the main assumptions used to determine the value in use of the CGU are stated below:

		20XN				**20XN-1**			
	Period over which cash flows are projected (1)	Goodwill/ other intangible assets with indefinite useful lives allocated (M€)	Discount rate	Growth rate used for extrapolating (3)	Other key assumption(s) (2)	Goodwill/ other intangible assets with indefinite useful lives allocated (M€)	Discount rate	Growth rate used for extrapolating (3)	Other key assumption(s) (2)
CGU A									
CGU B									
CGU C									

(1) Explain when a period longer than 5 years is used

(2) Disclose any other key assumptions that have a material impact on the calculation of the value in use (for example, the expected price of oil) and describe the management's approach to determine their value

(3) Justify the use of a growth rate that exceeds the long-term average growth rate for the products, industries or country (countries) in which the entity operates, or for the market to which the unit is dedicated

b) Sensitivity tests

If a reasonably possible change in key assumption(s) would cause an impairment of the CGU, the value assigned to each key assumption ("threshold") in order for the value in use of the CGU to be equal to its carrying amount is the following:

	Amount by which the value in use exceeds its carrying amount (M€)	"Threshold" of the key assumption(s)		
		Key assumption A	Key assumption B	Key assumption C
CGU A CGU C				

If management does not expect any reasonably possible change in key assumption(s) that would cause an impairment, the following sentence may be used: "the management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount for the CGU".

8. Non current financial assets

a) Investments accounted for using the equity method

The financial information of associates are summarised hereafter:

In M€	**20XN**	**20XN-1**
Total assets Total liabilities		
Group's share of net assets of associates		

Total revenue Total profit (loss) for the period		
Group's share of profit (loss) of associates		

Disclose the fair value of investments in associates for which there are published price quotations.

b) Other non current financial assets

Present the main categories of other non current financial assets and explain significant changes during the period.

In M€	**20XN**	**20XN-1**
Shares Loans Other non current financial assets		
Total other financial assets – Non current		
Other financial assets are shown net of: **Impairment losses**		

When the entity accounts for its financial instruments using the amortised cost measurement method, their fair values are not required to be disclosed (does not comply with IFRS 7.25).

9. Inventories

In M€	**20XN**	**20XN-1**
Raw material and consumables Work in progress Finished goods		
Total Inventories		
Including inventories pledged as security for liabilities		

In M€	**20XN**	**20XN-1**
Amount recognised as an expense in the period		
Amount of write-down of inventories in the period		
Total expenses related to inventories		

Disclose also the carrying amount of inventories expected to be settled in more than twelve months after the reporting period if any.

10. Trade and other receivables

In M€	**20XN**	**20XN-1**
Trade receivables		
Fair value of derivatives (Note 15)		
Other receivables		
Prepayments and accrued income		
Total trade and other receivables		

Trade receivables are shown net of: **Impairment losses**		

When the entity accounts for its financial instruments using the amortised cost measurement method, their fair values are not required to be disclosed (does not comply with IFRS 7.25).

11. Trade and other payables

In M€	**20XN**	**20XN-1**
Trade payables		
Fair value of derivatives (Note 15)		
Social security and other taxes		
Accruals and deferred income		
Other payables		
Total trade and other payables		

When the entity accounts for its financial instruments using the amortised cost measurement method, their fair values are not required to be disclosed (does not comply with IFRS 7.25).

12. Cash and cash equivalents

In M€	**20XN**	**20XN-1**
Cash and cash equivalents per statement of financial position		
Bank overdrafts		
Cash and cash equivalents per cash flow statements		

When the entity accounts for its financial instruments using the amortised cost measurement method, their fair values are not required to be disclosed (does not comply with IFRS 7.25).

13. Borrowings

	20XN			**20XN-1**		
In M€	Amounts due		**TOTAL**	Amounts due		**TOTAL**
	Within 1 year	In more than one year		Within 1 year	In more than one year	
Bank Loans						
Finance lease liabilities (see note 14)						
Total Borrowings						

When the entity accounts for its financial instruments using the amortised cost measurement method, their fair values are not required to be disclosed (does not comply with IFRS 7.25).

14. Leases

The entity shall provide a general description of the material leasing arrangements including items that could be significant for the users of the financial statements (contingent rents, purchase options, sub-leases, etc).

a) Finance leases

Finance lease liabilities included in the financial statements and future minimum lease payments are reconciliated in the following schedule:

In M€	*Minimum Lease payment due* Within 1 year	1 to 5 years	After 5 years	TOTAL
31st December 20XN				
Lease payment				
Finance charges				
Net present value				
31st December 20XN-1				
Lease payment				
Finance charges				
Net present value				

b) Operating leases

In M€	N	N-1
Lease payments under operating leases recognised as expense during the year		
Minimum payments under non-cancellable operating leases due		
Within one year		
Later than one year but within five years		
Later than five years		
Total		

15. Analysis of risks arising from financial instruments

The analysis hereafter is an example of what is expected to be provided regarding risks arising from financial instruments of a "small listed company" with basic financial instruments. This example should be tailored to the specific situation of each entity.

Example of note on risks arising from financial instruments:

The Group's principal financial instruments include bank loans, cash and short-term deposits the main purpose of which is to raise finance for the Group's operations. Foreign exchange derivatives are used to help manage the Group's currency exposure.

a. Credit risk

The main credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions. The Group has a credit policy in place applying to all subsidiaries and the exposure to credit risk is monitored on a weekly basis.

Credit evaluations are performed on all new clients. Moreover the Group has a credit insurance (*Coface*) to mitigate this risk. However the uninsured exposure as at 31 December 20XN is M€ XX (20XN-1: XX M€). At the reporting date there were no significant concentrations of credit risk.

Trade receivables can be analysed as follows.

In M€	**20XN**	**20XN-1**
Amounts neither past due or impaired		
Amounts due for less than 60 days and not impaired		
Amounts due for more than 60 days and not impaired		
Total amounts due but not impaired		
Amounts impaired		
Impairment allowance		
Carrying amount of impaired receivables		
Trade receivables net of allowances		

b. Foreign currency risk

The Group is exposed to foreign currency risk on the part of its sales that is conducted in US dollars. The Group uses forward exchange contracts to hedge its risks on part of the cash expected to be received in USD during the nine following months. As at 31 December 20XN these forward exchange contracts covered approximately two-thirds of the estimated net cash foreign exchange exposure for the next nine months.

The Group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value with change in the value of the hedging instruments recognised in other comprehensive income. The profile of the forward exchange contracts as at 31 December 20XN is as follows.

	20XN	**20XN-1**
Contracts to sell USD (amount in foreign currency)	M$	M$
Contracts value (M€)		
Fair value of contracts at the reporting date (M€)		
Fair value of derivatives		

In 20XN if the Dollar had strengthened/ weakened by 10% against the Euro with all other variables held constant, the Group's profit before tax would have been approximately M€ XX higher/ lower (20XN-1 : XX M€) before the effect of forward exchange contracts and M€ XX in 20XN (20XN-1 : XX M€) after forward exchange contracts are included.

c. Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows generally at a variable rate of interest.

The interest rate profile of the Group's borrowings as at 31 December was:

In M€	**20XN**				**20XN-1**			
	Effective interest rate	Fixed rates borrowings	variable rates borrowings	Total	Effective interest rate	Fixed rates borrowings	variable rates borrowings	Total
Currency A	X %				X %			
Currency B	X %				X %			

The interest rate payable on overdrafts is determined by LIBOR plus a bank margin.

At 31 December 20XN, if interest rates on currency A denominated borrowings at that date had been 50 basis points higher/ lower and all other variables were held constant, the Group's profit before tax would have decreased/ increased by M€ XX (20XN-1 : XX M€). At 31 December 20XN, if interest rates on currency B denominated borrowings at that date had been 50 basis points higher/ lower and all other variables were held constant, the Group's profit before tax would have decreased/ increased by M€ XX (20XN-1 : XX M€).

d. Capital risk management

The Group's objective is to safeguard the Group's ability to continue as a going concern and maximise returns for shareholders thanks to an optimal management of its capital structure and debt.

During 20XN, the Group's strategy, which remained unchanged from 20XN, was to maintain a gearing ratio between x% and x%. The gearing ratios at 31 December 20XN and 20XN-1 were as follows.

In M€	**20XN**	**20XN-1**
Total borrowings (note 13) Less: cash and cash equivalents (note 12)		
Net debt Total equity		
Gearing ratio		

The change in the gearing ratio during 20XN resulted from …. *Describe*

e. Liquidity risk

To finance its operations, in addition to its equity, the Group uses long term borrowings. The maturity profile of borrowings is shown in note 13.

The Group has an unused short-term facility of M€ XX which is available with no condition within 24 hours of notice given to the bank to manage short-term liquidity requirements. This facility expiresXX.

Note: Information regarding covenants are requested only if some terms are not met during the period (IFRS 7.18-19).

f. Risk arising from estimation of fair values

The following table provides an analysis of financial instrument that are measured at fair value as at 31 December 20XN:

In M€	**Level 1**	**Level 2**	**Total**
Available for sale equity security Available for sale mutual funds cash equivalent Forward exchange contracts used for hedging **Total Assets measured at fair value December 31, 20XN**			

Equity securities and mutual funds have been valued on the basis of quoted market prices at the reporting date (Level 1). The fair value of forward exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value (Level 2).

Note: In the case of fair value estimates included in Level 3, the entity shall disclose additional information (see "Additional Information" hereafter).

g. Financial instruments by category

Financial assets (M€)	Loans and receivables	Assets at Fair value through profit and loss	Derivatives used for hedging	Available for sale	**TOTAL**
Trade and other receivables Cash and cash equivalents					
Other financial assets					
Total 31st December 20XN					

Financial Liabilities (M€)	Liabilities at Fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	**TOTAL**
Long-term financial liabilities (excluding finance lease liabilities)				
Finance lease liabilities				
Other short-term financial liabilities				
Trade and other payables				
Total 31st December 20XN				

Note: In the above example, derivatives used for cash flow hedges are classified in Trade and other receivables/ Trade and other payables.

The above reconciliation between the categories of financial instruments and the line items presented in the statement of financial position (required by the standard IFRS 7.6) shall be provided for the current period only if this information was already disclosed in the previous period's financial statements (does not comply with IAS 1.38).

16. Capital

In M€	Number of ordinary shares (1) Par value : X €	Share capital	Share premium	Own shares held	**Total** (2)
Capital as at January 1st, 20XN-1					
Shares purchased					
Issue of shares under employee share option plan (note 17)					
Capital as at December 31, 20XN-1					
Shares sold					
Issue of shares under employee share option plan (note 17)					
Capital as at December 31, 20XN					

(1) Disclose separately capital fully paid/ capital not fully paid

(2) This column shall correspond to amounts included in the statement of change in equity

17. Share-based payments

The following stock options plans were in existence during the current and prior reporting period:

	Number	Grant date	Expiry date	Exercise price (€)	Fair value at grant date (M€)
Plan A - Issued XX/XX/20XX					
Plan B - Issued XX/XX/20XX					
Plan C - Issued XX/XX/20XX					

To assess the fair value of options the Group uses a XYZ model, whose key assumptions are set out below:

	Dividend yield	Risk free interest rate	Volatility
Plan A - Issued XX/XX/20XX			
Plan B - Issued XX/XX/20XX			
Plan C - Issued XX/XX/20XX			

Volatility is based on the Group's latest share price movements over the lifetime of the plan.

The movements of the share options were the following:

	20XN		20XN-1	
	Number of share options	Weighted average price (€)	Number of share options	Weighted average price (€)
Outstanding at the beginning of the year				
Granted during the period				
Forfeited during the period				
Cancelled during the period				
Exercised during the period				
Outstanding at the end of the period				
Exercisable at the end of the period				

The share options outstanding at the end of the year had an exercise price between € XX and € XX (between € XX and € XX at 31 December 20XN-1) and a weighted average contractual life of XX days (20XN-1: XX days).

The following share options were exercised during the year:

	Number exercised	Exercise date	Share price at exercise date (€)
Plan A - Issued XX/XX/20XX			
Plan A - Issued XX/XX/20XX			
Plan A- Issued XX/XX/20XX			
Plan B - Issued XX/XX/20XX			
TOTAL			

The employee benefit expense arising from share-based transactions recognised in the income statement is M€ XX for 20XN (20XN-1: XX M€).

18. Retirement and similar benefit obligations

Note: the following example illustrates information to be disclosed when the Group uses the "corridor" method.

The principal assumptions used for the purposes of actuarial valuations of retirement benefit obligations were as follows.

	20XN		20XN-1	
	France	US	France	US
Discount rate				
Expected return of plan assets				
Inflation				
Future salary increases				
Future pension increases				
Mortality assumption				

When an entity has more than one plan, disclosures may be grouped in the manner considered to be the most useful (geographical location of the plans, types of risks, etc.).

The major categories of plan assets and the expected rate of return for each category are as follows.

	20XN		20XN-1	
	Expected return (1)	Fair value of plan assets (M€)	Expected return (1)	Fair value of plan assets (M€)
Equities	%			
Bonds				
Other				
Total				

(1) Describe the basis used to determine the overall expected rate of return on assets, and by asset category;

The actual return on plan assets was M€ XX in 20XN (20XN-1: XX M€).

Movements in the present value of plan assets during the period were as follows.

In M€	20XN	20XN-1
Fair value of plan assets at beginning of the year		
Expected return on plan assets		
Actuarial gains/ (losses)		
Contribution from the employer		
Benefit paid		
Assets acquired in a business combination		
Exchange difference on foreign plan		
Fair value of plan assets at the end of the year		
Expected contribution for the next financial year		

Movements in the present value of the defined benefit obligation during the period were as follows.

In M€	20XN	20XN-1
Defined benefit obligation at beginning of the year		
Service cost		
Interest cost		
Actuarial (gains)/ losses		
Benefit paid		
Past service cost		
Liabilities assumed in a business combination		
Exchange difference on foreign plan		
Defined benefit obligation at the end of the year		

The amount included in the statement of financial position and income statement arising from the entity's obligation in respect of its defined benefit plans is as follows.

In M€	20XN	20XN-1
Current service cost		
Interest on obligation		
Expected return on plan assets		
Actuarial (gains) / losses recognised during the year		
Past service cost		
Total expense of the year		
Present value of funded defined benefit obligation		
Fair Value of plan assets		
Deficit		
Net actuarial losses not recognised		
Past service cost not yet recognised		
Net liability as December 31		
Experience adjustments on plan liabilities		
Experience adjustments on plan assets		

Note: Above items are in line with information to be disclosed according to the *Recommendation n°2003-R.01* of the Conseil National de la Comptabilité.

Disclosures regarding the fair value of plan assets and defined benefit obligations, the surplus or deficit of the plans and the experience adjustments are required only for the current period and the comparative period (does not comply with IAS 19.120.p.i stating that this information is required for the current and previous four annual periods).

19. Other provisions

In M€	Restructuring	Legal claims	Etc.	Other	**Total**
As at January 1st, 20XN					
Additional provisions recognised Used during year Unused amounts reversed Unwinding of discount/ change in the rate (rate: x %)					
Impact on Income statement					
Effect of business combination Effect of movement in foreign exchange					
As at December 31, 20XN					

The entity shall also provide a brief description of the nature of the obligations, the expected timing of related outflows and any expected reimbursement.

20. Contingent assets and contingent liabilities

In M€	**20XN**	**20XN-1**
Proceedings Contingent liabilities incurred by the group arising from interests in joint ventures Group's share of associates' contingent liabilities **Total expense of the year**		

The entity shall also provide a brief description of the nature of the contingent assets/ liabilities, the expected timing of related inflows/ outflows and any expected reimbursement.

21. Commitments

In addition to the commitments described in notes xyz [1], the Group has the following commitments: *Describe*

[1] indicates the notes where commitments are also disclosed (Property, plant and equipment, Investment property, Leases, etc.)

22. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Deferred tax assets *(M€)*	Employee benefits	Provisions	Tax losses carried forward	Impairment of assets	Other (1)	**Total**
As at December 31, 20XN-1						
Effect of business combination Effect of movement in foreign exchange Amount recognised to the income statement Amount recognised to other comprehensive income						
As at December 31, 20XN						

Indicate any deferred tax assets not recognised in the financial statements.

Deferred tax liabilities *(M€)*	Intangible assets	Property, plant and equipment	Other [1]	**Total**
As at December 31, 20XN-1				
Effect of business combination Effect of movement in foreign exchange Amount recognised to the income statement Amount recognised to other comprehensive income				
As at December 31, 20XN				

(1) Detail significant natures of temporary differences

In order to simplify the notes and make them easier to read, the movements for the comparative period are not required (does not comply with IAS 1.38). If needed, this information is available in the previous period's financial statements.

The split of the amount of deferred taxes expected to be recovered in no more than twelve months/ more than twelve months is not required (does not comply with IAS 1 § 61), as the nature of each temporary differences (disclosed above) already gives information on the recoverable period.

Moreover the aggregate amount of temporary differences related to investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised is not required (does not comply with IAS 12.81(f)).

23. Tax expense

The tax expense for the year can be reconciled to the accounting profit before tax as follows:

In M€	**20XN**	**20XN-1**
Profit before tax		
Applicable tax rate [1] **Theoretical tax expense** Effects of: Differences in tax rates compared to the theoretical tax rate Expenses not deductible for tax purposes Tax losses for which no deferred income tax asset was recognised Change in the deferred tax rate(s) Associates' result reported net of tax		
Total tax charge		
Including: - Current taxation - Deferred taxation		

(1) In order to improve the clarity of this reconciliation, use the tax rate of the jurisdiction where the most important part of the Group's transactions is carried out.

24. Related parties

Identify related parties: entities jointly controlled or on which the Group has a significant influence, entities with common key management personnel, close member of the management's family, etc.

a. Transactions with related parties

Only transactions with related parties that are not eliminated for the purpose of the consolidated financial statements are provided.

In K€	Company X	Joint Ventures	Associates	Key management personnel	Etc.
Income statement					
Sales of goods					
Purchase of goods					
Statement of financial position					
Receivables from related parties					
Payables to related parties					
Loans to related parties as at December 31, 20XN					
- Amount granted/ reimbursed during the year					
Loans by related parties as at December 31, 20XN					
- Amount granted/ reimbursed during the year					

Indicate the terms and conditions of related party transactions and the nature of the consideration to be provided in settlement of the outstanding receivables or payables.

In order to simplify the notes and make them easier to read, the movements for the comparative period are not required (does not comply with IAS 1.38). If needed, this information is available in the previous period's financial statements.

b. Compensation of key management personnel

In K€	**20XN**	**20XN-1**
Short-term benefits		
Post-employment benefits		
Other long-term benefits		
Share-based payment		
Termination benefit		
Total Income statement		
Outstanding balance as at December 31		

25. Assets/ Liabilities held for sale

Provide a description of the expected transaction (facts and circumstances of the expected disposal, the expected manner and timing of the disposal, the gains and losses recognised in accordance to IFRS 5 and if applicable the reportable segment in which the non-current asset/ disposal group is presented).

In M€	**20XN**
Property, plant and equipment	
Inventories	
Trade and other receivables	
Cash and cash equivalents	
Assets classified as held for sale	
Current tax liabilities	
Deferred tax liabilities	
Trade and other payables	
Liabilities classified as held for sale	

Additional Information

Additional information will also be required in the case of specific transactions.

A. Business combinations

The following information shall be provided for (i) business combinations that occurred during the period, (ii) business combinations that occurred after the end of the reporting period but before the financial statements are authorised for issue (iii) business combinations that occurred in prior periods but were subject to an adjustment during the period.

Describe the business combinations (Name and description of the acquiree, acquisition date, percentage of voting equity instruments acquired, reason of the business combination and description of how the acquirer obtained the control).

In M€	Company A (Example)	Etc.	**Total**
Consideration			
Cash	430		
Contingent consideration acquired [1]	75		
Total	**505**		
Assets acquired and liabilities assumed at the date of acquisition			
Non current assets			
Property, plant and equipment	143		
Current assets			
Inventories	-		
Trade and other receivables	87 [a]		
Cash and cash equivalents	200		
Non current liabilities			
Retirement benefit obligations	(5)		
Long-term financial liabilities	(40)		
Deferred tax liabilities	(17)		
Current liabilities			
Trade and other payables	(18)		
Total net asset acquired	**350**		
Non-controlling interest [2]	**(132)**		
Goodwill [3]	**287**		
	505		

(a) The fair value of Company A's trade receivables corresponds to a contractual amount of K€ 97 including K€ 10 that were not expected to be collected at the acquisition date.

(1) Indicate any other element of the consideration transferred

(2) Disclose the measurement method and, for non-controlling interests measured at fair value, the key model inputs

(3) Provide a qualitative description of the factors that make up the goodwill recognised (for example expected synergies)

Disclose also the amount of revenue and profit or loss of each acquired entity since the acquisition date and the estimated consolidated revenue and profit or loss as if all business combinations occurred on the first January 20XN.

B. Discontinued operations

Provide a description of the operations.

The profit and cash flows from discontinued operations are set below:

In M€	**20XN**
Revenue	
Expenses	
Profit before tax	
Attributable income tax expense	
Gain/(loss) on disposal of operation	
Attributable income tax expense	
Profit for the year from discontinued operations (attributable to owners of the Company)	
Net cash inflows from operating activities	
Net cash inflows from investing activities	
Net cash outflows from financing activities	
Cash flows from discontinued operations	

Information for the comparative period N-1 is not required (does not comply with IFRS 5.34).

C. Fair value measurement of financial instruments in level 3

When the Group uses fair value measurements in level 3 of the fair value hierarchy to determine the values of some financial instruments, the following additional information is requested:

In M€	Financial instrument at Fair Value using Level 3			
	Trading derivatives	Available for sale equity security	Etc.	**Total**
Opening balance				
Transfer into Level 3				
Purchase				
Sale				
Issue				
Settlement				
Transfer out of Level 3				
Gains and loss recognised in the profit and loss				
Gains and losses recognised in other comprehensive income				
Closing balance				
Total gains or losses for the period for assets and liabilities held at the end of year 20XN				

AUTORITÉ
DES NORMES
COMPTABLES