



# AMBITION 2019

## English version



**One constant objective:  
serving the public interest**

## 2010-2016

Since its inception, ANC has worked to serve the public interest in fulfilling its three missions:

- adopting French accounting standards;
- contributing to international accounting standard setting;
- encouraging and promoting accounting research.

Over the last three years (2014-2016), ANC has worked to promote modern and balanced accounting standards to serve the public interest (see 2014-2016 Report <http://www.anc.gouv.fr>).

The new Board, appointed to a three-year term at the end of December 2016, has established its roadmap and further steps in order to enhance its work in the public interest.



**One constant objective:  
serving the public interest**

**2017-2019**

Consequently, ANC's work on its different missions in 2017, 2018 and 2019 will aim at:

- promoting French standards that are appropriate and effective, that meet the expectations of a modern economy and of all businesses, and more broadly of all entities required to produce financial statements;
- contributing to the relevance and stability of international standards, and to a pragmatic implementation of those standards;
- fostering proactive research;
- ensuring effective and transparent synergy between ANC members, staff and the accounting community as a whole.

## Promotion of appropriate and effective French accounting standards

ANC's role is guided by two major decisions made for many years by France's law makers:

1. to offer to all stakeholders high quality accounting standards that are at one and the same time in harmony with the national context and in compliance with the EU Accounting Directive.
2. to provide the stakeholders with a unified accounting basis as the reference for other regulations (tax, company law, labour law, bankruptcy law, penal law...).

National accounting standards are mandatory for the preparation of the annual accounts of all French companies or entities required to draw up accounts. French standards provide key accounting and financial information as well as an accounting basis to other economic and legal dimensions.

Any evolution of French standards must therefore take into account the following criteria:

- **economic relevance:** accounting standards must reflect business transactions;
- **legal security:** accounting standards must be comprehensive and precise, in order to minimise possible interpretations and litigations, therefore creating a secure environment prone to business development;
- **harmonised tax basis:** France has made the choice to have a direct connection between the accounting basis and the basis for taxation; this critical option needs to be reviewed regularly, from the booking of entries to the preparation of statements;
- **simple implementation procedures.**

# Promotion of appropriate and effective French accounting standards

## 5 OBJECTIVES

### Clarifying

(existing standards when necessary)

### Supplementing

(closing gaps and addressing new transactions)

### Simplifying

(adapting standards to different sizes of entities)

### Securing

(the accounting basis for legal and tax matters)

### Modernising

(taxonomy and financial statements to facilitate digitalisation)

## 4 PILLARS

① Structuring current accounting standards as adopted (Phase 1): regulations and compendiums

② Supplementing and adapting accounting standards (Phase 2)

③ Facilitating changes for all stakeholders

④ Modernising classifications and financial statements to facilitate digital production





## **PILLAR 1: Structuring current accounting standards as adopted (Phase 1)**

### REGULATIONS

ANC has worked to clarify French accounting regulation in order to make it more accessible by establishing:

- the National accounting code (Plan Comptable Général) as the benchmark accounting regulation for everyone;
- supplemented with regulations dealing with the specific issues of 4 major business sectors (banking, insurance, asset management and the non-profit sector).

The structure and codification of accounting regulations are now unified.



## PILLAR 1: Structuring current accounting standards as adopted (Phase 1)

### COMPENDIUMS

In addition to its work on reorganising French accounting regulation, ANC is also working to compile a compendium of accounting standards for each business sector containing both ANC regulations and ANC guidance on the implementation of accounting standards.

Over 2017-2019 the following compendiums are to be published:

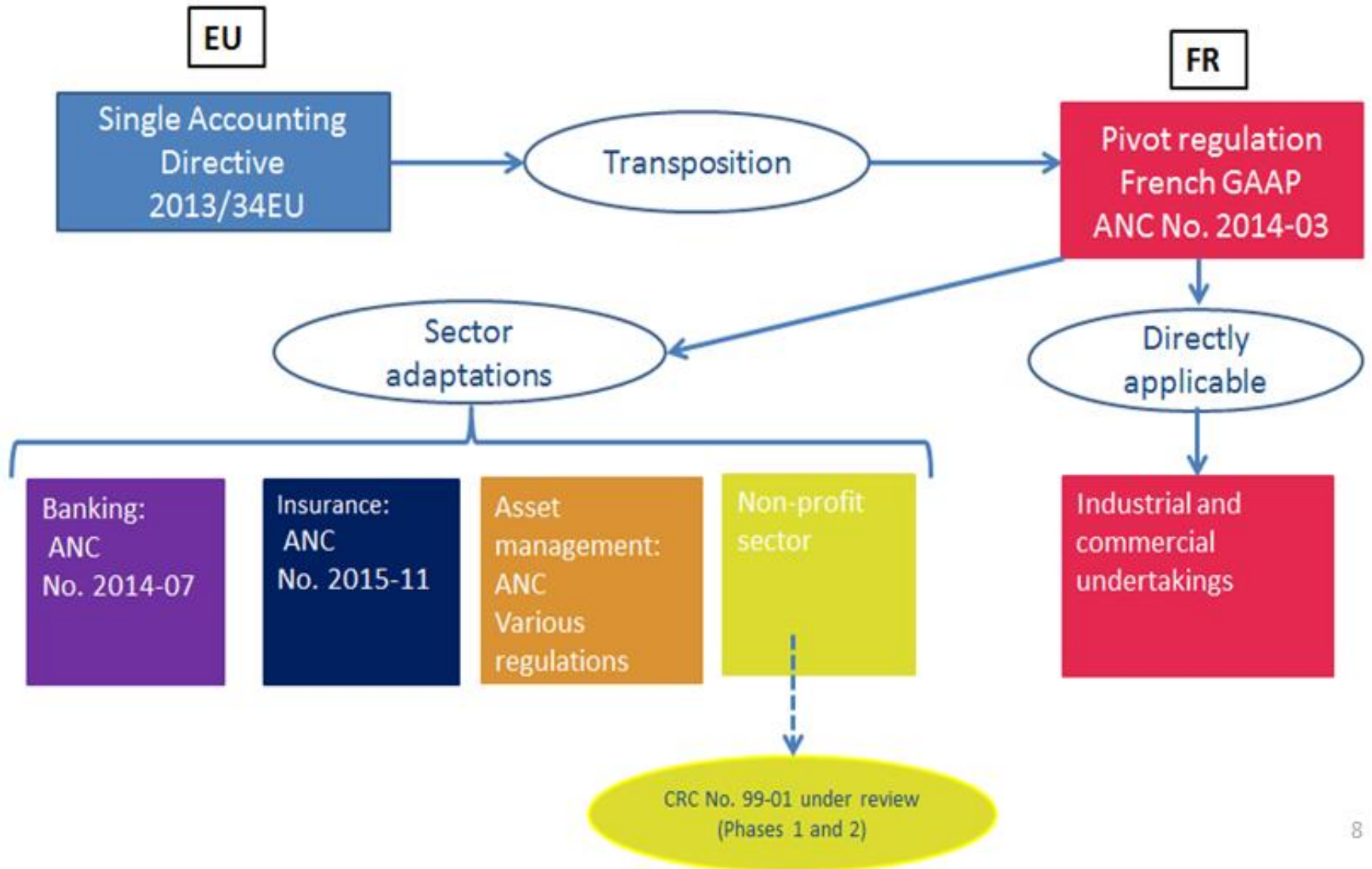
- insurance accounting standards (2017);
- asset management accounting standards (2017);
- non-profit sector accounting standards (2018).

Each business sector will therefore be provided with a practical compendium containing all the relevant accounting regulations and guidance.

With the exception of the transposition of the Single Accounting Directive, Phase 1 is based on current regulation, as adopted, and on diverse legacy guidance prior to the creation of ANC without special classification.



# PILLAR 1: Structuring current accounting standards as adopted (Phase 1)





## PILLAR 2: Supplementing and adapting accounting standards (Phase 2)

### THE MAIN TASKS

Phase 2 covers 4 main tasks:

- structuring guidance;
- supplementing guidance;
- clarifying the status of existing industry-specific GAAPs;
- supplementing and adapting standards using a business-cycle approach.

## PILLAR 2: Supplementing and adapting accounting standards (Phase 2)

### Task 1: Structuring guidance

ANC's tasks include clarifying existing guidance from diverse origins. The guidance contained in the compendiums that can no longer be amended in its current state will be reclassified into five categories.

Five categories have been chosen:

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



## PILLAR 2: Supplementing and adapting accounting standards (Phase 2)

### Task 2: Supplementing guidance

ANC may supplement the guidance on certain matters as part of its work on implementing Pillar 2.

The supplementary guidance will be incorporated into the compendiums as it is issued and classified according to the chosen categories.



## PILLAR 2: Supplementing and adapting accounting standards (Phase 2)

### Task 3: Clarifying the status of industry-specific GAAPs

The national accounting code (Plan Comptable Général) is the only set of accounting standards that is mandatory for industrial and commercial undertakings: industry-specific GAAPs are merely guidance regarding compliance with the 1982 French GAAP, and not businesses regulations. The industry-specific GAAPs are no longer maintained by ANC or the industry organisations.

With duly justified exceptions, we propose:

- to consider inclusion of industry-specific provisions in French standards as part of the review of accounting provisions by business cycle;
- to stress that French standards allow for adaptation of the chart of accounts to suit the needs of each reporting entity.



## PILLAR 2: Supplementing and adapting accounting standards (Phase 2)

### Task 4: Supplementing and adapting standards using a business-cycle approach

The current accounting standards, established under the current regulations and compendiums, need to be supplemented and adapted:

- to meet the recognition and measurement needs arising from new transactions;
- to supplement insufficient regulations and guidance;
- to simplify and secure accounting rules, particularly in view of their legal and tax consequences.

For this purpose, our approach will consider all of the aspects relating to a specific business function as a coherent group.

We will consider the various sources available, including existing regulations and other provisions issued by ANC, tax rules and doctrine, case law, guidance issued by industry bodies and international standards...

The distinction between regulations and guidance levels will be clearly precised according to the above methodology.

## PILLAR 2: Supplementing and adapting accounting standards (Phase 2)

### Task 4: Supplementing and adapting standards using a business-cycle approach

We have identified the following business cycles, which cover all of the “national accounting code”:

- sales cycle (revenue, receivables and related accounts): started in September 2016, completion by end of 2017;
- finance cycle (cash management, hedging, debt and equity): to start in September 2017;
- tax cycle (direct and indirect taxes, levies, divergences between tax and financial accounts) to start in September 2017;
- production cycle (purchasing, inventories, related accounts): timetable to be determined;
- payroll cycle (wages, social security contributions, related liabilities, pensions): timetable to be determined;
- investment cycle (fixed assets, leasing, depreciation and amortisation, impairment): timetable to be determined;
- subsidiaries (equity interests, other securities): timetable to be determined;
- risk function (environment, other risks): timetable to be determined.



## PILLAR 3: Facilitating changes for all stakeholders

### ❖ Giving advice on changes in legislation and regulations relating to specific sectors and entities:

One of ANC's tasks is to provide an opinion on any proposed legislation or regulation that has an impact on accounting. Generally speaking, such proposals are aimed at amending regulations for certain entities, which means ANC has to develop or review the applicable accounting standards.

The following subjects have already been identified for the period from 2017 to 2019:

- the financial statements of the Action Logement group in light of the reform of employer housing associations: completion in September 2017;
- intellectual property royalties management societies, in light of the organisational reform of these entities: completion by end of 2017.

ANC needs to monitor developments constantly to anticipate potential accounting issues and to allow for implementation on schedule.





## **PILLAR 3: Facilitating changes for all stakeholders**

- ❖ **Adapting accounting standards relating to cross-cutting issues: such issues concern accounting principles and are addressed as a whole. The following issues will be addressed in 2017, 2018 and 2019:**
  - **changes in accounting principles: addressing amendments to the Commercial Code on the requirements for making changes to accounting principles. Started in May 2017, completion in early 2018.**
  - **consolidated financial statements: review of the provisions in the three Regulations applying to consolidated financial statements with the objective of modernising their provisions and taking economic developments into account. Started in 2016, completion by end of 2017.**
- ❖ **Adapting accounting provisions in the banking sector regarding the recognition of credit risk on an expected loss basis: incorporating changes stemming from developments in international standards. Started in 2016, completion by end of 2017.**



## PILLAR 3: Facilitating changes for all stakeholders

- ❖ Meeting the needs of the non-profit sector: the economic and regulatory environment for non-profit entities has changed significantly since 1999 (date of the current accounting regulation). Work has started on three tasks:
  - adapting accounting standards: reviewing whether accounting standards (CRC No. 99-01) applicable to annual financial statements need to be amended or supplemented. Started in October 2016, completion in early 2018;
  - annual use-of-funds statement (CER): the model statement has been reviewed at the request of audit bodies and the non-profit sector. Started in October 2016, completion by end of 2017;
  - mergers of non-profit entities: the accounting treatment of mergers of non-profit entities will be addressed in the provisions stemming from the “Social and Solidarity Economy Act”. To start in September 2017, completion in 2018.



## **PILLAR 4: Modernising classifications and financial statements format to facilitate digitalisation**

France's accounting standards feature a chart of accounts and standardised layouts for financial statements, providing a genuine competitive advantage for the digitalisation of financial reporting.

The taxonomy and layouts are in universal use, but they need to be updated and simplified, where appropriate.

Act 2016-1691 of 9 December 2016 gives the Government the power to issue ordinances for online filing of annual financial statements with the Company Register for automated processing.

ANC will review the standardised financial statements (balance sheet, income statement and notes), along with the chart of accounts, in order to facilitate digitalisation of financial reporting. This work will start in September 2017.



## Contributing to the relevance, stability and implementation of international standards

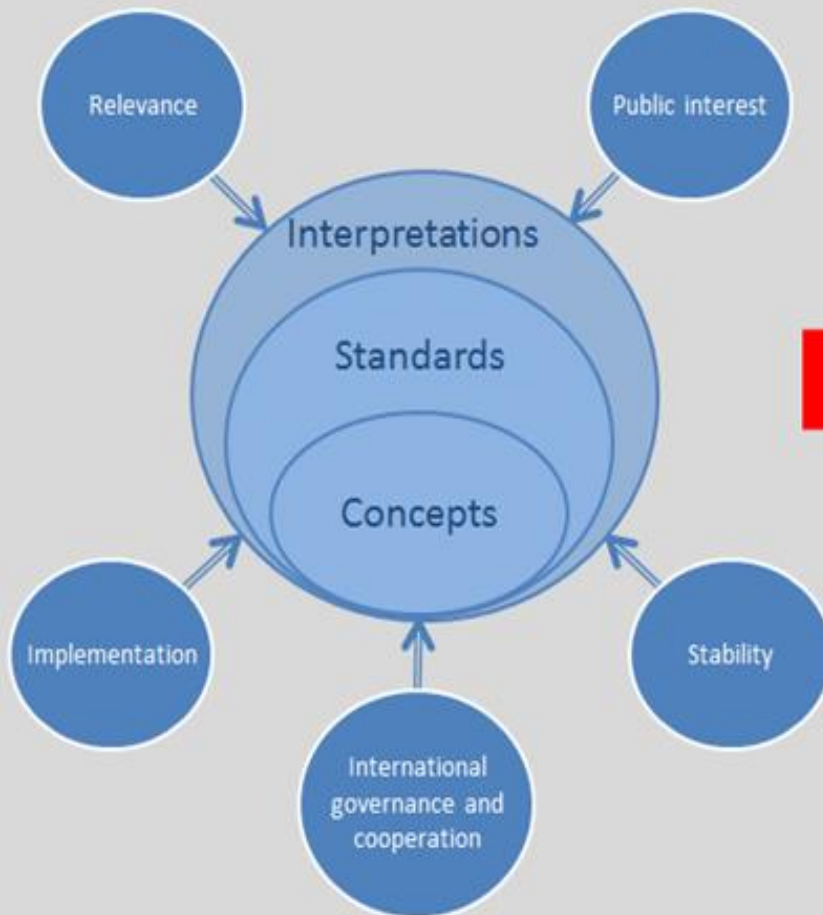
In 2002, the European Union has adopted the IFRS, International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) for the preparation of the consolidated financial statements of companies listed on a regulated market. These standards enter into force in the European Union following an endorsement process delegated to the Commission which also involves EFRAG, ARC, the Council and the European Parliament.

ANC's mission related to the standard setting and endorsement processes of IFRS is:

- to encourage the development of the accounting common language chosen by the UE and its implementation;
- to contribute to the IASB's process and decisions in order to avoid undue standard evolutions;
- to ensure proper consistency between IFRS and European criteria.

# Contributing to the relevance, stability and implementation of international standards

## 5 OBJECTIVES



## 6 PILLARS

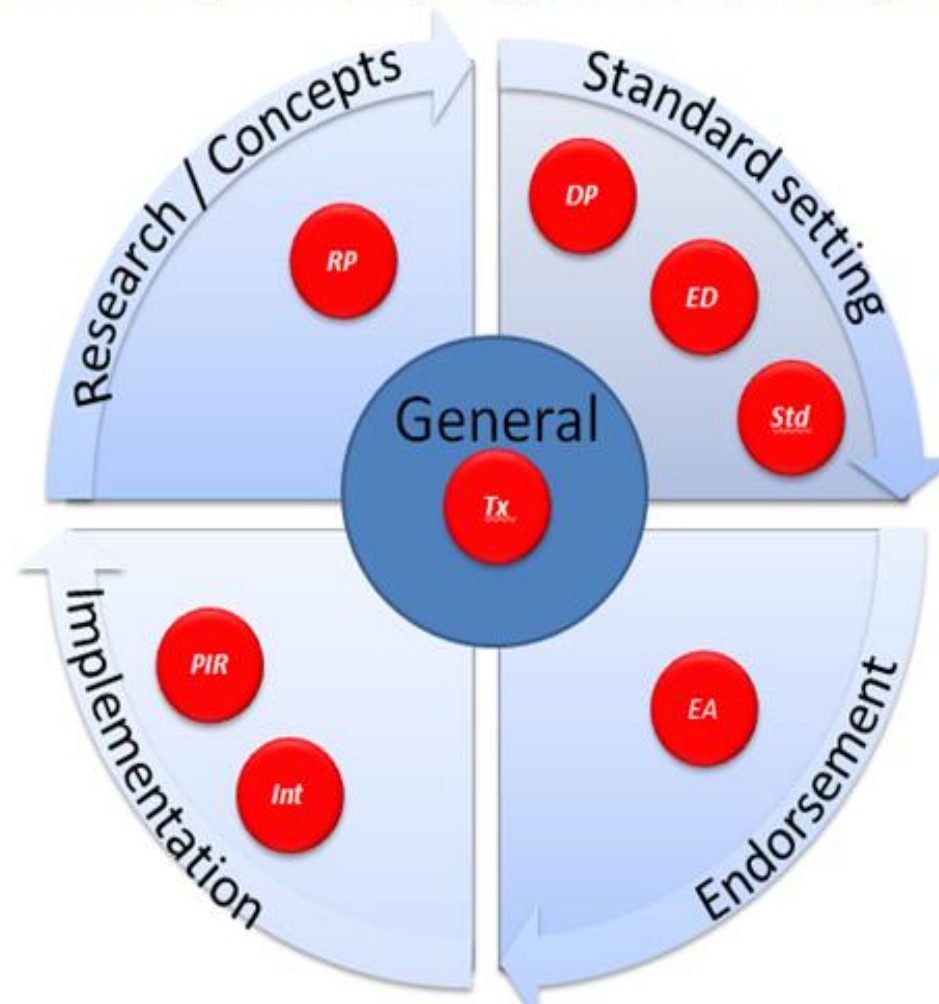
- ① Contributing to the 4 stages of the international standard-setting process
- ② Contributing to the enhancement of the conceptual framework in the public interest
- ③ Influencing the standard-setting process as early as possible
- ④ Taking an active part in the European endorsement of standards
- ⑤ Participating in the interpretation process
- ⑥ Promoting balanced governance and constructive international cooperation



## PILLAR 1: Contributing to the four stages of the international standard-setting process

International accounting standard-setting a relatively long process with 4 stages in Europe:

RP: research paper  
 DP: discussion paper  
 ED: exposure draft  
 Std: standard  
 EA: endorsement advice  
 PIR: post-implementation review  
 Int: interpretation  
 Tx: taxonomy





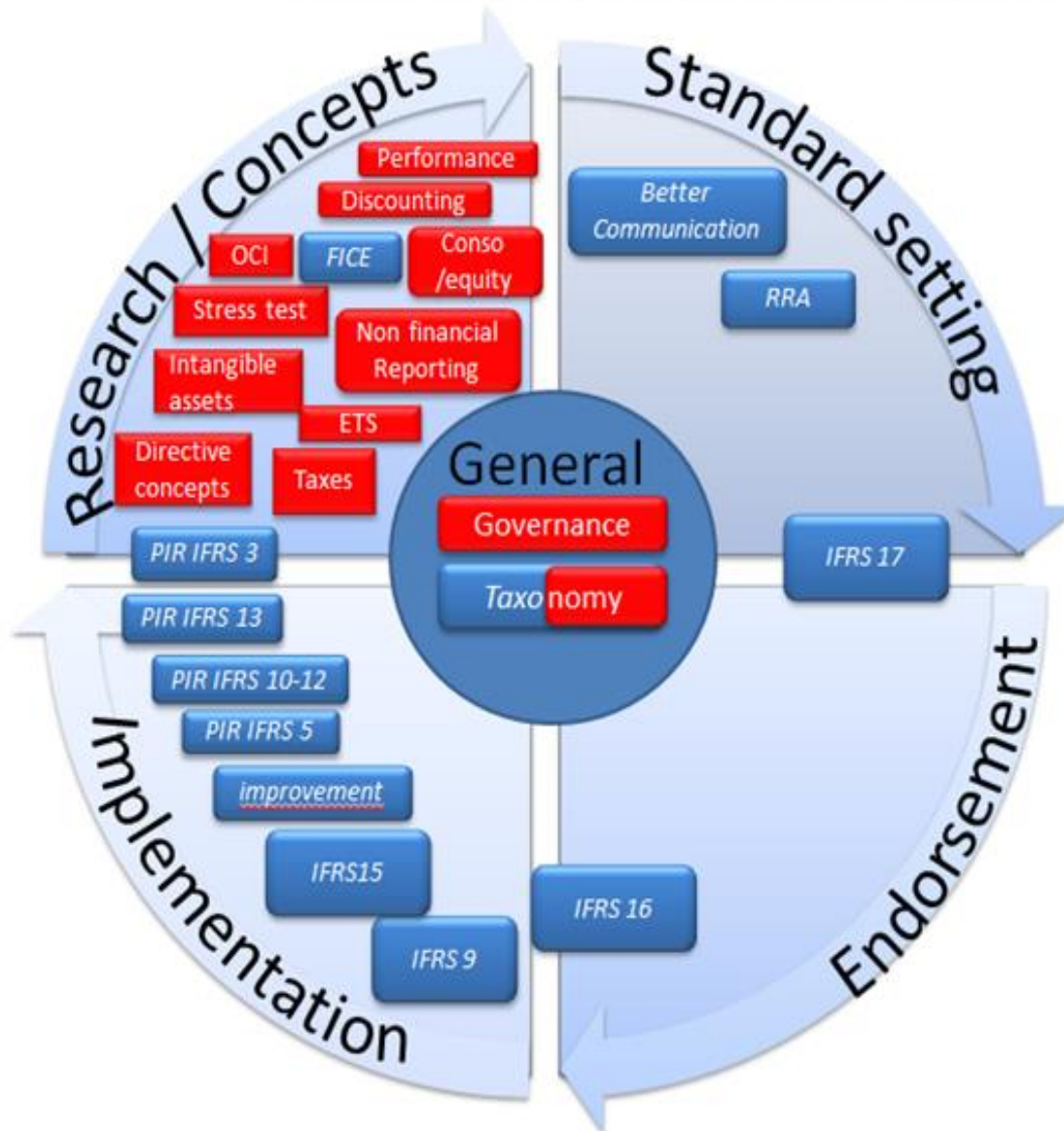
## **PILLAR 1: Contributing to the four stages of the international standard-setting process**

ANC intends to take part in the four stages of the process under the IASB agenda with due consideration of the specific interests of France's accounting community:

- the research stage, using the conclusions of the projects carried out under ANC's umbrella;
- the standard-setting stage, by responding to the various IASB consultations, by direct exchanges with the IASB and soliciting French accounting professionals;
- the endorsement stage, when the European bodies consider the standards to be adopted, by contributing to the EFRAG advice to be submitted to the European Commission;
- the implementation stage, when international standards are applied, by centralising information and contributing to the IFRS Interpretations Committee, to businesses and accounting professionals.



# PILLAR 1: Taking part in the four stages of the international standard-setting process



## PILLAR 2: Contributing to the enhancement of the conceptual framework in the public interest



The IFRS are principles-based. Even though the conceptual framework (currently under review) is only indicative, the accounting concepts chosen must be clear because they have a decisive impact on the economy and on the various stakeholders (preparers, accountants, users, auditors, etc.) and these decisions have an impact over a relatively long period.

Under the prevailing circumstances, ANC will to:

- continue critical analysis of the decisions made in the current review of the conceptual framework with a view to later improvements;
- contribute to the development of concepts underlying European accounting regulation (based on Directives, national standards, case law and doctrine);
- contribute to the enhancement of the notion of European public good;
- analyse the link between standards and the conceptual framework, identifying any points of divergence to be considered.



## PILLAR 3: Influencing the standard-setting process as early as possible

The IASB standard-setting process includes several phases. It is important to contribute to the earliest stages possible.

The IASB standard-setting timetable is less crowded in the 2017-2019 period than it was in the 2014-2016 period (IFRS 9, IFRS 16, IFRS 15).

ANC will take part in:

- the planned standards (including IFRS 17, in May 2017);
- proposals for amendments;
- the Post-Implementation Reviews (PIR) of recent standards.



## PILLAR 4: Taking an active part in European endorsement of standards

ANC participates in the European process for adopting international standards within EFRAG through the issuance of the endorsement advice submitted to the European Commission.

ANC will focus on:

- the underlying conceptual decisions;
- the procedures chosen;
- consistency with the European public good;
- impact assessment;
- desirable amendments (e.g. long-term investment).

ANC would like to strengthen the justification of EFRAG advice with regard to the European criteria and their underlying legal basis. Consequently, ANC has started work on a research project to define the notion of the European public good and other work to use European law to specify the conceptual framework that corresponds to the European Union's expectations. The findings of this work will be submitted to EFRAG and the European authorities.



## PILLAR 5: Participating in the interpretation process

The IASB has not scheduled any consultations on new standards during the 2017-2019 period. On the other hand, many issues related to the implementation of recent standards are bound to arise and to imply in-depth work.

In a principles-based system, implementation is critical. Two objectives must be met: consistency/compliance with principles and adaptation to the particulars of each situation. ANC is convinced of the value of decentralised entities working in conjunction with the central entity (IFRS IC) that is responsible for consistency.

For this purpose, ANC has established a Forum on the Application of International Accounting Standards (FANCI), which is responsible for:

- contributing to the work of the IFRS IC, which is the IASB body dealing with interpretation issues;
- examining issues raised by the community concerning the implementation of standards at national level.

This new Forum, which will be evaluated mid 2018, makes it possible to include the local stakeholders' input, which is necessary for effective implementation of international standards.



## PILLAR 6: Promoting balanced governance and constructive international cooperation

ANC will work in Europe to ensure that the existing balances within EFRAG are maintained and that the European public good is always upheld.

On the international stage following the incomplete IASB governance reform in 2016, ANC reiterates its demands for the European Union, which is the leading user of IFRS, to be given a stronger voice in all the IFRS Foundation bodies.

At the same time, ANC is developing bilateral relationships with its European and non-European counterparts for cooperation on issues of common interest and for finding consensual positions when possible.



## Encouraging proactive research

### 6 OBJECTIVES

#### Enhancing

(the conceptual framework)

#### Measuring

(the impacts of standards)

#### Analysing

(the regulations)

#### Reviewing

(practices)

#### Proposing

(modernisation measures)

#### Liaising

(with other disciplines)

### 2 PILLARS

① Supporting research projects

② Motivating and empowering the accounting community







## PILLAR 1: Supporting research projects

Accounting research enables ANC to intervene at every stage in the accounting standard setting process.

During the 2017-2019 period, ANC will issue calls for projects in the spring of each year. These calls will target professors and researchers working on the issues deemed to be important.

An independent selection committee will examine the applications and choose the projects. Progress reports for project monitoring are part of the specifications and required under the research agreements.

ANC could publish journal articles about some of the projects or discuss them with its foreign counterparts.

ANC could form working partnerships to enhance its efforts.

# PILLAR 1: Supporting research projects

*Work in process*



Projects  
IASB  
ANC  
Call for projects in progress



## PILLAR 2: Motivating and empowering the accounting community

The Accounting Research Symposium has become France's annual venue for discussions between researchers, preparers, accounting professionals and regulators on critical and topical accounting issues:

- 2015: conceptual framework;
- 2016: performance;
- 2017: accounting and digitalisation;
- 2018 and 2019: to be announced.

This annual event will be improved and expanded.

A newsletter with wide distribution is now published every four months to inform the community about ANC's actions and to boost interest in accounting discussions.

## Effective and transparent organisational structure

### 4 OBJECTIVES

Public  
interest

Collegial  
decision-  
making

Transparency

Efficiency



### 4 PILLARS

① Involving members of decision-making bodies in projects

② More efficient project management

③ Closer relations with stakeholders

④ Ensuring the transparency of ANC's work



## PILLAR 1: Involving members of decision-making bodies in projects

ANC carries out its tasks in the spirit of collegial decision-making.

The diversity of its members (accounting professionals, preparers, supervisors, major jurisdictions, trade unions) gives rise to this spirit and enables ANC to make consensual decisions in the public interest.

The stakeholders represented in working groups and ANC staff, along with the members of decision-making bodies (Board and Committees), will be called on to work on all phases of a project, in accordance with their expertise and availability, in order to enhance the synergy between them.

Their involvement ensures the coherence of positions taken in the long run.

An ethics charter for members of ANC's decision-making bodies will be published in 2017 to highlight ANC's values and its objectives of independence and serving the public interest in standard-setting.



## PILLAR 2: More efficient project management

The task of setting accounting standards is entrusted to very different types of entities in different countries, and the procedures vary as well. ANC has chosen to involve all of the stakeholders in developing standards or in adopting positions in international negotiations. This means that working groups are the basic unit for standard setting tasks in France.

This approach requires prioritisation of issues so that resources can be allocated to projects in accordance with their importance.

ANC is facing two problems as a result of the increasing numbers of national and international issues to be addressed. On the one hand, its internal resources are limited, and on the other hand, the stakeholders cannot be asked to work on several issues at the same time.

## PILLAR 2: More efficient project management

Under these circumstances, ANC's operating procedures need to be adapted:

- its procedures need to be clear and transparent: the procedural manual will be updated and published in 2017, setting out the role of each body and the procedures for referring matters to ANC;
- preliminary working groups will be set up. These groups will have a small number of members (5 at most). They will be responsible for preliminary examination of issues in order to identify the concerns and prepare guidelines for changes in accounting standards. The guidelines and the reasoning behind them will then be submitted to a larger working group and to the ANC decision-making bodies. The objective is to improve efficiency with fewer and shorter plenary meetings of working groups;
- information meetings with stakeholders who are not directly involved in the working groups of the ANC decision-making bodies will be held to report on progress and seek their views.





## PILLAR 3: Closer relations with stakeholders

ANC's role is to collate various positions. Therefore, it needs to listen to a variety of stakeholders reflecting the diversity of France's economy.

In order to consider all views of the stakeholders:

- consultation meetings will be held as necessary to report on progress and answer questions;
- consultations on project drafts could be organised on ANC's website or using other procedures.



## PILLAR 4: Ensuring the transparency of ANC's work

ANC's website was overhauled in 2016. The site is the main communication vector for disseminating the positions taken by the ANC Board.

The website will feature more information about work in progress, with a list of the issues being addressed. Fact sheets about the projects could also be disseminated, subject to validation by the decision-making bodies.

In addition, as of the beginning of 2017, the *ANC Direct* newsletter has been disseminated by e-mail and posted to the website once every four months. The purpose of the newsletter is to report ANC's news and discuss technical developments.

ANC's Chairman also periodically attends conferences and gives interviews to explain ANC's work and its decisions.