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## AMF recommendations for 2015 financial statements

**In addition to the priorities announced by the European Securities and Markets Authority (ESMA), the Autorité des Marchés Financiers (AMF) is publishing its recommendations for 2015 financial statements (DOC-2015-08). The issues addressed this year concern the impact of the economic environment on financial statements, management of working capital requirements, and recently published standards. Furthermore, in accordance with an ESMA guideline, the AMF is also releasing information on its review of corporate reporting.**

### Issues addressed in the 2015 recommendations

In recommendation DOC-2015-08 the AMF mainly asks companies to provide descriptions or explanations in their financial statement notes. The level of detail should be commensurate with importance of the items dealt with in the notes, so as to highlight relevant information. This year the AMF is addressing three issues, in compliance with ESMA enforcement priorities:

#### Accounting impacts caused by the economic environment

When a company has material exposure to volatile underlying economic assets (interest rates, commodities or currencies) or to countries facing various uncertainties, the AMF recommends that it should take all these items into account – especially financial assets and liabilities at fair value, provisions and impairment tests – when preparing its financial

statements. And the detailed information it provides on accounting exposures, as well as the assumptions used and their sensitivity, should be adjusted accordingly. The AMF has made precise recommendations on each of these key issues, notably interest rates, commodity prices, specific risks...

## Working capital management

Some companies tap funding sources other than, or in addition to, bank borrowing or capital markets in order to meet short- or long-term financing or cash requirements. One common solution consists in optimising the working capital requirement. These types of operations are becoming increasingly widespread, and some of the issues they raise are addressed in the AMF recommendations, in particular how they are recorded on the balance sheet and cash flow statement and how information is presented in the notes.

## New standards published but not yet applied

IFRS 15 Revenues from Contracts with Customers and IFRS 9 Financial Instruments were published in May and July 2014, respectively, and are due to come into force on 1 January 2018. Although the European Union has not yet adopted these standards, the AMF is calling on companies to report the progress they have made on preparations for implementation and, where available, to provide qualitative information on the accounting policies that may be modified once the standards come into force. Companies that plan to early-adopt should make a disclosure to that effect.

## Information on the AMF's review of corporate reporting

In compliance with an ESMA guideline on enforcement of financial and accounting information, the AMF is publishing quantitative data on its review of corporate reporting, which it conducted between September 2014 and September 2015. The key findings and figures are as follows:

- Ex-post review: the AMF requested no changes to financial statements but sent recommendations for the next set of statements to 54% of companies.
- Requests for an AMF opinion on an accounting analysis made by issuers prior to publishing their financial statements: 11 companies asked the AMF for a priori opinion on an accounting analysis before they published their 2014 financial statements.
- Accounting review included in an IPO prospectus: the AMF reviewed the financial statements of 38 companies in all, 12 under French accounting standards and 26 under

IFRS.

## Reminder of the AMF's role

The AMF is not responsible for setting or interpreting international accounting standards (this task is assigned exclusively to the International Accounting Standards Board and the IFRS Interpretations Committee). But each year, the AMF, like ESMA and other European regulators, identifies issues that seem particularly important in the current environment, with a view to raising awareness among listed companies and statutory auditors and helping to promote high-quality disclosures. It is essential for users to be able to understand the accounting treatments applied and the judgements made by issuers.

### Read more

- ✚ [AMF recommendations for 2015 financial statements \(DOC-2015-08\)](#)
- ✚ [ESMA news release on the publication of its priorities for 2015 \(27 October 2015\)](#)
- ✚ [Guide to the relevance, consistency and readability of financial statements](#)

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