

PLAN COMPTABLE GÉNÉRAL

NATIONAL ACCOUNTING CODE

Ministerial Order of 22 June 1999 giving approval to the Accounting Regulation Committee Regulation 99-03

NOR - ECOT9920032A

The Minister for Justice, the Minister for the Economy, Finance and Industry, and the Secretary of State for the Budget,

Having regard to Law 98-261, 6 April 1998, relating to reform of accounting regulation and adaptation of the regulations for disclosure of information on real property, in particular Article 5;

Having regard to the Ministerial Order, 9 December 1986, supplementing and amending the national accounting code

Order as follows:

Art. 1 - Regulation 99-03 of the Accounting Regulation Committee, 29 April 1999, relating to revision of the national accounting code, appended to the present Ministerial Order, is approved.

Art. 2 - The Ministerial Order, 27 April 1982, and Article 2 of the aforementioned Ministerial Order, 9 December 1986, are repealed.

Art. 3 - The present Ministerial Order, as well as the appended Regulation, are to be published in the Official Journal of the French Republic.

Paris, 22 June 1999.

Minister for the Economy, Finance and Industry

Dominique Strauss-Kahn

Minister for Justice

Elisabeth Guigou

Secretary of State for the Budget

Christian Sauter

ATTACHMENT

Regulation 99-03, 29 April 1999, relating to revision of the national accounting code

The Accounting Regulation Committee,

Having regard to the Commercial Code, in particular Arts. 8 to 17-4;

Having regard to Law 66-537, 24 July 1966, as amended, on commercial companies, in particular Art. 340-4;

Having regard to Law 98-261, 6 April 1998, relating to reform of accounting regulation and adaptation of the regulations for disclosure of information on real property;

Having regard to Decree 67-236, 23 March 1967, as amended, on commercial companies, in particular Art. 245;

Having regard to Decree 83-1020, 29 November 1983, as amended, and issued for application of Law 83-353, 30 April 1983, relating to the harmonisation of accounting obligations of persons engaged in commercial activity and of certain companies with the Fourth Directive adopted by the Council of the European Communities, 25 July 1978;

Having regard to the Ministerial Order, 9 December 1986, supplementing and amending the national accounting code;

Having regard to the Statement of Best Practice 98-13 of the National Accounting Council, 17 December 1998, supplemented 18 March 1999,

Resolves:

Article 1

The national accounting code appended to the present Regulation is approved and is to be substituted for the national accounting code appended to the Ministerial Order, 27 April 1982, as amended, and supplemented by the Ministerial Order, 9 December 1986, Art. 2.

Article 2

The Regulation and its attachment are applicable to all natural persons and legal entities subject to legislative and regulatory obligation to draw up accounts, conditional upon requirements specific to them.

Article 3

The Ministerial Order, 27 April 1982, and Article 2 of the aforementioned Ministerial Order, 9 December 1986, are repealed.

PLAN COMPTABLE GENERAL

NATIONAL ACCOUNTING CODE

Regulation No.99.03, 29 April 1999

of the Accounting Regulation Committee
appended to the Ministerial Order of 22 June 1999

Note: In the present translation, reference to the plan comptable général is ordinarily abbreviated to PCG.

text numbering of the plan comptable général

Text numbering of the PCG comprises three digits, generally followed by a hyphen and new numbering.

The first three digits correspond to titles, chapters and sections:

- The first digit corresponds to the title;
- The second digit corresponds to the chapter;
- The third digit corresponds to the section. This digit is a zero in the absence of a section in a chapter (*Examples: Chapters I, II and III of Title I*).

Division into sub-sections does not affect the numbering.

Digits indicated after hyphens round off the number of the Article to facilitate enquiry.

At the same time, in the interest of readability there is no additional numbering to the first three digits of Articles in the sections of Title IV, Chapter IV, *Functioning of accounts*. Instead:

- In this chapter, the third digit corresponding to sections also serves as the numbering of account classes (*Example: Article 441: Section 1 - Capital accounts (Class 1)*);
- In each section, account numbers in parentheses follow reference to particular accounts (*Example: Capital and reserves (Account 10)*).

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TITLE I

OBJECT AND PRINCIPLES OF ACCOUNTING

Chapter I

Field of application

110-1. - The requirements of the present regulation apply to all natural persons or legal entities subject to the legal obligation to draw up annual accounts comprising the balance sheet, profit and loss account and notes on the accounts, conditional upon requirements specific to them.

The natural persons or legal entities referred to in the 1st paragraph are termed entities in the present regulation.

Chapter II

Principles

120-1. - Accounting is a system for organisation of financial information allowing entry, classification and recording of numerical source data and presentation of statements reflecting a true and fair view of the assets and liabilities, financial position and profit or loss of the entity at the date of closing off the accounts.

Accounting is to enable periodic comparisons and assessment of the evolution of the entity from a going concern viewpoint.

120-2. - Accounting is to adhere to rules and procedures in force which are to be faithfully applied so as to convey the knowledge that those responsible for drawing up the accounts have of the reality and relative materiality of recorded events.

Where in an exceptional case the application of an accounting rule is incompatible with the obligation to give a true and fair view, it is to be departed from. This derogation and its consequences are to be disclosed and duly justified in the notes on the accounts.

120-3. - Accounting is to be established on the basis of careful assessments, to avoid the risk of transferring to following periods present uncertainties liable to affect adversely net assets and profit or loss of the entity.

120-4. - Consistency of accounting information over successive periods implies continuity in the application of rules and procedures.

Any exception to this principle of continuity is required to be justified by an exceptional change in the entity financial position or by better information within the context of a preferential method.

Preferential methods are those deemed as leading to better information by the accounting standard setting authority. As a result, when adopted, a reverse change may only be subsequently justified in accordance with the conditions of Article **130-5**.

Chapter III

Definition of annual accounts

130-1. - The balance sheet, profit and loss account and notes on the accounts are to constitute a composite whole to be drawn up at the close of the financial year having regard to the accounting records and the overall asset and liability review valuation.

130-2. - The balance sheet is to describe separately the asset and liability components of the entity and to indicate clearly its owner equity and, as applicable, other capital funds.

Components of assets and liabilities are to be separately evaluated.

No set-off is permissible between accounts for assets and liabilities.

The opening balance sheet of a financial year is to correspond to the closing balance sheet, prior to appropriation, of the previous financial year.

130-3. - The profit and loss account is to recapitulate charges and income for the financial year, irrespective of their date of payment or receipt. In accordance with the legal status of the entity, the balance of charges and income is to constitute:

- Profit or loss for the financial year;
- Excess or deficit of resources.

No set-off is permitted between accounts for charges and income.

130-4. - Notes on the accounts are to supplement and comment on information given in the balance sheet and profit and loss account.

The notes on the accounts are to comprise all information of significant importance intended to supplement and comment on information given in the balance sheet and profit and loss account.

An entry in the notes on the accounts may not be substituted for an entry in the balance sheet and the profit and loss account.

130-5. - Comparability of annual accounts is to be assured by continuity of accounting methods of appraisal and presentation of accounts, which may be amended only where an exceptional change occurred in the entity financial position or in the economic, industrial or financial context and where the change in methods provides better financial information in the light of intervening developments.

Adoption of an accounting method for events or transactions differing in substance from prior events or transactions, or adoption of a new accounting method for previously immaterial events or transactions, does not constitute a change in accounting methods.

Where changes in methods have been made, pro forma accounts for previously presented financial years are to be established in accordance with the new method.

TITLE II

DEFINITION OF ASSETS, LIABILITIES, INCOME AND CHARGES

Chapter I

Assets and liabilities

Section 1

Assets

211-1. - Any component of assets and liabilities having a positive economic value for the entity is to be considered as an asset, subject to the provisions of Article **331-4** relating to items of immaterial value and Article **393-1** relating to fixed assets subject to a concession to operate a public service.

Asset components intended for long-term use in the activity of the entity constitute its fixed assets. Those assets that, because of their objective or their nature, are not intended for long-term use constitute its current assets.

Exceptionally, charges are to be entered as assets in accordance with Articles **361-1-7**.

Section 2

Liabilities

212-1. - Any component of assets and liabilities having a negative economic value for the entity is to be considered as a liability. Overall, these components are to be designated as external liabilities.

Chapter II

Charges and income

Section 1

Charges

221-1. - Charges are to comprise:

- Amounts or values expended or to be expended:

- In return for goods for resale, consumables, works and services consumed by the entity, as well as advantages granted to it;

- Pursuant to a legal obligation;
- Exceptionally, without counterpart;
- Appropriations to depreciation and provisions;
 - Entry value less depreciation of asset components disposed of, destroyed or discarded, subject to the particular provisions of Article **332-6** relating to portfolio long-term investment securities and Article **332-9** relating to investment securities.

Section 2

Income

222-1. - Income is to comprise:

- Amounts or values received or receivable:
 - In return for supply by the entity of goods, works and services, as well as advantages granted by it;
 - By virtue of a legal obligation existing chargeable to a third party;
 - Exceptionally, without counterpart;
 - The increase or decrease in stocks of finished products and work in progress during the financial year;
- Own work capitalised;
- Depreciation and provisions written back;
- Transfers of charges;
 - Realisation proceeds from asset disposals, subject to the particular provisions of Article **332-6** relating to portfolio long-term investment securities and Article **332-9** for investment securities.

222-2. - Turnover corresponds to the amount of transactions realised by the entity with third parties within the framework of its normal and current activity.

Chapter III

Profit or loss

230-1. - Profit or loss for the financial year is equal to the difference between income and charges and the change in capital and reserves between the beginning and end of the financial year other than for transactions directly affecting the amount of capital and reserves.

Income and charges for the financial year are to be classified in the profit and loss account so as to indicate the various levels of profit or loss.

TITLE III

ACCOUNTING RECOGNITION AND VALUATION RULES

Chapter I

Date of accounting for assets, liabilities, income and charges

Section 1

General rules

311-1. - To calculate profit or loss as the difference between income and charges for the financial year, the following are attributed to the financial year:

- Income earned in the financial year, to which is added income, if any, earned in previous financial years but which through error or oversight was not then accounted for;
- Charges incurred in the financial year, to which are added charges, if any, incurred in previous financial years but which through error or oversight were not then accounted for.

311-2. - Only profits realised at the closing date of a financial year may be recorded in the profit or loss for that financial year.

311-3. - Profit or loss takes into account liabilities and losses that arose during the financial year or during a prior financial year even where they are known between the closing date of the financial year and the date of drawing up the annual accounts.

Liabilities and charges clearly specified as to their objective, rendered likely by past or current events, necessitate the establishment of provisions.

311-4. - Even in the event of absence or inadequacy of profit, necessary depreciation and provisions are to be taken into account.

Provisions are to be transferred back to profit or loss where the reasons for their establishment no longer apply.

311-5. - On changes in accounting methods, the effect, after tax, of the new method is to be calculated retrospectively, as if it had been applied throughout. In cases where estimation of the effect at the beginning of the financial year cannot be made objectively, in particular where the new method is characterised by adoption of assumptions, calculation of the effect of the change will need to be made prospectively. Thus, changes in methods leading to entry of research and development costs as an asset can only be applied prospectively, that is, to new projects.

The impact of the change determined at the beginning of the financial year, after allowing for the effect of tax, is to be charged to profit or loss brought forward as from the beginning of the financial year except where, because of the application of tax rules, the entity is required to account for the impact of the change in the profit and loss account.

Where changes in accounting methods resulted in accounting for provisions not taken to the profit and loss account, reversal of these provisions is to be effected directly by adjustment to owner equity as regards any part that was not warranted.

311-6. - I. - Changes in valuation and application procedures are only to affect current and future financial years. The incidence of the change corresponding to the current financial year is to be recorded in the accounts of the financial year. Changes in valuation can affect different items of the balance sheet and the profit and loss account.

II. - The incidence of changes in tax options corresponding to the current financial year is to be recognised in profit or loss for the financial year.

311-7. - Corrections resulting from errors, material omissions, erroneous interpretations or adoption of an accounting method that is not recognised, are to be accounted for in the profit or loss for the financial year in the course of which they are recognised. The effects of corrections of material errors, calculated after tax, are to be shown on a separate line in the profit and loss account, except where this concerns correction of an entry that had been taken directly to capital and reserves.

Section 2

Particular cases

312-1. - Transactions accompanied by a title reservation clause are to be accounted for at the delivery date of the item and not the date of ownership transfer.

312-2. - Discounts or reductions granted within the context of settling financial difficulties of enterprises are to be recorded as follows.

Where granted subject to a condition of avoidance, discounts or reductions are to be accounted for upon agreement of the parties, in the case of an out-of-court settlement, or upon a court ruling fixing the recovery program, in the case of a legal settlement.

Where granted subject to a suspensive condition, discounts or reductions are to be accounted for when the condition is met.

312-3. - Debts receivable not declared in the course of a legal recovery program are to be recorded as follows.

Income in the case of the debtor and the charge in the case of the creditor, corresponding to the undeclared debt receivable, are to be accounted for:

- If no written claim of forfeiture was lodged within one year as from the decision to open the procedure: at the expiration of this period;
- If a written claim had been lodged and rejected: at the date of the rejection order. Until the decision is final, the debtor is to establish a provision.

Chapter II

Valuation and method of accounting for assets and liabilities

Section 1

Valuation of assets at date of original entry

321-1. - At their date of original entry in assets and liabilities of the entity, the value of the items is to be determined in accordance with the following conditions:

- Items acquired in return for valuable consideration are to be accounted for at their purchase price;
- Items produced by the entity are to be accounted for at their production cost;
- Items acquired free of charge are to be accounted for at their estimated market value.

The provisions of the present Article do not apply to patents referred to in Article **331-2** and to tangible fixed assets subject to continuous renewal referred to in Article **331-5**.

321-2. - The purchase price of an item is equal to its purchase price plus ancillary expenses.

I. - The purchase price is the amount agreed between the parties at transaction date, after deduction of taxes recoverable by the entity.

In the following cases, purchase price implies:

- (a) For items acquired in return for payment of life annuities, the amount resulting from a price stipulation or, failing this, from a valuation;
- (b) For items received in the nature of contributions in kind, the respective values shown in the contribution agreement;
- (c) For items acquired by means of exchange, the more reliable market value estimate from two samplings.

II. - Ancillary expenses are costs, after deduction of legally recoverable taxes, directly or indirectly connected to the purchase and necessary for rendering the item usable.

Transfer duty, fees or commissions and legal fees, are excluded from the purchase price of fixed assets, and are to be accounted for as charges under the conditions specified in Article **361-7**.

321-3. - Production cost of an item or a service supplied is equal to the purchase price of materials consumed plus other costs incurred in the course of production operations, namely direct and indirect costs that may reasonably be linked to production of the item or service.

Direct costs are the costs that can be assigned without intermediate calculation to the cost of a specific item or service.

Financial charges may be included in the production cost of intangible and tangible fixed assets under conditions specified in paragraph 2 of Article **331-1** and of stocks and work in progress under conditions specified in Article **333-1**.

Research and development costs and general administrative charges are excluded from production cost, except where specific operating conditions justify their being taken into account.

The share of charges corresponding to below-capacity utilisation may not be incorporated into production cost.

The provisions of the present Article do not apply to software. Its production cost is to be determined in accordance with Article **331-3 II (b)**.

321-4. - Grants obtained for the purchase or production of an item are not to affect calculation of the cost of the financed items.

321-5. - The market value of an item corresponds to the price that would have been expended in normal market conditions.

In the absence of a market, market value of an item is the assumed price that a possible purchaser of the entity would agree to give for it in the actual state and location where the aforementioned item is to be found.

321-6. - Where items are acquired jointly or are produced in a joint and inextricable way, for an overall purchase price or production cost, the entry cost of each of the items is to be allocated in proportion to the value attributable to each one.

In the event that it is not possible to assign an individual value to each item, the cost of one or more of the acquired or produced items is to be estimated by reference to a market price, or inclusively in the absence of a market price. The cost of the other items is to be established as the difference between the overall entry cost and the cost already assigned.

Section 2

Valuation of assets and liabilities at a subsequent date

322-1. - The gross value of items corresponds to their value on entry into assets and liabilities, subject to the provisions of Article **332-4** relating to securities valued by the equity method of accounting and the provisions of Article **350-1** relating to revaluation.

Net book value corresponds to gross value less depreciation and provisions for diminution in value.

The overall asset and liability 322-22, review valuation is equal to current value, subject to the provisions of Article **332-3** relating to long-term equity interests and the provisions of Article **332-4** relating to securities valued by the equity method of accounting. The current value of an item appreciates depending on the market and its utility to the entity.

To establish value, the entity is to use references or techniques best adapted to the nature of the item, such as market price, price scales, market price lists or specific indices.

322-2. - At the date of closing off the accounts, the net book value of asset and liability components is to be compared with their overall asset and liability review valuation at the same date, subject to the provisions of Article **333-4** relating to stocks and work in progress covered by a firm sale contract.

Comparison between current and net book value is to be made component by component.

In exceptional cases where it is not possible to determine purchase price or production cost of stocks and work in progress at the date of closing off the accounts, the valuation is to be made in accordance with Article **333-5**.

The capital gain recognised between the overall asset and liability review valuation of an item and its entry value is not to be brought into account, subject to the provisions of Articles **372-1-3** relating to value variations in forward financial contracts and interest rate options in organised markets.

Reduction in the value of an asset resulting from causes having effects which are not considered irreversible is to be recognised by a provision for diminution in value, subject to the provisions of Article **332-7** relating to quoted long-term investment securities, other than long-term equity interests and portfolio long-term investment securities, Article **342-5** relating to debts payable and receivable in foreign currencies, Article **342-6** relating to other transactions in foreign currencies, Article **371-1** relating to securities sold with buy-back option, Article **372-2** and Article **372-3** relating to value variations in interest rate options recognised in organised markets or on transactions by private contract.

Where effects are irreversible, diminution in value is to be recognised as a loss or as depreciation in the case of a fixed asset the potential services of which are expected to diminish with time, usage, evolving techniques or for any other reason.

As an exception, particular texts prescribe or authorise the accounting recognition of depreciation by derogation or tax-regulated provisions not corresponding to the normal purpose of depreciation or of a provision for diminution in value.

322-3. - For the application of Article **322-1**, the gross value of fungible items is to be determined as their weighted average purchase price or production cost, or on a first in, first out basis.

322-4. - Changes in external liabilities between the date of original entry and that of closing off the accounts are to be accounted for under the following conditions.

The increase in value of an external liability is to be accounted for as a liability if considered irreversible. Otherwise it is to be recognised by means of a provision.

The decrease in value of an external liability is to be accounted for as a liability reduction if it becomes irreversible.

Chapter III

Particular valuation and accounting recognition procedures

Section 1

Intangible and tangible fixed assets

Sub-section 1

At date of original entry

331-1. - At the date of original accounting recognition of intangible and tangible fixed assets, the general valuation rules stated in Articles **321-1-6** apply subject to the provisions of Articles **331-2-7**.

Interest charges on capital loans for financing creation of an intangible or tangible fixed asset may be included in production cost where they relate to the period of fixed asset production.

331-2. - In the case of taking out a patent resulting from research connected to realisation of projects, the entry value of the patent is at most equal to the undepreciated fraction of research and development costs, to be recorded and depreciated in accordance with Articles **361-2-3**.

331-3. I - Acquired software is to be depreciated as from date of purchase and not that of entry into service, and created software is to be depreciated as from date of completed development.

II - Software created by the entity intended for commercial usage, as well as software for internal entity needs, is to be entered in fixed assets at production cost, under the following conditions:

(a). - Within the context of the present Article, any software created to be sold, leased or commercialised under other forms is to be regarded as software intended for commercial usage.

Within the context of the present Article, any software intended for any other form of usage is to be regarded as software for internal use.

(b). - Production cost is to include only those costs connected to the detailed conception of the application, also termed organic analysis, to programming, also termed codification, to the conduct of tests and trial runs and the elaboration of technical documentation intended for internal or external use.

(c). - I Software intended for commercial usage is to be accounted for as a fixed asset where the following conditions simultaneously apply:

- The project is considered by the entity as having serious chances of technical success and commercial profitability;

- The entity demonstrates its intention to produce the software in question and to use it on a long-term basis to meet client needs, and identifies the human and technical resources to be employed.

I Software intended for internal usage is to be recorded as a fixed asset where the following conditions simultaneously apply:

- The project is considered as having serious chances of technical success;

- The entity demonstrates its intention to produce the software, indicates the estimated minimal duration of usage having regard to foreseeable evolution of technical knowledge in software conception and production and specifies the expected impact on the profit and loss account.

331-4. - Items of immaterial value may be considered as completely consumed in the financial year of their being brought into service and consequently, do not have to be accounted for in fixed assets.

331-5. - Tangible fixed assets that are continuously renewed and for which the overall value is of secondary importance to the entity may be retained in the asset category for a fixed quantity and value if their quantity, value and composition do not change appreciably from one financial year to the next.

331-6. - The residual value of components recovered following the discontinuation from service of fixed assets is to be accounted for in a special fixed asset account where intended to be recovered for new installations or in a special account for stocks where intended to be sold.

331-7. - The holder of a lease contract is to account for amounts due for the period of the lease as charges.

On the exercise of a purchase option, the holder of a lease contract is to record as a fixed asset in the balance sheet the amount established in accordance with the rules applicable to the determination of entry value.

Sub-section 2

At a subsequent date

331-8. - Net book value of depreciable fixed assets is to take depreciation schedules into account.

The depreciation schedule is to comprise allocation of the cost of an item, decreased, as applicable, by its residual value, over its likely term of usage. This residual value is to be taken into account where the term of usage of an item is materially shorter than its probable life expectancy.

Any significant modification to conditions of usage of an item justifies revision of the depreciation schedule in course of application.

The entry value of a fixed asset less cumulative depreciation constitutes its net book value.

If current value falls below its net book value, the latter is to be adjusted to current value whether diminution in value is definitive or not.

Where diminution in value is definitive, the item is to be subject to extraordinary depreciation for the difference between its net book and current values. The residual value of the depreciation schedule is to be modified in consequence.

Where diminution in value is not considered definitive, a provision for diminution in value is to be accounted for, subject to the provisions of **Article 331-9, paragraph 2**, relating to intangible and tangible fixed assets.

331-9. - At the closing date of the financial year, intangible and tangible fixed assets are to be valued in accordance with the general valuation rules stated in Articles **322-1-2**.

Nevertheless, where the current value of an intangible or tangible fixed asset is not considered materially lower than its net book value, the latter is to be adopted as the overall asset and liability review valuation.

Section 2

Securities

Sub-section 1

Long-term investment securities

332-1. - At their date of original entry in assets and liabilities of the entity, long-term investment securities are to be valued in accordance with the general valuation rules stated in Articles **321-1-2** and **321-4-6**.

332-2. - In instances of partial realisation of a set of long-term investment securities carrying common rights, the entry value of the fraction retained is to be valued at weighted average purchase cost or, failing this, on the basis that the retained securities are the last in.

332-3. - At any date other than their original entry date, equity interests, quoted or otherwise, are to be valued at their value in use representing what the entity would agree to expend to obtain the participating interest if it had to acquire it.

Provided that their evolution does not result from accidental circumstances, the following elements may be taken into account when applying the valuation: profitability and profitability outlook, owner equity, outlook for realisation, economic context, average stock exchange indices over the final month, as well as the purpose of assessment underlying the original transaction.

332-4. - Securities of companies over which there is exclusive control may be valued by the equity method of accounting.

The equity method value of securities over which a company has exclusive control is equal to the share of owner equity corresponding to the securities, increased by the amount of consolidated goodwill attached to the securities. The owner equity in question is the equity adjusted in accordance with consolidation rules before appropriation of profit or loss and before elimination of internal transfers within the consolidated group.

Where at the closing date of the financial year the overall equity method value of securities is less than purchase price, a provision for overall diminution in portfolio value is to be established. A provision for overall portfolio risk is also to be established where the overall equity method of accounting value is negative.

To draw up the accounts of the initial financial year of application of the present method, the net book value of securities shown in the opening balance sheet is to be substituted for purchase price.

On realisation of a fraction or the totality of securities in question, they are to be removed from balance sheet assets at their purchase price.

332-5. - At any date other than their date of original entry in entity assets and liabilities, portfolio long-term investment securities are to be valued security by security at a value that takes into account the outlook for the general evolution of the entity for which securities are held and which is based particularly on market value.

332-6. - At the close of each financial year, the current value of financial fixed assets, other than long-term equity interests and portfolio long-term investment securities, is to be valued:

- For quoted securities, at the average exchange price over the final month, with the exception of securities explicitly held with the aim of reducing capital: their accounting value is not to be subject to any diminution in value and is to remain equal to their purchase price until their cancellation since from the outset their entry is required to be considered as amounting to a reduction in owner equity;

- For unquoted securities, at their probable trading value.

By derogation from Articles **221-1** and **222-1**, capital gains and losses on realisation of portfolio long-term investment securities are to be accounted for as income or a charge, as applicable.

332-7. - Exceptionally to the rule for valuation component by component specified in Article **322-2**, in the case of an abnormal and short-lived fall in value of quoted long-term investment securities, other than long-term equity interests and portfolio long-term investment securities, the entity is not obliged to establish at closing date of the financial year, a provision to the limit of normal realisable capital gains recognised on other securities.

A provision for diminution in value is not to be established on securities forming the subject of hedging transactions.

332-8. - Valuation of the subscription for or purchase of shares in an Economic Interest Group and advances that are not realisable in the short term is to be subject to the following conditions.

On subscription or purchase, the participating interest is to be recorded at the price at which it is effected. Advances are to be recorded at the amount as stipulated in the relevant contract.

In the overall asset and liability review valuation, where the share of the participating interest in the Economic Interest Group owner equity is greater than its book value, each participant member is to recognise the diminution in value of its interest in the group.

Provisions for diminution in value are to be allocated in the order and to the extent of their amount, firstly as shares of the Economic Interest Group, then as debts receivable. If diminution in value is greater than the

values of the assets, the surplus is to lead to constitution of a provision for liabilities.

Sub-section 2

Investment securities

332-9. - Valuation of investment securities is to be effected under the same conditions as those stipulated in Articles **332-1**, **332-2**, **332-6** and **332-7** for long-term investment securities.

By derogation from Articles **221-1** and **222-1**, capital gains and losses on realisation of investment securities are to be accounted for as income or a charge, as applicable.

Section 3

Stocks and work in progress

Sub-section 1

At date of original entry

333-1. - At their date of entry in the accounts of the entity, stocks and work in progress are to be accounted for in accordance with the general valuation rules set out in Articles **321-1-6**. Interest charges on capital loans for financing goods and services may be included in their cost where they relate to the period of production of the aforementioned goods and services and where the production cycle extends beyond one year. Costs of stockholding are to be added to purchase prices or production costs where warranted by specific operating conditions.

Losses and wastage are to be excluded from costs.

333-2. - The entry cost of articles or of individually identifiable categories of articles that are not interchangeable, as well as those that are substantially identified and assigned to specific projects, is to be determined article by article or category by category.

For interchangeable articles that within each category cannot be identified at unit level following their addition to stockholdings, entry cost is to be considered as equal to the total resulting from:

- Cost of stocks at the close of the previous financial year, considered as an entry cost in the accounts of the financial year;

- The entry cost of purchases and production for the financial year.

This total is to be allocated between articles consumed in the financial year and articles present in stock by application of a calculation method based on weighted average cost derived from each stock entry or over a period not exceeding the average duration of stockholding or by assuming that articles present in stock are the last in.

Sub-section 2

At a subsequent date

333-3. - At the closing date of the financial year, stocks and work in progress are to be valued in accordance with the general valuation rules stated in Articles **322-1-3**, subject to the provisions stipulated in Articles **333-4-5**.

At the overall asset and liability review valuation, stocks and work in progress are to be valued unit by unit or category by category.

The stock inventory unit is the lowest category that may be valued in inventory within each article.

Sale price and outlook are to be taken into consideration when judging provisions, if any, for diminution in value of stocks.

333-4. - At the closing date of the financial year, entry value is at all times to be retained for stocks and work in progress subject to a firm sale contract for which the performance is to occur at a later time from the moment that the stipulated sale price covers both entry value and all costs remaining to be incurred for proper contract performance.

Entry value is likewise to be retained for determination of the value of consumables entering into manufacture of products subject to a firm sale contract, from the moment that these stocks of consumables have been itemised and the stipulated sale price is the sum of their entry cost, transformation costs and all costs remaining to be incurred for proper contract performance.

333-5. - In exceptional cases where, at the closing date of the financial year, it is not possible to determine purchase price or production cost by application of general valuation rules, stocks are to be valued at purchase price or production cost of equivalent items recognised or valued at the date nearest to purchase or production of the aforementioned items.

Where the previous method is not feasible, stock items are to be valued at their overall asset and liability review valuation at the closing date of the financial year.

Where the preceding methods impose excessive constraints on entity management, stock items are to be valued by applying to their sale price at the closing date of the financial year a reduction corresponding to the margin applied by the entity to each category of items.

Section 4

Taxes on profits or losses

334-1. - The income tax rate to be applied is the rate in force at the closing date.

Where a newly adopted income tax modifying the existing rate arises after the close of the financial year, the effects of the modification are to be

assigned to the financial year of its adoption and not to the financial year ended.

In this situation, information showing effects on profits or losses for the relevant financial year of any modification of tax adopted between the closing date and that of drawing up the accounts is to be provided in the notes on the accounts.

334-2. - In the context of the group tax regime, the parent company is to account for the overall tax liability of the group regardless of the integration procedures adopted, as well as debts receivable from integrated subsidiaries generated simultaneously in accordance with agreements for apportionment of tax within the group.

Section 5

Other liabilities

335-1. - The amount of commitments of the entity as regards pensions, supplemental retirement benefits, indemnities and allowances on retirement or similar advantages for personnel, partners/associates and employee representatives may be recognised, in whole or in part, by way of provision.

Accounting recognition of provisions, in total for persons employed and retirees, leading to improved financial information, is considered as a preferential method.

Chapter IV

Valuation of assets and liabilities where value depends on foreign currency fluctuations

Section 1

General rules

341-1. - Where valuation of assets or liabilities depends on exchange rates, the exchange rates to be applied for quoted currencies are to be the indicative rates of the Banque de France published in the Official Journal, and for other currencies the monthly average rates determined by the Banque de France.

Section 2

Specific rules

342-1. - The entry cost of intangible and tangible fixed assets expressed in foreign currency is to be translated into French francs/euros as at the rate of the transaction date.

Provisions for depreciation and, if necessary, diminution in value are to be calculated by reference to this value.

342-2. - Translation into French francs/euros of the value of securities denominated in foreign currencies and quoted only outside France is to be made at the exchange rate for the date of each relevant transaction.

342-3. - At the closing date of the financial year, remaining long-term and short-term investment securities quoted and denominated in foreign currencies are to be valued:

- For securities quoted in France: at French stock exchange prices;
- For securities quoted only outside France: at the foreign stock exchange prices to which is to be applied the currency exchange rate at the closing date.

342-4. - The value in foreign currencies of stocks held abroad is to be translated into French francs/euros at the end of the financial year at an exchange rate equal, for each category of goods for resale, consumables and products in stock, to the weighted average of currency exchange rates applicable at the date of purchase or entry into stock of the relevant items. In case of difficulty in applying this method of calculation, the entity may use another method in so far as it is not liable to affect profits or losses materially.

Provisions for diminution in value are to be established if the value at the time of the overall asset and liability review, having regard to the exchange rate at that date, is lower than book entry value.

342-5. - Debts receivable and payable denominated in foreign currencies are to be translated and accounted for in French francs/euros on the basis of the closing rate.

Where application of the translation rate at the closing date of the financial year has the effect of modifying amounts in French francs/euros previously accounted for, the resulting translation differences are to be entered in provisional accounts, pending subsequent adjustments:

- In balance sheet assets for differences corresponding to a realisable loss;
- In balance sheet liabilities for differences corresponding to a realisable gain.

In the event of realisable exchange losses, a provision for liabilities is to be established to the extent of their amount, subject to the specific provisions of Article **342-6**.

342-6. - Where circumstances eliminate in whole or in part the risk of loss, provisions are to be adjusted accordingly. This applies in the following cases:

- I. - Where an entity matches a transaction conducted in foreign currencies by a symmetric transaction intended to hedge the consequences of exchange rate fluctuations, termed exchange cover, the provision is to be established only to the extent of uncovered risk.

II. - Where a foreign currency loan, on which is recognised a realisable loss, is assigned to purchase of fixed assets located in the country having as its monetary unit the same currency as that of the loan, or to purchase of securities representative of such fixed assets, an overall provision is not to be established for the realisable loss related to the relevant loan.

III. - Where for transactions having sufficiently close due dates realisable losses and gains may be considered as contributing to an overall exchange rate position, the amount of the appropriation may be limited to the excess of losses over gains.

IV. - Where financial charges connected to a loan in foreign currencies are lower than those that would have applied had the loan been contracted in French francs/euros, the amount of the annual appropriation to the provision account may be limited to the difference between the charges as calculated and those actually incurred.

V. - Where realisable foreign currency losses relate to a transaction affecting several financial years, the entity may spread these losses over the relevant term.

342-7. - Liquid assets or current liabilities present at the close of the financial year and due in foreign currencies are to be translated into French francs/euros on the basis of the closing currency spot rate.

Recognised exchange translation differences are to be accounted for in profit or loss for the financial year.

Chapter V

Revaluation

350-1. - Valuation adjustments applicable to the totality of tangible and financial fixed assets may be effected within the context of revaluation of the accounts.

The difference between current and net book value recognised at the time of an overall revaluation is not to be taken to profit or loss. It is to be entered directly into owner equity.

Revaluation gain or loss may be included in whole or in part in capital. It cannot offset losses, except where previously included in capital.

Chapter VI

Valuation and accounting recognition of specific assets and liabilities

Section 1

Specific assets

361-1. - Expenditures incurred in the course of transactions for bringing about the existence or development of the entity but the amount of which cannot be attributed to production of specific items or services may be entered in intangible fixed assets as establishment costs.

361-2. - Exceptionally, applied research and development costs may be entered in intangible fixed assets on condition that they are attributable to clearly distinguishable projects having serious chances of technical success and commercial profitability and for which the cost can be clearly established.

Entry in intangible fixed assets of applied research and development costs, where constituting a change in method, may only be applied to new projects.

361-3. - Establishment costs, as well as applied research and development costs, entered in intangible fixed assets in conformity with Articles **361-1–2**, are to be depreciated in accordance with a schedule and over a maximum period of five years. Exceptionally and for specific projects, applied research and development costs may be depreciated over a longer period not exceeding the term of usage of the assets.

In instances of failed projects, the corresponding applied research and development costs are to be the subject immediately of an extraordinary charge for depreciation.

361-4. - Charges recorded during a financial year may be deferred where they relate to specific transactions yet to occur and having serious chances of overall profitability.

361-5. - Loan redemption premiums are to be amortised systematically over the period of the loan either in proportion to accrued interest, or in equal instalments. Premiums relating to the redeemed proportion of the loan are, however, always to be written off.

361-6. - Loan issue costs may be apportioned over the period of the loan in a manner appropriate to the procedures for loan redemption. Nevertheless, it is possible to resort to a straight-line allocation where resulting profits or losses are not materially different from the previous method.

361-7. - Transfer duties, fees or commissions, and legal fees are to be excluded from the purchase price of fixed assets and may be apportioned over several financial years.

Section 2

Specific liabilities

362-1. - Investment grants, where entered in owner equity, are to be written back to the profit and loss account in accordance with the following procedures:

I. - The writing back of investment grants which finance depreciable fixed assets is to be effected over the same period and at the same rate as applies to depreciation of the value of the fixed asset acquired or created by means of the grant.

II. - The writing back of investment grants which finance a non-depreciable fixed asset is to be apportioned over the number of years during which the fixed asset is inalienable in terms of the contract. Failing an inalienability clause, the amount to be written back in each financial year is to equal one tenth of the grant.

III. - Nevertheless, derogation from the procedures specified in I and II may be admissible where warranted by particular circumstances, for example, the legal status of the entity, the objective of its activity, conditions imposed or commitments required by the authority or body allocating the grant.

Chapter VII

Valuation and accounting for specific financial transactions

Section 1

Transactions in securities

371-1. - I. - In the accounting of the transferor, securities sold with a buy-back option are to be recorded under the following conditions:

- At transaction date, securities are to be removed from assets, and the profit or loss on realisation is to be entered in the profit and loss account;
- At the closing date of a financial year, where completion of the sale is envisaged with sufficient certainty, the capital gain or loss on realisation is to be cancelled. A provision for liabilities is to be recognised if it appears that the current value of securities stands at a discount to their book value at the exit date and if the securities realised were not covered by a hedging transaction. Charges and income on buy-back option transactions are to be entered in the profit and loss account in accordance with accounting rules applicable to the various parties to the transaction.

II. - In the accounting of the transferee, securities bought with a buy-back option are to be recorded under the following conditions:

- At transaction date, securities are to be recorded at their purchase price;

- At the closing date of a financial year, where cancellation of the purchase is envisaged with sufficient certainty, no provision is to be established where a potential capital loss is recognised on the relevant securities. Income to be entered in the profit and loss account is the amount receivable in the event of cancellation.

III. - In the event of cancellation of the sale, the accounting entries resulting from the transfer and the purchase are to be reversed in the accounts of the transferor and transferee.

371-2. - I. - The accounting recognition of a transaction for in-substance defeasance is subject to the following conditions being met:

(a) Transfer to the separate legal entity is to be irrevocable;

(b) Securities transferred are to:

- be exclusively assigned to servicing the debt payable;

- be exempt from risks relating to their amount, term to maturity and payment of principal and interest;

- be issued in the same currency as the debt payable;

- have terms to maturity for principal and interest such that cash flows freed up are completely adequate to service the debt payable;

(c) The third party entity is to ensure exclusive assignment of the securities received by it on redemption of the amount of debt payable.

II. - The outstanding amount of debt, accrued interest not due, redemption premium and issue costs, as well as the securities and related components, notably provisions for diminution in value and accrued interest not due, are to be removed from the balance sheet of the transferor entity for the amount at which they are shown at transaction date. An identical amount is to be entered in the accounts of the entity responsible for legal servicing of the debt payable.

III. - The accounts of the transferring entity are respectively to record in profit or loss:

- The difference between the amount of securities transferred and related components and the amount of debt extinguished and related components;

- Commissions relating to the transaction.

IV. - In the accounts of the entity responsible for servicing the debt payable, commission is to be the sole item to enter into determination of profit or loss. The proportion of commission attributable to following financial years is to be entered as deferred income and taken to profit or loss as and when the agreement is executed.

Section 2

Firm or conditional transactions in futures

372-1. - The nominal amounts of contracts, whether or not intended for future settlement, are not to be accounted for in the balance sheet. They are to be the subject of commitments if liable to be paid.

All significant contracts are required to be disclosed in notes on the accounts.

Changes in value of contracts are to be recorded in different ways depending on whether they come within the scope of hedging or other transactions.

372-2. - A transaction only qualifies as hedging if it presents all the following characteristics:

- Interest rate contracts or options bought or sold have the effect of reducing the risk of change in value affecting the hedged component or a set of homogeneous components;
- The hedged component may be an asset, a liability, an existing commitment or a future transaction not yet evidenced by a commitment if the transaction is defined precisely and possesses sufficient probability of realisation;
- Identification of the risk to be hedged is made after taking into account other assets, liabilities and commitments;
- A correlation is established between changes in value of the hedged component and those of the hedging contract or the underlying financial instrument where interest rate options are concerned, since the reduction in risk results from total or partial neutralisation sought from the outset between possible losses on the hedged component and gains on negotiated contracts, or hedging option acquired.

Transactions realised by option writers may only be qualified as hedging in exceptional cases.

Contracts qualified as hedging are to be identified and treated for accounting purposes as such from the outset and are to retain this qualification until their maturity date or closure.

Changes in value of these contracts or options, recognised on organised markets, are to be recorded in a suspense account, *Short-term financial instruments*, then transferred back to the profit and loss account over the residual term of the hedged component in a manner symmetric with the method of accounting for income and charges for this component.

On exit of the hedged component, changes in value recorded in the suspense account up to this date are to be transferred entirely to the profit and loss account and, if the hedging transaction is not closed out, subsequent changes concerning the transaction are to be treated in accordance with Article **372-3**.

For hedged components where valuation rules require retention in the overall asset and liability review valuation of purchase cost or market price

if lower, the accumulated changes in value of the contract, recorded as a suspense account, are to be treated as a deduction in the calculation of provisions, if any, for diminution in value.

372-3. - Changes in value of contracts traded on organised markets, recognised in the daily settlement of debit and credit margins, are to be taken to the profit and loss account as financial charges or income.

On over-the-counter transactions, changes in value of options recognised are to be entered as provisional accounts pending subsequent regularisation:

- In balance sheet assets for changes corresponding to a realisable loss;
- In balance sheet liabilities for changes corresponding to a realisable gain.

Realisable gains are not to be taken into account in arriving at profit or loss.

Where over-the-counter transactions give rise to a realisable loss, a provision for financial liabilities and charges is to be established.

Chapter VIII

Taking account of transactions extending beyond the financial year

380-1. - Contracts bearing on realisation of an item, service or set of items or services the performance of which spreads over several financial years, designated for application of the present regulation *long-term contracts*, are to be accounted for under the following conditions:

I. - A long-term contract is to be accounted for either in accordance with the completed contract or percentage of completion method.

The percentage of completion method, leading to more reliable information, is preferable.

II. - Other than in cases of generalised adoption of the percentage of completion method, the entity is to be committed to the option adopted for each contract until final realisation of the contract.

III. - For the completed contract method, profit or loss is to be accounted for at the conclusion of contract performance. During performance, whether for supply of services or production of goods, work in progress is to be valued at the close of the financial year.

IV. - For the percentage of completion method, profit or loss is to be accounted for as the performance of the contract advances.

Two techniques may be applied to determine profit or loss from the percentage of completion:

- The technique of percentage completion according to which turnover and profit or loss are determined on the basis of relative completion;

- The technique of net period income in which profit or loss is to be determined on the basis of relative completion, but turnover on the completed contract.

V. - Profit realised on a partially executed transaction may only be taken into account at the closing date, after the overall asset and liability review valuation, if the following conditions are met:

- The contracting party accepts the transaction;
- Its realisation is certain;
- It is possible to estimate overall profit from the transaction with sufficient reliability.

VI. - Whether the entity applies the completed method or percentage of completion method, the probable overall loss is to be provided for as soon as it becomes known.

Chapter IX

Valuation and accounting recognition of joint transactions and transactions for the account of third parties

Section 1

Joint ventures

391-1. - I. - Recording of profit or loss from transactions through a joint venture depends on contractual clauses and the accounting arrangement stipulated by the coparticipants.

II. - Where joint venture accounting is carried out by a manager, as the sole party known to the third parties, charges and income of the joint venture are to be included in charges and income of the manager.

Distribution of profit or loss is to be on the following basis:

(a) In the accounts of the manager, the share of profits or losses attributable to the coparticipants is to be taken to a specific account for charges or income, as applies, by crediting or debiting current accounts of the relevant parties;

(b) In the accounts of the other coparticipants, their share of profit or loss is to be entered, as applies, in a specific account for income or charges, by debiting or crediting the current account of the manager.

Section 2

Economic Interest Groups

392-1. - Profits or losses of an Economic Interest Group are to be accounted for by its members where a decision has been taken to distribute profits or losses.

Where results of the Economic Interest Group show a profit, members are to account for the corresponding debt receivable in financial income during the financial year of distribution.

Where results of the Economic Interest Group show a loss, members are to account for a charge corresponding to payment of the additional subscription, if the loss is definitive. If the loss is not definitive, members are to account for contributions or supplementary advances.

392-2. - If there are no special requirements, accounting for joint interests other than joint ventures and Economic Interest Groups may be established by reference to the rules set out in Article **391-1** for joint ventures.

Section 3

Fixed assets subject to a concession
for operation of a public service and profit or loss from a concession

393-1. - Fixed assets subject to a concession to operate a public service or to carry out public works are to be valued under the following conditions:

1. - The exclusive right to usage of items in the public domain or the exclusive operating right is to be shown by way of memorandum in balance sheet assets of the franchisee entity receiving the concession.

Exceptionally, where the right of the franchisee to non-renewable fixed assets included in the concession by the franchisor was the subject of an evaluation, either in the concession contract or on a transfer, the amount constitutes a depreciable component over the term of the concession. In that case, the value of items in unrestricted ownership is to be shown at the foot of the balance sheet.

2. - Assets made available to the concession by the franchisor or the franchisee are to be entered in balance sheet assets of the franchisee.

The entry in balance sheet assets of the franchisee of the value of resources made available to the concession without charge by the franchisor is to be offset by a counterpart entry in balance sheet liabilities, classified as other capital funds.

3. - Maintenance at the level required by the public service of the productive potential of concession facilities is to be ensured by memorandum entries for depreciation charges or possibly through adequate provisions and provisions for renewal in particular. To the extent that a useful value for facilities can be preserved through reasonable maintenance, facilities are not to be subject to appropriations to depreciation for diminution in value in the profit and loss account of the franchisee.

4. - The franchisee is to distinguish between the activity of each concession or each class of concession in the relevant profit and loss accounts.

Section 4

Transactions for the account of third parties

394-1. - Transactions undertaken by the entity as agent for the account of third parties are to be accounted for in an account for third parties. Only the remuneration to the entity is to be accounted for in profit or loss.

Transactions undertaken in the name of the entity for the account of third parties are to be entered according to their nature or origin in charges and income of the entity.

TITLE IV

KEEPING, STRUCTURE AND FUNCTIONING OF ACCOUNTS

Chapter I

Organisation of accounting

410-1. - Accounting is to be kept in French franc/euro currency and language.

A transaction denominated in a currency other than French francs/euros may be recorded without being translated where justified by the nature of the transaction and activity of the entity. In that case, only the balance of the account recording the transactions is to be translated into French francs/euros at the closing date of the financial year.

410-2. - Documentation describing the accounting procedures and organisation is to be established to enable understanding and monitoring of the data processing system; this documentation is to be retained for the same period as applies to the accounting records to which it relates.

410-3. - Organisation of the data processing system is to enable the reconstitution from documentary evidence supporting data entered, of account items, statements and information subject to audit, or by working back from these accounts, statements and items of information the rediscovery of the data and documentary evidence.

410-4. - The organisation of accounting kept by means of computer-based systems implies access to documentation relating to analyses, programming and execution of data processing, with a view in particular to proceeding to tests necessary for verification of the conditions of recording and retention of entries.

Each accounting item entered in the data processing system is to be recorded in a directly comprehensible form on paper or possibly by any medium offering every assurance in matters of proof.

410-5. - The entity is to establish an accounting code in conformity with the code shown in Article **432-1**.

The account is the lowest level utilised for the classification and recording of accounting transactions.

Transactions are to be recorded in accounts with designations corresponding to their nature. Setting off accounts is prohibited, except where expressly stipulated by requirements in force.

By extension, the word *account* also refers to combinations of accounts.

410-6. - All entities are to keep an accounting journal, a ledger and an inventory journal for the annual asset and liability review.

The accounting and inventory journals are to be numbered and initialled. Printed computer-based documentation may be substituted for the accounting and inventory journal provided it is identified, numbered and dated as from its establishment by means offering every assurance in matters of proof.

410-7. - Journal entries are to be posted to the ledger, broken down in accordance with the entity accounting code. The accounting journal and ledger are to be further itemised by such subsidiary journals and ledgers as required by the scale and needs of the entity.

Entries in subsidiary journals and ledgers are to be summarised at least monthly in the accounting journal and ledger.

410-8. - Every entity is to review at least once every twelve months data for the overall asset and liability review valuation. This review is a recapitulation of all components of assets and liabilities, to be accompanied in each case by a statement of quantity and value at the date of the review. Data from the overall asset and liability review valuation are to be retained and organised in such a way as to justify the contents of each balance sheet item.

Data from the overall asset and liability review valuation are to be combined in the inventory journal.

Annual accounts are to be transcribed each year into the inventory journal, except where made public in the records of the commerce and companies registry.

Chapter II

Recording

420-1. - Accounting entries are to adhere to the double entry system whereby every transaction or change recorded in the accounting system is to be represented by an entry establishing an equivalence between respective debits and credits to the various accounts affected by the entry.

420-2. - Each accounting entry is to make clear the origin, contents and attribution of each data item, as well as the references to its supporting documentary evidence.

420-3. - Each entry is to be supported by a dated item of documentary evidence, established on paper or by a medium ensuring reliability, retention and clear reconstruction of its contents for the time period required.

Transactions of the same nature, realised at the same place and during the same day, may be recapitulated on a single accounting voucher.

Accounting vouchers are to be classified in the order set out in the documentation stipulated in Article **410-2** describing accounting procedures and organisation.

420-4. - Transactions affecting entity assets and liabilities are to be recorded in the accounting journal:

- Either daily and transaction by transaction;

- Alternatively, by recapitulation of transaction totals at least monthly, provided that all documents enabling verification of these daily and individual transactions are retained.

420-5. - The definitive nature of entries in the accounting and inventory journals is to be ensured:

I. - By a validation procedure preventing any amendment or deletion of accounting entries in the case of computer-based accounting systems;

II. - By the absence of any blanks or alteration in the case of accounting by other means.

420-6. - A closing off procedure intended to fix the chronology and guarantee the inalterability of entries is to be implemented, at the latest, prior to the end of the following period.

The closing off procedure is to be applied to all recorded transactions in conformity with Article **420-4**.

For computerised accounting where a transaction date corresponds to the period already closed off, the relevant transaction is to be recorded at the opening date of the period not yet ended, with express reference to its date of occurrence.

Chapter III

Accounting code

Section 1

Chart of accounts

431-1. - The summary of the accounting code presenting for each class the list of accounts designated by two digits constitutes the chart of accounts.

CHART OF ACCOUNTS

BALANCE SHEET				OPERATING	
Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
Fixed assets	Stocks and work in progress	Debts receivable and payable	Financial	Charges	Income
20. Intangible assets	30. -	40. Suppliers and related accounts	50. Short-term investment securities	60. Purchases (except 603) 603. Change in stocks (consumables and goods for resale)	70. Sales of manufactured products, services, goods for resale
21. Tangible assets	31. Raw materials (and supplies)	41. Customers and related accounts	51. Banks, financial and similar institutions	61. External services	71. Change in stocks of finished products and work in progress
22. Assets in concession	32. Other consumables	42. Personnel and related accounts	52. Short-term financial instruments	62. Other external services	72. Own work capitalised
23. Assets in progress	33. Work in progress (goods)	43. Social security and other social agencies	53. Cash on hand	63. Taxes, levies and similar payments	73. Net period income from long-term transactions
24. -	34. Work in progress (services)	44. State and other public authorities	54. Expenditure authorisations and letters of	64. Personnel costs	74. Operating grants

			credit		
25. Shares in and receivables due from affiliated entities	35. Product stocks	45. Group and partners/as sociates	55. -	65. Other current operating charges	75. Other current operating income
26. Participating interests and related debts receivable	36. -	46. Sundry debts receivable and payable	56. -	66. Financial charges	76. Financial income
27. Other financial assets	37. Stocks of goods for resale	47. Provisional or suspense accounts	57. -	67. Extraordinary charges	77. Extraordinary income
28. Cumulative depreciation on fixed assets	38. -	48. Accrual accounts	58. Internal transfers	68. Appropriations to depreciation and provisions	78. Depreciation and provisions written back
29. Provisions for diminution in value of fixed assets	39. Provisions for diminution in value of stocks and work in progress	49. Provisions for doubtful debts	59. Provisions for diminution in value of financial assets	69. Employee profit share, income and similar taxes	79. Charges transferred

Section 2

General accounting code

432-1. - The accounting code, referred to in Article **410-5** and presented as follows, is common to the standard, abbreviated and extended systems. Accounts used in each system are distinguished as follows:

- Standard system: accounts printed in normal type;
- Abridged system: accounts printed in bold type

exclusively;

- Extended system: accounts of the standard system and accounts printed in italics.

Class i: Capital accounts

10 - capital and reserves

101 - Capital

1011 - Subscribed capital uncalled

1012 - Subscribed capital - called up, unpaid

1013 - Subscribed capital - called up, paid

10131 - Capital not written off

10132 - Capital written off

1018 - Subscribed capital subject to particular regulations

104 - Premiums on share capital

1041 - Share premiums

1042 - Merger premiums

1043 - Contribution premiums

1044 - Premiums on conversion of bonds into shares

1045 - Equity warrants

105 - Revaluation differences

1051 - Special revaluation reserve

1052 - Voluntary revaluation difference

1053 - Revaluation reserve

1055 - Revaluation differences (other legal transactions)

1057 - Other revaluation differences in France

1058 - Other revaluation differences outside France

106 - Reserves

1061 - Legal reserve

10611 - Basic legal reserve

10612 - Net long-term capital gains

1062 - Undistributable reserves

1063 - Statutory or contractual reserves

1064 - Tax-regulated reserves

10641 - Net long-term capital gains

10643 - Reserves consequent on award of investment grants

10648 - Other tax-regulated reserves

1068 - Other reserves

10681 - Self-insurance reserve

10688 - Sundry reserves

107 - Difference on equity accounted investments

108 - Drawings account

109 - Shareholders: Subscribed capital uncalled

11 - Profit or loss carried forward (debit or credit balance)

110 - Profit carried forward

119 - Loss carried forward

12 - Profit or loss for the financial year

120 - Profit for the financial year

129 - Loss for the financial year

13 - Investment grants

131 - Equipment grants

1311 - State

1312 - Regions

1313 - Departments

1314 - Municipalities

1315 - Public authorities

1316 - Public enterprises

1317 - Enterprises and private bodies

1318 - Other

138 - Other investment grants (same allocation as for Account

131)

139 - Investment grants credited to the profit and loss account

1391 - Equipment grants

13911 - State

13912 - Regions

13913 - Departments

13914 - Municipalities

13915 - Public authorities

13916 - Public enterprises

13917 - Enterprises and private bodies

13918 - Other

1398 - Other investment grants (same allocation as for Account 1391)

14 - Tax-regulated provisions

142 - Tax-regulated provisions relating to fixed assets

1423 - Provisions for reconstitution of mining and petroleum deposits

1424 - Provisions for investment (employee profit share)

143 - Tax-regulated provisions relating to stocks

1431 - Price increase

1432 - Exchange rate fluctuations

144 - Tax-regulated provisions relating to other asset components

145 - Depreciation by derogation

146 - Special revaluation provision

147 - Capital gains reinvested

148 - Other tax-regulated provisions

15 - Provisions for liabilities and charges

151 - Provisions for liabilities

1511 - Provisions for litigation

- 1512 - Provisions for customer warranties*
- 1513 - Provisions for losses on futures*
- 1514 - Provisions for fines and penalties*
- 1515 - Provisions for foreign exchange losses*
- 1518 - Other provisions for liabilities*
- 153 - Provisions for pensions and similar obligations
- 155 - Provisions for taxation
- 156 - Provisions for fixed asset renewal (concession entities)
- 157 - Provisions for deferred charges
 - 1572 - Provisions for major repairs*
- 158 - Other provisions for charges
 - 1582 - Provisions for social security and tax charges on holiday pay*

16 - Loans and similar debts payable

- 161 - Convertible debenture loans
- 163 - Other debenture loans
- 164 - Loans from credit institutions
- 165 - Deposits and sureties received
 - 1651 - Deposits*
 - 1655 - Sureties*
- 166 - Employee profit share
 - 1661 - Blocked accounts*
 - 1662 - Profit share funds*
- 167 - Loans and debts payable subject to particular conditions
 - 1671 - Issues of non-voting shares
 - 1674 - Advances by the state subject to conditions
 - 1675 - Participating loans
- 168 - Other loans and similar debts payable
 - 1681 - Other loans*

1685 - Capitalised life annuities

1687 - Other debts payable

1688 - Accrued interest

16881 - On convertible debenture loans

16883 - On other debenture loans

16884 - On loans from credit institutions

*16885 - On deposits and sureties
received*

16886 - On employee profit share

*16887 - On loans and debts payable
subject to particular conditions*

*16888 - On other loans and similar debts
payable*

169 - Debt redemption premiums

17 - Debts payable related to participating interests

171 - Debts payable related to participating interests (group)

174 - Debts payable related to participating interests (apart from
group)

178 - Debts payable related to joint ventures

1781 - Principal

1788 - Accrued interest

18 - Reciprocal branch and joint venture accounts

181 - Reciprocal branch accounts

*186 - Goods and services exchanged between establishments
(charges)*

*187 - Goods and services exchanged between establishments
(income)*

188 - Reciprocal joint venture accounts

Class 2 - Fixed asset accounts

20 - Intangible fixed assets

201 - Establishment costs

2011 - Incorporation costs

2012 - Start-up costs

20121 - Commercial assessment costs

20122 - Marketing costs

*2013 - Capital increase and sundry
transaction costs (mergers, demergers,
restructurations)*

203 - Research and development costs

205 - Concessions and similar rights, patents, licences, trade
marks, processes, software, rights and similar assets

206 - Lease premium

207 - Goodwill

208 - Other intangible fixed assets

21 - Tangible fixed assets

211 - Land

2111 - Undeveloped land

2112 - Serviced land

2113 - Underground and aboveground sites

2114 - Mining sites

21141 - Quarries

2115 - Developed land

*21151 - Industrial property complexes
(A, B...)*

*21155 - Administrative and commercial
property complexes (A, B...)*

21158 - Other property complexes

*211581 - Property
assigned to normal entity
operations (A, B...)*

*211588 -
Property
assigned to
other than
normal*

*entity
operations
(A, B...)*

2116 - Suspense account for non-depreciable fixed assets revalued in 1976 (Article 6, Decree 78-737, 11/07/1978)

212 - Site development (same allocation as for Account 211)

213 - Constructions

2131 - Buildings

*21311 - Industrial property complexes
(A, B...)*

*21315 - Administrative and commercial
property complexes (A, B...)*

21318 - Other property complexes

*213181 - Property
assigned to normal entity
operations (A, B...)*

*213188 -
Property
assigned to
other than
normal
entity
operations
(A, B...)*

2135 - Building fixtures and fittings
(same allocation as for Account 2131)

2138 - Infrastructure development

21381 - Roadways

21382 - Railways

21383 - Water channels

21384 - Dams

21385 - Airfields

214 - Constructions on third-party sites (same allocation as for Account 213)

215 - Technical installations, plant and machinery, equipment and fixtures

2151 - Specialised complex installations

21511 - On own site

21514 - On third-party site

2153 - Installations of specific nature

21531 - On own site

21534 - On third-party site

2154 - Plant and machinery

2155 - Equipment and fixtures

2157 - Fixtures and fittings for plant and machinery,
equipment and fixtures

218 - Other tangible fixed assets

2181 - Sundry general fixtures and fittings

2182 - Transport equipment

2183 - Office and computing equipment

2184 - Furnishings

2185 - Livestock

2186 - Recoverable packaging

22 - Fixed assets in concession

23 - Fixed assets in progress

231 - Tangible fixed assets in progress

2312 - Land

2313 - Constructions

*2315 - Technical installations, plant and machinery,
equipment and fixtures*

2318 - Other tangible fixed assets

232 - Intangible fixed assets in progress

237 - Payments on account on intangible fixed assets

238 - Payments on account on orders for tangible fixed assets

2382 - Land

2383 - Constructions

*2385 - Technical installations, plant and machinery,
equipment and fixtures*

2388 - Other tangible fixed assets

25 - Shares in and receivables due from affiliated entities

26 - Participating interests and related debts receivable

261 - Long-term equity interests

2611 - Shares

2618 - Other securities

266 - Other categories of participating interest

267 - Debts receivable related to participating interests

*2671 - Debts receivable related to participating interests
(group)*

*2674 - Debts receivable related to participating interests
(apart from group)*

*2675 - Payments representing non-capitalised
contributions (call for funds)*

2676 - Long-term capital advances

*2677 - Other debts receivable related to participating
interests*

2678 - Accrued interest

268 - Debts receivable related to joint ventures

2681 - Principal

2688 - Accrued interest

269 - Unpaid instalments on unpaid long-term equity interests

27 - Other financial fixed assets

271 - Long-term investment equity securities other than
portfolio long-term investment equity securities

2711 - Shares

2718 - Other securities

272 - Long-term investment debt securities

2721 - Bonds

2722 - *Warrants*

273 - Portfolio long-term investment securities

274 - Loans

2741 - *Participating loans*

2742 - *Loans to partners/associates*

2743 - *Loans to personnel*

2748 - *Other loans*

275 - Deposits and sureties advanced

2751 - *Deposits*

2755 - *Sureties*

276 - Other capitalised debts receivable

2761 - *Sundry debts receivable*

2768 - *Accrued interest*

27682 - *Long-term investment debt securities*

27684 - *Loans*

27685 - *Deposits and sureties*

27688 - *On sundry debts receivable*

277 - (Own shares)

2771 - *Own shares*

2772 - *Own shares in process of cancellation*

279 - Unpaid instalments on unpaid long-term investment securities

28 - Cumulative depreciation on fixed assets

280 - Depreciation on intangible fixed assets

2801 - Establishment costs (same allocation as for Account 201)

2803 - Research and development costs

2805 - Concessions and similar rights, patents, licences, software, rights and similar assets

2807 - Goodwill

2808 - Other intangible fixed assets

281 - Depreciation on tangible fixed assets

2811 - Mining sites

2812 - Site development (same allocation as for Account 212)

2813 - Constructions (same allocation as for Account 213)

2814 - Constructions on third-party site (same allocation as for Account 214)

2815 - Technical installations, plant and machinery, equipment and fixtures (same allocation as for Account 215)

2818 - Other tangible fixed assets (same allocation as for Account 218)

282 - Depreciation on fixed assets in concession

29 - Provisions for diminution in value of fixed assets

290 - Provisions for diminution in value of intangible fixed assets

2905 - Trade marks, processes, rights and similar assets

2906 - Lease premium

2907 - Goodwill

2908 - Other intangible fixed assets

291 - Provisions for diminution in value of tangible fixed assets (same allocation as for Account 21)

2911 - Land (other than mining sites)

292 - Provisions for diminution in value of fixed assets in concession

293 - Provisions for diminution in value of fixed assets in progress

2931 - Tangible fixed assets in progress

2932 - Intangible fixed assets in progress

296 - Provisions for diminution in value of participating interests and related debts receivable

2961 - Long-term equity interests

2966 - Other categories of participating interests

2967 - Debts receivable related to participating interests (same allocation as for Account 267)

2968 - Debts receivable related to joint ventures (same allocation as for Account 268)

297 - Provisions for diminution in value of other financial fixed assets

2971 - Long-term investment equity securities other than portfolio long-term equity investment securities (same allocation as for Account 271)

2972 - Long-term investment debt securities (same allocation as for Account 272)

2973 - Portfolio long-term investment securities

2974 - Loans (same allocation as for Account 274)

2975 - Deposits and sureties advanced (same allocation as for Account 275)

2976 - Other debts receivable (same allocation as for Account 276)

Class 3: Stocks and work in progress accounts

31 - Raw materials (and supplies)

311 - Materials (or group) A

312 - Materials (or group) B

317 - Supplies A, B, C, ...

32 - Other consumables

321 - Consumable materials

3211 - Materials (or group) C

3212 - Materials (or group) D

322 - Consumable supplies

3221 - Fuels

3222 - *Cleaning products*

3223 - *Workshop and factory supplies*

3224 - *Store supplies*

3225 - *Office supplies*

326 - **Packaging**

3261 - *Non-returnable packaging*

3265 - *Unidentifiable recoverable packaging*

3267 - *Mixed usage packaging*

33 - Work in progress (goods)

331 - **Products in progress (goods)**

3311 - *Products in progress P 1*

3312 - *Products in progress P 2*

335 - **Works in progress**

3351 - *Works in progress T 1*

3352 - *Works in progress T 2*

34 - Work in progress (services)

341 - **Project studies in progress**

3411 - *Project studies in progress E 1*

3412 - *Project studies in progress E 2*

345 - **Supply of services in progress**

3451 - *Supply of services in progress S 1*

3452 - *Supply of services in progress S 2*

35 - Product stocks

351 - **Semi-finished products**

3511 - *Semi-finished products (or group) A*

3512 - *Semi-finished products (or group) B*

355 - **Finished products**

3551 - *Finished products (or group) A*

3552 - *Finished products (or group) B*

358 - Residual products (or recoverable materials)

3581 - Waste

3585 - Refuse

3586 - Recoverable materials

36 - (Account to be opened, as applicable, under the title, *Stocks derived from fixed assets*)

37 - Stocks of goods for resale

371 - Goods for resale (or group) A

372 - Goods for resale (or group) B

38 - (Where an entity maintains a perpetual inventory in its financial accounting, Account 38 may be used to account for stocks in transit, warehoused or sent on consignment)

39 - Provisions for diminution in value of stocks and work in progress

391 - Provisions for diminution in value of raw materials (and supplies)

3911 - Materials (or group) A

3912 - Materials (or group) B

3917 - Supplies A, B, C, ...

392 - Provisions for diminution in value of other consumables

3921 - Consumable materials (same allocation as for Account 321)

3922 - Consumable supplies (same allocation as for Account 322)

3926 - Packaging (same allocation as for Account 326)

393 - Provisions for diminution in value of work in progress (goods)

3931 - Products in progress (same allocation as for Account 331)

3935 - Works in progress (same allocation as for Account 335)

394 - Provisions for diminution in value of work in progress (services)

3941 - Project studies in progress (same allocation as for Account 341)

3945 - Supply of services in progress (same allocation as for Account 345)

395 - Provisions for diminution in value of product stocks

3951 - Semi-finished products (same allocation as for Account 351)

3955 - Finished products (same allocation as for Account 355)

397 - Provisions for diminution in value of stocks of goods for resale

3971 - Goods for resale (or group) A

3972 - Goods for resale (or group) B

Class 4: Accounts for debts receivable and payable

40 - Suppliers and related accounts

400 - Suppliers and related accounts

401 - Suppliers

4011 - Suppliers - Purchases of goods and services

4017 - Suppliers - Contract performance holdbacks

403 - Suppliers - Bills payable

404 - Fixed asset suppliers

4041 - Suppliers - Fixed asset purchases

4047 - Fixed asset suppliers - Contract performance holdbacks

405 - Fixed asset suppliers - Bills payable

408 - Suppliers - Invoices outstanding

4081 - Suppliers

4084 - Fixed asset suppliers

4088 - Suppliers - Accrued interest

409 - Suppliers in debit

4091 - Suppliers - Payments on account on orders

4096 - Suppliers - Debts receivable for returnable packaging and equipment

4097 - Suppliers - Other debits

40971 - Operating suppliers

40974 - Fixed asset suppliers

4098 - Purchase rebates, discounts, allowances and other outstanding debits

41 - Customers and related accounts

410 - Customers and related accounts

411 - Customers

4111 - Customers - Sales of goods and services

4117 - Customers - Contract performance holdbacks

413 - Customers - Bills receivable

416 - Doubtful or contested customer accounts

417 - Future debts receivable for work not yet chargeable

418 - Customers - Charges not yet invoiced

4181 - Customers - Invoices to be made out

4188 - Customers - Accrued interest

419 - Customers in credit

4191 - Customers - Payments on account received on orders

4196 - Customers - Debts payable for returnable packaging and equipment

4197 - Customers - Other credits

4198 - Sales rebates, discounts, allowances and other credits not yet issued

42 - Personnel and related accounts

421 - Personnel - Remuneration payable

422 - Enterprise/establishment consultative committees

424 - Employee profit share

4246 - Special reserve (Art. L. 442-2, Code du travail)

4248 - Current accounts

425 - Personnel - Payments on account

426 - Personnel - Deposits

427 - Personnel - Stoppages of payment

428 - Personnel - Accrued charges payable and income receivable

4282 - Accrued charges payable for holiday pay

4284 - Accrued charges payable for employee profit share

4286 - Other accrued charges payable

4287 - Accrued income receivable

43 - Social security and other social agencies

431 - Social security

437 - Other social agencies

438 - Social agencies - Accrued charges payable and income receivable

4382 - Contributions for holiday pay

4386 - Other accrued charges payable

4387 - Accrued income receivable

44 - State and other public authorities

441 - State - Grants receivable

4411 - Investment grants

4417 - Operating grants

4418 - Deficit grants

4419 - Grant advances

442 - State - Taxes and levies recoverable from third parties

4424 - Bondholders

4425 - Partners/associates

443 - Particular transactions with the state, public authorities,
international bodies

4431 - Debts receivable from the state resulting
from abolition of the rule relating to delay of one
month in value added tax

4438 - Accrued interest on debts receivable recorded in Account
4431

444 - State - Income tax

445 - State - Turnover tax

4452 - Value added tax due within the European Union

4455 - Turnover tax payable

44551 - Value added tax to be disbursed

44558 - Taxes in the same category as value added

tax

4456 - Turnover tax deductible

44562 - Value added tax on fixed assets

44563 - Value added tax transferred by other entities

44566 - Value added tax on other goods and services

44567 - Value added tax credit to be carried forward

44568 - Taxes in the same category as value added tax

4457 - Turnover tax collected by the entity

44571 - Value added tax collected

44578 - Taxes in the same category as value added tax

4458 - Turnover tax to be settled or in suspense

44581 - Instalments - Simplified tax regime

44582 - Instalments - Substituted assessment of estimated turnover

44583 - Requested reimbursement of turnover tax

44584 - Value added tax recovered in advance

44586 - Turnover tax on invoices outstanding

44587 - Turnover tax on invoices to be made out

446 - Guaranteed bonds

447 - Other taxes, levies and similar payments

448 - State - Accrued charges payable and income receivable

4482 - Tax charges on holiday pay

4486 - Accrued charges payable

4487 - Accrued income receivable

45 - Group and partners/associates

451 - Group

455 - Partners/associates - Current accounts

- 4551 - Principal*
- 4558 - Accrued interest*
- 456 - Partners/associates - Capital transactions
 - 4561 - Partners/associates - Company contribution accounts*
 - 45611 - Contributions in kind*
 - 45615 - Contributions in money*
 - 4562 - Contributors - Capital called up, unpaid*
 - 45621 - Shareholders - Subscribed capital called up, unpaid*
 - 45625 - Partners/associates - Capital called up, unpaid*
 - 4563 - Partners/associates - Payments received for capital increase*
 - 4564 - Partners/associates - Advance payments*
 - 4566 - Defaulting shareholders*
 - 4567 - Partners/associates - Capital to be reimbursed*
- 457 - Partners/associates - Dividends payable
- 458 - Partners/associates - Joint and Economic Interest Group transactions
 - 4581 - Current transactions*
 - 4588 - Accrued interest*

46 - Sundry debts receivable and payable

- 462 - Debts receivable on realisation of fixed assets*
- 464 - Debts payable on purchases of short-term investment securities*
- 465 - Debts receivable on realisation of short-term investment securities*
- 467 - Other debtors or creditors*
- 468 - Sundry - Accrued charges payable and income receivable*
 - 4686 - Accrued charges payable*
 - 4687 - Accrued income receivable*

47 - Provisional or suspense accounts

- 471 - 475 - Suspense accounts

- 476 - Realisable currency exchange losses
 - 4761 - Decrease in debts receivable*
 - 4762 - Increase in debts payable*
 - 4768 - Differences offset by foreign currency hedging*
- 477 - Realisable currency exchange gains
 - 4771 - Increase in debts receivable*
 - 4772 - Decrease in debts payable*
 - 4778 - Differences offset by foreign currency hedging*
- 478 - Other provisional accounts

48 - Accrual accounts

481 - Charges to be allocated to more than one period

- 4811 - Deferred charges
- 4812 - Fixed asset acquisition costs
- 4816 - Loan issue costs
- 4818 - Charges to be apportioned

486 - Prepayments

487 - Deferred income

488 - Periodic allocation of charges and income

- 4886 - Charges*
- 4887 - Income*

49 - Provisions for doubtful debts

491 - Provisions for doubtful trade debts

495 - Provisions for group and partners/associates doubtful debts

- 4951 - Group accounts
- 4955 - Current accounts of partners/associates
- 4958 - Joint and Economic Interest Group transactions

496 - Provisions for sundry doubtful debts

- 4962 - Debts receivable on realisation of fixed assets*
- 4965 - Debts receivable on realisation of short-term investment*

securities

4967 - Other debtor accounts

Class 5: Financial accounts

50 - Short-term investment securities

501 - Shares in affiliated entities

502 - Own shares

503 - Shares

5031 - Quoted shares

5035 - Unquoted shares

504 - Other equity securities

505 - Own bonds and warrants bought back

506 - Bonds

5061 - Quoted bonds

5065 - Unquoted bonds

507 - Treasury bills and short-term notes

508 - Other short-term investment securities and similar debts receivable

5081 - Other securities

5082 - Equity and bond warrants

5088 - Accrued interest on bonds, warrants and similar securities

509 - Unpaid instalments on unpaid short-term investment securities

51 - Banks, financial and similar institutions

511 - Financial instruments for collection

5111 - Outstanding coupons for collection

5112 - Cheques for collection

5113 - Bills for collection

5114 - Bills for discount

512 - Banks

5121 - Accounts in French francs/euros

5124 - Accounts in foreign currencies

514 - Postal cheques

515 - Treasury and public agency accounts

516 - Stockbrokers

517 - Other financial bodies

518 - Accrued interest

5181 - Accrued interest payable

5188 - Accrued interest receivable

519 - Current bank advances

5191 - Credit for assignment of commercial debts receivable

5193 - Assignment of debts receivable originating outside France

5198 - Accrued interest on current bank advances

52 - Short-term financial instruments

53 - Cash on hand

531 - Head office cash

5311 - Cash in French francs/euros

5314 - Cash in foreign currencies

532 - Cash at branch (or factory) A

533 - Cash at branch (or factory) B

54 - Expenditure authorisations and letters of credit

58 - Internal transfers

59 - Provisions for diminution in value of financial assets

590 - Provisions for diminution in value of short-term investment securities

5903 - Shares

5904 - Other equity securities

5906 - Bonds

5908 - Other short-term investment securities and similar debts receivable

Class 6: Accounts for charges

60 - Purchases (except 603)

601 - Inventory item purchases - Raw materials (and supplies)

6011 - Materials (or group) A

6012 - Materials (or group) B

6017 - Supplies A, B, C...

602 - Inventory item purchases - Other consumables

6021 - Consumable materials

60211 - Materials (or group) C

60212 - Materials (or group) D

6022 - Consumable supplies

60221 - Fuels

60222 - Maintenance products

60223 - Workshop and factory supplies

60224 - Store supplies

60225 - Office supplies

6026 - Packaging

60261 - Non-returnable packaging

60265 - Unidentifiable recoverable packaging

60267 - Mixed usage packaging

604 - Purchases of project studies and services

605 - Purchases of equipment, facilities and works

606 - Non-inventory materials and supplies

6061 - Non-inventoriable supplies (eg. water, energy)

6063 - Maintenance and minor equipment supplies

6064 - Administrative supplies

6068 - Other materials and supplies

607 - Purchases of goods for resale

6071 - Goods for resale (or group) A

6072 - Goods for resale (or group) B

608 - (Account reserved, as applicable, for recapitulation of

ancillary purchase costs)

609 - Purchase rebates, discounts, allowances on:

6091 - Raw materials (and supplies)

6092 - Other inventory item consumables

6094 - Project studies and services supplied

6095 - Equipment, facilities and works

6096 - Non-inventory consumables

6097 - Goods for resale

6098 - Unallocated rebates, discounts, allowances

603 - Change in stocks (consumables and goods for resale)

6031 - Change in stocks of raw materials (and supplies)

6032 - Change in stocks of other consumables

6037 - Change in stocks of goods for resale

61/62 - Other external charges

61 - External services

611 - General subcontracting

612 - Lease instalments

6122 - Movable property leases

6125 - Real property leases

613 - Rental

6132 - Real property rental

6135 - Movable property rental

6136 - Surcharges on packaging

614 - Rental and joint ownership property costs

615 - Maintenance and repairs

6152 - On real property items

6155 - On movable property items

6156 - Maintenance

616 - Insurance premiums

6161 - Comprehensive risk

6162 - Compulsory construction loss insurance

6163 - Transport insurance

61636 - Purchases

61637 - Sales

61638 - Other items

6164 - Operating risks

6165 - Customer insolvency

617 - Project studies, surveys, assessments

618 - Sundry

6181 - General documentation

6183 - Technical documentation

6185 - Colloquium, seminar, conference costs

619 - Purchase rebates, discounts, allowances on external services

62 - Other external services

621 - Personnel external to the entity

6211 - Temporary personnel

6214 - Personnel on secondment or loan to the entity

622 - Agents remuneration and fees

6221 - Purchase commission and brokerage

6222 - Sales commission and brokerage

6224 - Payments to forwarding agents

6225 - Payments for factoring

6226 - Fees

6227 - Legal and litigation fees

6228 - Sundry

623 - Advertising, publications, public relations

6231 - Announcements and advertisements

6232 - Samples

- 6233 - *Fairs and exhibitions*
- 6234 - *Gifts to customers*
- 6235 - *Premiums*
- 6236 - *Catalogues and printed material*
- 6237 - *Publications*
- 6238 - *Sundry (eg. tips, standard donations)*
- 624 - Transport of goods and collective personnel transport
 - 6241 - *Freight in*
 - 6242 - *Freight out*
 - 6243 - *Transport between establishments or construction sites*
 - 6244 - *Administrative transport*
 - 6247 - *Collective transport of personnel*
 - 6248 - *Sundry*
- 625 - Business travel, missions and receptions
 - 6251 - *Journeys and business travel*
 - 6255 - *Relocation costs*
 - 6256 - *Missions*
 - 6257 - *Receptions*
- 626 - Postal and telecommunication costs
- 627 - Banking and similar services
 - 6271 - *Securities costs (purchase, sale, safe custody)*
 - 6272 - *Commissions and loan issue costs*
 - 6275 - *Charges on bills*
 - 6276 - *Rental of safes*
 - 6278 - *Other expenses and commissions on services supplied*
- 628 - Sundry
 - 6281 - *Sundry assistance (eg. contributions)*
 - 6284 - *Personnel recruitment costs*
- 629 - Purchase rebates, discounts, allowances on other external services

63 - Taxes, levies and similar payments

631 - Taxes, levies and similar payments on wages and salaries (to the tax administration)

6311 - Tax on salaries

6312 - Apprenticeship tax

6313 - Employer participation in ongoing personnel training and development

6314 - Default contribution for compulsory investment in construction

6318 - Other

633 - Taxes, levies and similar payments on wages and salaries (to other bodies)

6331 - Transport expenditures

6332 - Accommodation allowances

6333 - Employer participation in ongoing personnel training and development

6334 - Employer participation in construction projects

6335 - Discharge payments entitling exemption from apprenticeship tax

6338 - Other

635 - Other taxes, levies and similar payments (to the tax administration)

6351 - Direct taxes (except income tax)

63511 - Business entity tax

63512 - Property taxes

63513 - Other local rates and taxes

63514 - Tax on company vehicles

6352 - Non-recoverable turnover tax

6353 - Indirect taxes

6354 - Registration and stamp duties

63541 - Transfer duty

6358 - Other duties

637 - Other taxes, levies and similar payments (to other bodies)

6371 - Social solidarity contribution chargeable to companies

6372 - Taxes collected by international public bodies

6374 - Taxes and levies due for payment outside France

6378 - Sundry taxes

64 - Personnel costs

641 - Personnel wages and salaries

6411 - Salaries, emoluments

6412 - Holiday pay

6413 - Premiums and bonuses

6414 - Allowances and sundry benefits

6415 - Family income supplement

644 - Owner remuneration

645 - Social security and provident fund contributions

6451 - Social Security Collection Office (URSSAF) contributions

6452 - Mutual organisation contributions

6453 - Pension fund contributions

*6454 - Association for Industrial and Commercial
Employment (ASSEDIC) contributions*

6458 - Contributions to other social agencies

646 - Owner social security contributions

647 - Other welfare costs

6471 - Direct allowances

*6472 - Payments to enterprise/establishment consultative
committees*

6473 - Payments to health and occupational safety committees

6474 - Payments to other company benefit schemes

6475 - Occupational medicine, pharmacy

648 - Other personnel costs

65 - Other current operating charges

651 - Royalties and licence fees for concessions, patents, licences, trade marks, processes, software, rights and similar assets

6511 - Concessions, patents, licences, trade marks, processes, software

6516 - Author and reproduction royalties

6518 - Other royalties and similar assets

653 - Directors fees

654 - Bad debts written off

6541 - Debts receivable for the financial year

6544 - Debts receivable for previous financial years

655 - Share of joint venture profit or loss

6551 - Share of profit transferred (accounts of the managing entity)

6555 - Share of loss (accounts of non-managing partners/associates)

658 - Sundry current operating charges

66 - Financial charges

661 - Interest charges

6611 - Loan and debt interest

66116 - Loans and similar debts payable

66117 - Debts payable related to participating interests

6615 - Current account and credit deposit interest

6616 - Bank and financing transaction interest (eg. discounting)

6617 - Interest on guaranteed bonds

6618 - Interest on other debts payable

66181 - Commercial debts payable

66188 - Sundry debts payable

664 - Losses on debts receivable related to participating interests

665 - Discounts allowed

666 - Exchange losses

667 - Net charges on realisation of short-term investment securities

668 - Other financial charges

67 - Extraordinary charges

671 - Extraordinary charges on operating transactions

6711 - Market penalties (and forfeits on purchases and sales)

6712 - Fines, tax and criminal penalties

6713 - Gifts and donations

6714 - Bad debts written off for the financial year

6715 - Grants awarded

6717 - Additional taxes assessed (other than income tax)

6718 - Other extraordinary operating charges

672 - (Account available to entities to record prior period charges during the financial year)

675 - Book values of realised assets

6751 - Intangible fixed assets

6752 - Tangible fixed assets

6756 - Financial fixed assets

6758 - Other asset components

678 - Other extraordinary charges

6781 - Surcharges resulting from escalation clauses

6782 - Prizes

6783 - Deficits resulting from own shares and bonds bought back by the entity

6788 - Sundry extraordinary charges

68 - Appropriations to depreciation and provisions

681 - Appropriations to depreciation and provisions - Operating charges

6811 - Appropriations to depreciation on intangible and tangible fixed assets

68111 - Intangible fixed assets

68112 - Tangible fixed assets

6812 - Amortisation of deferred operating charges

6815 - Appropriations to provisions for operating liabilities and charges

6816 - Appropriations to provisions for diminution in value of intangible and tangible fixed assets

68161 - Intangible fixed assets

68162 - Tangible fixed assets

6817 - Appropriations to provisions for diminution in value of current assets

68173 - Stocks and work in progress

68174 - Debts receivable

686 - Appropriations to depreciation and provisions - Financial charges

6861 - Appropriations to amortisation of premiums on redemption of debt securities

6865 - Appropriations to provisions for financial liabilities and charges

6866 - Appropriations to provisions for diminution in value of financial components

68662 - Financial fixed assets

68665 - Short-term investment securities

6868 - Other appropriations

687 - Appropriations to depreciation and provisions - Extraordinary charges

6871 - Appropriations to extraordinary fixed asset depreciation

6872 - Appropriations to tax-regulated provisions (fixed assets)

68725 - Depreciation by derogation

6873 - Appropriations to tax-regulated provisions (stocks)

6874 - Appropriations to other tax-regulated provisions

6875 - Appropriations to provisions for extraordinary liabilities and charges

6876 - Appropriations to provisions for extraordinary diminution
in value

69 - Employee profit share - Income and similar taxes

691 - Employee profit share

695 - Income tax

6951 - Income tax due in France

6952 - Additional contribution to income tax

6954 - Income tax due outside France

696 - Supplementary company tax related to profit distributions

697 - Annual company imputed tax

698 - Group tax

6981 - Group tax - Charges

6989 - Group tax - Income

699 - Income - Carry-back of losses

Class 7: Income accounts

70 - Sales of manufactured products, services, goods for resale

701 - Sales of finished products

7011 - Finished products (or group) A

7012 - Finished products (or group) B

702 - Sales of semi-finished products

703 - Sales of residual products

704 - Works

7041 - Works of category (or activity) A

7042 - Works of category (or activity) B

705 - Project studies

706 - Services supplied

707 - Sales of goods for resale

7071 - Goods for resale (or group) A

7072 - Goods for resale (or group) B

708 - Income from related activities

7081 - Income from services operated in the interest of personnel

7082 - Commission and brokerage

7083 - Sundry rentals

7084 - Personnel charged out

7085 - Carriage and ancillary costs invoiced

7086 - Surplus on recovery of returnable packaging

7087 - Bonuses obtained from customers and sales premiums

7088 - Other income from ancillary activities (eg. disposal of consumables)

709 - Sales rebates, discounts, allowances granted by the entity

7091 - Sales of finished products

7092 - Sales of semi-finished products

7094 - Works

7095 - Project studies

7096 - Services supplied

7097 - Sales of goods for resale

7098 - Income from ancillary activities

71 - Change in stocks of finished products and work in progress

713 - Change in stocks (work in progress, products)

7133 - Change in work in progress (goods)

71331 - Products in progress

71335 - Works in progress

7134 - Change in work in progress (services)

71341 - Project studies in progress

71345 - Supply of services in progress

7135 - Change in product stocks

71351 - Semi-finished products

71355 - Finished products

71358 - Residual products

72 - Own work capitalised

721 - Intangible fixed assets

722 - Tangible fixed assets

73 - Net period income from long-term transactions

731 - Net period income on transactions in progress (to be subdivided by transaction)

739 - Net period income on completed transactions

74 - Operating grants

75 - Other current operating income

751 - Royalties and licence fees for concessions, patents, licences, trade marks, processes, software, rights and similar assets

7511 - Concessions, patents, licences, trade marks, processes, software

7516 - Author and reproduction royalties

7518 - Other royalties and similar assets

752 - Revenues from buildings not allocated to professional activities

753 - Directors fees and remuneration (eg. administrators, managers)

754 - Rebates from cooperatives (resulting from surpluses)

755 - Share of joint venture profit or loss

7551 - Share of loss transferred (accounts of the managing entity)

7555 - Share of profit (accounts of non-managing partners/associates)

758 - Sundry current operating income

76 - Financial income

761 - Income from participating interests

7611 - Income from long-term equity interests

7616 - Income from other forms of participating interests

7617 - Income from debts receivable related to participating

interests

- 762 - Income from other financial fixed assets
 - 7621 - Income from long-term investment securities*
 - 7626 - Income from loans*
 - 7627 - Income from capitalised debts receivable*
- 763 - Income from other debts receivable
 - 7631 - Income from commercial debts receivable*
 - 7638 - Income from sundry debts receivable*
- 764 - Income from short-term investment securities
- 765 - Discounts obtained
- 766 - Exchange gains
- 767 - Net income on realisation of short-term investment securities
- 768 - Other financial income

77 - Extraordinary income

- 771 - Extraordinary income on operating transactions
 - 7711 - Forfeits and penalties on purchases and sales*
 - 7713 - Donations received*
 - 7714 - Collection of debts receivable written off*
 - 7715 - Deficit grants*
 - 7717 - Tax allowances other than income tax*
 - 7718 - Other extraordinary income on operating transactions*
- 772 - (Account available to entities to record prior period income during the financial year)
- 775 - Income from asset realisation
 - 7751 - Intangible fixed assets*
 - 7752 - Tangible fixed assets*
 - 7756 - Financial fixed assets*
 - 7758 - Other asset components*
- 777 - Share of investment grants transferred to profit or loss for the financial year

778 - Other extraordinary income

7781 - Surpluses resulting from escalation clauses

7782 - Prizes

*7783 - Surpluses resulting from own shares and
bonds bought back by the entity*

7788 - Sundry extraordinary income

78 - Depreciation and provisions written back

**781 - Depreciation and provisions written back (to be entered
in operating income)**

7811 - Depreciation of intangible and tangible fixed assets
written back

78111 - Intangible fixed assets

78112 - Tangible fixed assets

7815 - Provisions for operating liabilities and charges written
back

7816 - Provisions for diminution in value of
intangible and tangible fixed assets written back

78161 - Intangible fixed assets

78162 - Tangible fixed assets

7817 - Provisions for diminution in value of
current assets written back

78173 - Stocks and work in progress

78174 - Debts receivable

**786 - Provisions for liabilities written back (to be entered in financial
income)**

7865 - Provisions for financial liabilities and
charges written back

7866 - Provisions for diminution in value of
financial components written back

78662 - Financial fixed assets

78665 - Short-term investment securities

**787 - Provisions written back (to be entered in extraordinary
income)**

7872 - Tax-regulated provisions written back (fixed assets)

78725 - *Depreciation by derogation*

78726 - *Special revaluation provision*

78727 - *Reinvested capital gain*

7873 - Tax-regulated provisions written back (stocks)

7874 - Other tax-regulated provisions written back

7875 - Provisions for extraordinary liabilities and charges written back

7876 - Provisions for extraordinary diminution in value written back

79 - Charges transferred

791 - Operating charges transferred

796 - Financial charges transferred

797 - Extraordinary charges transferred

Section 3

Rules for establishing an accounting code

433-1. - The accounting code is to be sufficiently detailed to enable recording of transactions in accordance with accounting standards.

Where accounts stipulated by accounting standards are inadequate for the entity to record separately all its transactions, it may create account subdivisions as necessary.

Conversely, if the accounts stipulated in Article **432-1** are too detailed for the needs of the entity, it may combine accounts in a global account at the same level or at a more limited level, in accordance with the options available under the foregoing Article.

433-2. - Transactions are to be divided into 8 account classes.

The number of each Class 1–8 constitutes the first digit of the number designation of all accounts in that class.

Any account may be subdivided. The number of each subdivided account is always to commence with the number of the account or sub-account of which it constitutes a subdivision.

433-3. - In accounts designated by three or more digits, the terminal zero or terminal series of zeros indicate a grouping of accounts or global account.

Account numbers ending in zero are to be used as combination accounts where, for analysis purposes, transactions were the subject of a prior classification in accounts at the same level terminating in digits 1–8.

An account ending in zero is to be used as a global account where analysis is not necessary for transactions to be classified at the next higher account level. Entities may directly enter all relevant transactions in the higher level account or, to preserve homogeneity of the accounting code, they may open an account with the same title by adding one or more zeros to the right of its numerical designation.

At the same time, the addition of zeros is not to have the effect of obstructing the standardised presentation of financial statements.

433-4. - I - Two-digit accounts ending in 1–8 signify a grouping of accounts. By derogation to this rule, Account 28, *Cumulative depreciation on fixed assets*, functions as an account in the converse direction to that of Class 2 accounts.

II. - With three- or more digit accounts, endings 1–8 are to record the detail of transactions covered by the account of the immediately higher level or by the account of the same level ending in zero.

In Class 4 accounts, the ending in 8 is to be assigned to recording accrued income and charges related to the accounts in question.

433-5. - I - In two-digit accounts, balance sheet accounts ending in 9 are to identify provisions for diminution in value of corresponding Classes 2–5.

II. - With three- or more digit balance sheet accounts, the ending in 9 enables identification of transactions converse to those normally covered by the account at the next higher level and classified in subdivisions ending in 1–8.

Section 4

Classification of accounts

434-1. - Transactions relating to the balance sheet are to be divided into five account classes 1-5 designated as balance sheet accounts and organised as follows:

- (a) Class 1: Capital accounts
Owner equity, other capital funds, loans and similar debts payable

Class 1 accounts are to group:

- Owner equity which corresponds to the algebraic sum of:

- Contributions: capital, premiums related to capital;
- Revaluation gains or losses;
- Differences arising from the equity method of accounting;
- Profits other than those for which distribution has been determined: reserves, profit carried forward, profit for the financial year;
- Losses: loss carried forward, loss for the financial year;
- Investment grants;
- Tax-regulated provisions.

Within owner equity, the net position is to be established after appropriation of profit or loss for the financial year. This excludes investment grants and tax-regulated provisions.

- Other capital funds comprising the amount for issues of non-voting shares, advances subject to conditions and licensor rights;
- Provisions for liabilities and charges;
- Loans and similar debts payable;
- Debts payable related to participating interests;
- Reciprocal branch and joint venture accounts.

(b) Class 2: Fixed asset accounts

Class 2 accounts are to group intangible, tangible and financial fixed assets, cumulative depreciation and provisions relating to fixed assets.

(c) Class 3: Stocks and work in progress accounts

For stocks and work in progress, there are two classification criteria:

1. Physical nature of the product or nature of the service;
2. Chronological stage of production cycle: consumables, production in progress, production, stocks for resale in existing condition.

For classification of goods and services acquired from external sources and necessary for carrying out its activities, the entity is to use the criterion of physical nature.

It is to establish a nomenclature for goods and services that best meets its internal management needs.

(d) Class 4: Accounts for debts receivable and payable

Class 4 accounts are to record:

- Debts receivable and payable related to transactions not exclusively financial and generally short-term;
- Entries for accrual of charges and income.

By extension, to be included in Class 4 accounts are accounts related to third party accounts and intended either to record methods of financing connected to debts payable and receivable, namely bills payable and receivable, or debts payable and receivable to be brought to account in relation to the financial year as accrued charges and income.

Accrual accounts are to record charges and income accounted for in the financial year but relating directly to the financial year or following financial years, and charges accounted for in the financial year but able to be allocated systematically to several subsequent financial years.

Accrual accounts are to be used to allocate charges and income over time, in such a way as to attribute to each financial year the charges and income actually and solely related to that year.

(e) Class 5: Financial accounts

Class 5 accounts are to record:

- Transactions in cash, cheques, coupon values;
- Transactions through financial intermediaries;
- Short-term investment securities.

434-2. - Transactions relating to profit or loss are to be divided into two account classes 6-7 designated as management operating accounts and organised as follows:

(a) Class 6: Accounts for charges

Class 6 is to group accounts intended to record charges by nature or origin for the financial year, including those concerning prior financial years that relate to:

- Normal and current entity operations;
- Financial management;
- Extraordinary transactions;
- Employee profit share and income tax.

(b) Class 7: Income accounts

Class 7 is to group accounts intended to record income by nature or origin for the financial year, including income concerning prior financial years that relates to:

- Normal current entity operations;
- Financial management;
- Extraordinary transactions;
- Transfers of charges.

434-3. - Class 8 is to be used to satisfy requirements for information relating to the financial statements.

Chapter IV

Functioning of accounts

441. - Section 1

Capital accounts: Owner equity, other capital funds, loans and similar debts payable (Class 1)

10. CAPITAL AND RESERVES

Depending on the legal form under which the entity operates, capital contributions and accumulated profits are to be recorded under the following conditions:

I. Accounts for use by a sole proprietor

Account 101, *Proprietor capital*, is to be credited with:

- The value of contributions by the proprietor at the beginning or in the course of activity;
- Profit for the preceding financial year, by debiting Account 12, *Profit or loss for the financial year*.

It is to be debited with:

- Deductions of all types;
- Loss for the preceding financial year, by crediting Account 12.

Personal contributions or withdrawals by the proprietor and, as applicable, the family of the proprietor, are to be recorded in the course of the financial year in Account 108, *Drawings account*. At the end of the financial year, the balance of this account is to be transferred to Account 101, *Proprietor capital*.

II. Accounts for use by companies

With companies, capital is to represent the nominal value of shares or partnership equity.

Account 101, *Share capital*, is to credit the amount of capital shown in the constitution of the company. It is to show the evolution of this amount over the life of the company, having regard to the decisions of the relevant board or authority.

On increases in capital, it is to be credited with the amount of:

- Contributions in cash or in kind made by partners and shareholders, minus premiums related to share capital;
- Capitalisation of reserves.

It is to be debited with capital reductions of all kinds, for example, absorption of losses or reimbursement of partners and shareholders.

Account 1018, *Subscribed capital subject to particular regulations*, is to record as a credit the amount of capital resulting from particular transactions such as capitalisation of net long-term capital gains, which are to be separately identified by application of legislative and regulatory requirements. This account is to be subdivided as needed.

Account 104, *Premiums on share capital*, is to record premiums on shares issued, mergers, contributions and conversion of bonds into shares.

On subscription, a company issuing equity warrants is to record in Account 104 the counterpart to the value of the warrants. This treatment is to be maintained in the event that warrants lapse.

Account 104 is also to record the amount of the entrance fee in the case of cooperatives.

Reserves to be entered in Account 106, *Reserves*, are profits appropriated by the entity on a long-term basis until otherwise decided by the relevant board or authority. This account is to be credited, on appropriation of profits, with the amounts intended for:

- The legal reserve;
- Blocked reserves, for example: reserve for own shares;
- Statutory or contractual reserves;

- Tax-regulated reserves, such as net long-term realised capital gains, reserves following award of investment grants;
- Other reserves, including in particular self-insurance reserves.

Account 106 is to be debited with drawings from relevant reserves, for the purposes of their capitalisation, distribution to shareholders and partners, or for writing off losses.

Account 107, *Difference on equity accounted investments*, is to record the difference recognised where the overall value of securities accounted for by the equity method of accounting is greater than their purchase price.

Account 109, *Shareholders: Subscribed capital uncalled*, is to be debited as an offset to the subdivision of Account 101, *Subscribed capital uncalled*.

III. Accounts for use by all entities

Account 105, *Revaluation differences*, is to record differences recognised on the occasion of revaluation transactions and which may be capitalised in whole or in part. The account is to be subdivided as needed.

11. PROFIT OR LOSS CARRIED FORWARD

Account 11, *Profit or loss carried forward (debit or credit balance)*, may be subdivided to distinguish between profit carried forward, in Account 110, *Profit carried forward*, and loss carried forward in Account 119, *Loss carried forward*.

In the absence of profits, interim interest allocated to contributions from partners or shareholders by virtue of a clause by the state guaranteeing a minimum dividend is to be entered in Account 11, *Profit or loss carried forward*.

12. PROFIT OR LOSS FOR THE FINANCIAL YEAR

The balance of Account 12, *Profit or loss for the financial year*, results from the difference between charges and income for the financial year.

A credit balance in Account 12 represents a profit, income being greater than charges. A debit balance in Account 12 represents a loss, charges being greater than income.

The balance of Account 12 is to be determined following the decision regarding appropriation of profit or treatment of loss. In the case of companies, amounts undistributed and not allocated to an account for reserves are to be

transferred to Account 11, *Profit or loss carried forward*: to Account 110, in instances of retained profit, and Account 119, in instances of accumulated loss, if these accounts are in use. On opening accounts for the following financial year, entities have the option of using a special account 88, *Profit or loss pending appropriation*. In the case of individual entities, the balance of Account 12 is to be transferred to Account 101, *Proprietor capital*.

Entities may use Account 120, *Profit for the financial year*, to record profit and Account 129, *Loss for the financial year*, to record loss. They have the option of using Accounts 121–128 as judged appropriate, to show separately, for example, management performance measures.

13. INVESTMENT GRANTS

Account 131, *Equipment grants*, or Account 138, *Other investment grants*, is to be credited with the grant, by debiting a third party account or a financial account.

Equipment grants to enable the entity to acquire or create fixed assets are to be entered in Account 131.

Other investment grants to enable the entity to finance long-term activities are to be entered in Account 138.

Account 139, *Investment grants credited to the profit and loss account*, is to be debited, by crediting Account 777, *Share of investment grants transferred to profit or loss for the financial year*.

Accounts 131 or 138 and 139 are to be set off against each other once they are equal in amount.

14. TAX-REGULATED PROVISIONS

Tax-regulated provisions are provisions that do not correspond to the normal objective for a provision. They are to be accounted for by application of legal requirements.

They are to be established according to a similar procedure to that for provisions in general.

The following provisions are particularly in the nature of tax-regulated provisions:

- Investments relating to employee profit share;
- Price increase;
- Exchange rate fluctuations;

- As authorised specially for certain activities, for example reconstruction of mining and oil deposits.

The following are to be treated for accounting purposes as tax-regulated provisions:

- Depreciation by derogation;
- Special revaluation provision following Law 77-1467 of 30 December 1977;
- Realised capital gains reinvested in assets not yet disposed of or abandoned.

The functioning of accounts for tax-regulated provisions is to be identical to that of accounts for provisions for liabilities and charges described below.

The amount of the appropriation for the financial year in accounts for tax-regulated provisions is to be recorded by debiting the corresponding subdivision of Account 68, *Appropriations to depreciation and provisions*, and crediting one of the following accounts: 142, *Tax-regulated provisions relating to fixed assets*, 143, *Tax-regulated provisions relating to stocks*, 144, *Tax-regulated provisions relating to other asset components*, 145, *Depreciation by derogation*, 146, *Special revaluation provision*, 147, *Capital gains reinvested*, and 148, *Other tax-regulated provisions*.

Relevant subdivisions of Account 78, *Depreciation and provisions written back*, are to record as a credit written back tax-regulated provisions, by debiting one of Accounts 142–148.

Accordingly at the close of the financial year in which funds relating to employee profit share are utilised, there is to be an appropriation to the provision for investment, by debiting Account 6872, *Appropriations to tax-regulated provisions (fixed assets)*, and crediting the subdivision of Account 142, *Provisions for investment (employee profit share)*.

This is to be carried back to profit or loss, by crediting Account 7872, *Tax-regulated provisions written back (fixed assets)*, either during the financial year in which it is definitively tax-paid, or at the end of the financial year during which the period of use expired, on the assumption that the investment was not achieved.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Account 151, *Provisions for liabilities*, is to record all provisions intended to cover identified contingencies inherent in entity activity such as those resulting from customer warranties or transactions conducted in foreign currencies.

Account 153, *Provisions for pensions and similar obligations*, is to record provisions relating to charges that may arise from statutory or contractual obligations conferring personnel pension rights.

Account 155, *Provisions for taxation*, is to record provisions for taxes corresponding to the likely tax charge attributable to the financial year but deferred in time and for which the final recognition depends on future profits or losses.

Provisions for fixed asset renewal to be established by public utility concessionaires are to be recorded in Account 156, *Provisions for fixed asset renewal (concession entities)*.

Account 157, *Provisions for deferred charges*, is to record provisions intended to cover predictable and significant charges, not of an annual nature, such as costs of major repairs, and which as a consequence could not be attributed solely to the financial year in which they are incurred.

On establishing a provision for liabilities and charges, the account for provisions is to be credited, by debiting:

- Account 681, *Appropriations to depreciation and provisions - Operating charges*, where operations are concerned;

- Account 686, *Appropriations to depreciation and provisions - Financial charges*, where entity financial activity is affected;

- Account 687, *Appropriations to depreciation and provisions - Extraordinary charges*, where of an extraordinary nature.

It is to be readjusted at the end of each financial year by:

- Debiting the corresponding appropriation accounts 681, 686 or 687, where the amount of the provision is increased;

- Crediting Account 781, *Depreciation and provisions written back (to be entered in operating income)*, Account 786, *Provisions for liabilities written back (to be entered in financial income)*, or Account 787, *Provisions written back (to be entered in extraordinary income)*, where the amount

of the provision is required to be decreased or cancelled, the provision no longer being justified in whole or in part.

On a risk crystallising or a charge arising, the previously established provision is to be balanced, by crediting Accounts 781, 786 or 787. Correspondingly, the charge that has arisen is to be entered in the relevant Class 6 account.

16. LOANS AND SIMILAR DEBTS PAYABLE

Account 16, *Loans and similar debts payable*, is to record loans and financial debts payable classed as loans, with the exception of those recorded in Account 17, *Debts payable related to participating interests*.

Account 161, *Convertible debenture loans*, Account 163, *Other debenture loans*, Account 164, *Loans from credit institutions*, Account 165, *Deposits and sureties received*, Account 166, *Employee profit share*, Account 167, *Loans and debts payable subject to particular conditions*, and Account 168, *Other loans and similar debts payable*, may be subdivided to identify:

- Loans and similar debts payable contracted in France and abroad, in French francs/euros or in foreign currencies;
- The portion of loans and similar debts payable with long, medium or short terms to maturity.

Accrued interest on loans and debts payable is to be combined in a subdivision of Account 168.

Entities may also subdivide loan accounts to identify loans contracted with affiliated entities or entities with which they have a participating interest link.

Debenture loans with accompanying redemption premiums are to be credited to Accounts 161 or 163 for their total value, inclusive of redemption premiums. The counterpart to these premiums is to be debited to Account 169, *Debt redemption premiums*.

Appropriation for the financial year is to be debited to Account 6861, *Appropriations to amortisation of premiums on redemption of debt securities*, by crediting Account 169.

On subscription, issuers of bonds with bond warrants are to record the debenture loan in Account 163, *Other debenture loans*, for its redemption value. The difference between redemption value and current value of the loan is to be recorded in Account 169, *Debt redemption premiums*.

The difference between the issue price of bonds with bond warrants and current value of the debenture loan is to be recorded as deferred bond income.

Where bonds with share warrants are concerned, the debenture loan is to be accounted for in accordance with general rules. The counterpart to the warrants is not to be recognised.

Current bank advances are not to be entered in Account 164, *Loans from credit institutions*. They are to be recorded in a specific Account: 519, *Current bank advances*.

Account 166, *Employee profit share*, is to record funds not employed and sums relating to establishment of a profit share fund. The subdivision of Account 166, *Blocked accounts*, is to be credited, by debiting Account 424, *Employee profit share*, with the amount of funds not able to be utilised in the absence of agreement between employers and employees.

Account 167 is to combine loans and debts payable accompanied by particular conditions. The amount of issues of non-voting shares is to be recorded in Account 1671. Advances subject to conditions by the state are to be recorded in Account 1674. Participating loans are to be recorded in Account 1675.

Account 1685, *Capitalised life annuities*, is to record as a credit the counterpart to the movable or real property acquired in exchange for payment of life annuities. It is to be discharged by payment of arrears to the annuitant.

Arrears to be paid that exceed capital are to be credited to Account 1685 and constitute extraordinary charges. Conversely, the death of the annuitant may give rise to extraordinary income.

17. DEBTS PAYABLE RELATED TO PARTICIPATING INTERESTS

The rights of non-manager coparticipants to fixed assets acquired or created within the context of a joint venture are to be recorded in the accounts of the manager, as owner of the items, by crediting Account 178, *Debts payable related to joint ventures*, and debiting Account 458, *Partners/associates - Joint and Economic Interest Group transactions*.

Account 178 is to be debited, by crediting Account 458 in recognition of the usage of capitalised items.

18. RECIPROCAL BRANCH AND JOINT VENTURE ACCOUNTS

1 - Account 18, *Reciprocal branch and joint venture accounts*, is to be used to account for transfers between establishments, branches, factories or workshops of the same entity which keep autonomous accounts.

A. Where transfers concern components having a value directly drawn from one of the financial accounting accounts of the transferor establishment, they are to be accounted for by the:

- Supplying establishment, by crediting the relevant financial accounting account and debiting reciprocal Account 181, *Reciprocal branch accounts*, opened in the name of the receiving establishment;

- Receiving establishment, by debiting the corresponding financial accounting account and crediting reciprocal Account 181 opened in the name of the supplier establishment.

B. Where transfers concern products and services for which prime cost can only be determined through cost accounting or by statistical calculations, the relevant establishments are to open Account 186, *Goods and services exchanged between establishments (charges)*, or Account 187, *Goods and services exchanged between establishments (income)*, to be subdivided as needed.

Transfers are to be accounted for by the:

- Supplying establishment, by crediting Account 187 and debiting the reciprocal Account 181 opened in the name of the receiving establishment;

- Receiving establishment, by debiting Account 186 and crediting the reciprocal Account 181 opened in the name of the supplying establishment.

Entities may value internal transfers either at the cost of the product transferred or service supplied, or at a value different from this cost. In the latter case, product stocks manufactured by the transferee establishment with components supplied by the transferor establishment are to be valued at entity production cost, disregarding the notional profit or loss included in the transfer price of these components.

The profit and loss account of each establishment is to be arrived at by addition of the various items of the accounts for charges and income and of Accounts 186 and 187,

Goods and services exchanged between establishments
(charges and income).

For the entity as a whole, Accounts 186 and 187 are to show balances which cancel each other out: sums credited to Account 187 by supplier establishments and sums debited to Account 186 by receiving establishments are to be balanced between each other.

C. Entities may use an accounting method different from that described in paragraphs A and B above.

Where each of their establishments maintains a separate cost accounting system within the framework of a unique financial accounting system for the establishments taken together, Account 18 is not to be used. Internal transfers are to be recorded in cost accounting; financial accounting is only to record transactions with third parties.

2 - Account 18 is also to be used for transactions carried out through a joint venture.

Grouping of joint venture accounts in the accounts of the manager responsible for the management of transactions may be effected through Account 188, *Reciprocal joint venture accounts*.

442. - Section 2

Fixed asset accounts (Class 2)

Fixed asset accounts are to be debited at the date of original entry of items into entity assets and liabilities with the:

- Contribution value;
- Purchase price;
- Production cost of the item;

By crediting, as applies:

- Account 101, *Capital*, or Account 456, *Partners/associates - Capital transactions* (company capital contribution accounts);
- Account 404, *Fixed asset suppliers*, or other relevant accounts;
- Account 72, *Own work capitalised*.

Depreciation and provisions for diminution in value of fixed assets are to be taken to subdivisions of Account 28, *Cumulative depreciation on fixed assets*, and Account 29, *Provisions for diminution in value of fixed assets*.

On fixed asset realisation, the entry value of assets realised and their corresponding cumulative depreciation are to be written out of the accounts in which they are recorded. The resulting net amount is to be debited to Account 675, *Book values of realised assets*. Simultaneously, Account 775, *Income from asset realisation*, is to be credited, by debiting Account 462, *Debts receivable on realisation of fixed assets*.

20. INTANGIBLE FIXED ASSETS

Account 201, *Establishment costs*, is to record establishment costs either directly or through Account 72, *Own work capitalised*.

Account 203, *Research and development costs*, is to record applied research and development costs that may be entered in intangible fixed assets. It is to be debited, by crediting Account 72, *Own work capitalised*. In instances of failed projects, the corresponding costs are to be written off immediately, by debiting the subdivision of Account 687, *Appropriations to depreciation and provisions - Extraordinary charges*.

Where taking out a patent is the result of research connected to realisation of projects, Account 205, *Concessions and similar rights, patents, licences, trade marks, processes, software, rights and similar assets*, is to be debited with the amount adopted as entry value of the patent, by crediting Account 203.

Account 205 is to record expenditures for obtaining the advantage that accrues from the protection granted, subject to certain conditions, to the holder of a concession, to an inventor, to an author or to a beneficiary of the right to operate a patent, licence, trade mark, process, or literary or artistic property rights.

Account 205 is also to record expenditures for the purchase or creation of software which may be entered in intangible fixed assets.

Account 206, *Lease premium*, is to record the amount paid or due to the preceding lessee as consideration for transfer to the buyer of rights resulting either from agreements or commercial property legislation.

Account 207, *Goodwill*, is to record the purchase of intangible components of goodwill, including lease premium, which are not subject to separate valuation and accounting recognition in the balance sheet and which contribute to continuation or development of potential

activity of the entity. These components do not necessarily benefit from legal protection according them a definite value.

21. TANGIBLE FIXED ASSETS

Account 211 is to record the value of land. The following are to be separately distinguished:

- Undeveloped land not carrying construction;
- Serviced land;
- Underground and aboveground sites. This account is to be used where the entity does not own the three aspects related to a given site: surface, underground, aboveground. In this regard, the aboveground account is to record the value of the right of construction or usage of space above a site not owned by the entity;
- Mining sites such as quarries;
- Built-up land carrying construction attributable to the owner;
- Built-up land carrying construction attributable to a third party.

Expenditures for site development, for example: enclosures, landscaping, are to be entered in Account 212, *Site development*.

Account 213, *Constructions*, is to comprise:

- Buildings;
- Fixtures and fittings;
- Infrastructure development.

Account 214 is to record the value of construction erected on a third party site. It has the same subdivisions as Account 213.

Account 218, *Other tangible fixed assets*, is to record the amount for sundry fixtures and fittings financed by the entity where it is not the owner of these components, namely, where they are incorporated into fixed assets not owned by the entity or over which it has no other actual right.

22. FIXED ASSETS IN CONCESSION

Intangible or tangible fixed assets made available to a concession by the franchisor or the franchisee are to be

entered in Account 22; tangible fixed assets are to be allocated under the same conditions as apply to Account 21.

Account 229, *Franchisor rights*, is to record the counterpart value of items made available without charge to the concession by the franchisor.

23. FIXED ASSETS IN PROGRESS

The objective of Account 23, *Fixed assets in progress*, is to show the value of fixed assets not completed at the end of each financial year.

Depending on their origin, fixed assets entered in Accounts 231 and 232 are to be divided into two groups:

- Those created by the entity with its own resources;
- Those resulting from works of longer or shorter duration performed by third parties.

The cost of fixed assets created by the entity is to be debited to Account 231, *Tangible fixed assets in progress*, or to Account 232, *Intangible fixed assets in progress*, by crediting Account 72, *Own work capitalised*.

Where works are performed by third parties, Account 237 or Account 238 is to be debited with advances on account on orders representing instalments by way of progress payments by the entity against partial completion.

The cost of a fixed asset is to be transferred from Account 23 to Account 20 or Account 21 when the fixed asset is completed.

Payments on account by the entity to third parties for transactions in progress are to be taken to:

- Account 237 where the objective is to purchase an intangible fixed asset;
- Account 238 where the objective is to purchase a tangible fixed asset.

In the course of the financial year, entities have the discretion of accounting for all payments on account referred to above in Account 4091, *Suppliers - Payments on account on orders*, but at the end of the financial year, they are to transfer to Account 237 or 238 payments on account related to orders for fixed assets.

Payments on account may be recorded separately in appropriate subdivisions of Accounts 237 and 238.

25. SHARES IN AND RECEIVABLES DUE FROM AFFILIATED ENTITIES

26. PARTICIPATING INTERESTS AND RELATED DEBTS RECEIVABLE

Account 261, *Long-term equity interests*, is to be debited with contribution value or purchase price, by crediting, as applies:

- Account 101, *Capital*, or Account 456, *Partners/associates - Capital transactions*;
- Account 404, *Fixed asset suppliers*, or Account 269, *Unpaid instalments on unpaid long-term equity interests*, or financial accounts.

The account is to be credited, in the case of realisation of securities, by debiting Account 675, *Book values of realised assets*.

Account 266, *Other categories of participating interest*, is to be debited with the amount of subscription or purchase of shares in an Economic Interest Group. If the Economic Interest Group has no capital, Account 266 is to be debited by way of memorandum.

Account 267, *Debts receivable related to participating interests*, is to combine debts receivable arising on the occasion of loans granted to entities in which the lender holds a participating interest.

Unrealisable advances to an Economic Interest Group are to be debited to a subdivision of Account 267, *Long-term capital advances*.

In the event that subscription to a part of the capital of a company subsequently requires obligatory payments by the subscriber of additional funds which are not entered into the capital of that company, the said payments are to be recorded in a subdivision of Account 267, *Payments representing non-capitalised contributions (call for funds)*. This applies, for instance, to real estate investment.

Account 268, *Debts receivable related to joint ventures*, is to be debited, by crediting Account 458, *Partners/associates - Joint and Economic Interest Group transactions*, with the rights held by the non-manager coparticipating entity over items acquired or created by the joint venture manager.

On consumption of capitalised items, Account 268 is to be credited, by debiting Account 458.

Accrued interest at the end of the financial year is to be entered in subdivisions of Accounts 267 and 268.

Account 269, *Unpaid instalments on unpaid long-term equity interests*, is to be credited with payments outstanding on unpaid equity interests, by debiting Account 261, *Long-term equity interests*.

27. OTHER FINANCIAL FIXED ASSETS

The opening of subdivisions of Account 274, *Loans*, Account 275, *Deposits and sureties advanced*, and Account 276, *Other capitalised debts receivable*, enables identification of the portion of these loans and debts receivable with long, medium and short terms to maturity, as well as accrued interest.

Equity securities given as collateral or which are blocked temporarily for a period greater than one year are to be entered in Account 271, *Long-term investment equity securities other than portfolio long-term investment equity securities*.

Account 279, *Unpaid instalments on unpaid long-term investment securities*, is to be credited with payments outstanding on unpaid long-term investment securities, by debiting Account 271.

Account 271 and Account 272, *Long-term investment debt securities*, are to be credited, in case of realisation, by debiting Account 675, *Book values of realised assets*, with the book value of securities realised. Concurrently, Account 462, *Debts receivable on realisation of fixed assets*, or a cash account is to be debited, by crediting Account 775, *Income from asset realisation*.

Where a long-term debt receivable is acquired at a cost different from its nominal value, the latter may nevertheless be entered in the relevant subdivision of Account 27, with the difference between nominal value and cost to be taken to an adjustment account according to the contractual conditions.

Companies which buy their own shares are to enter these securities in Account 2771, *Own shares*.

Securities bought back explicitly with the intention of their cancellation are to be entered in Account 2772, *Own shares in process of cancellation*. Considering the correspondence between capital reduction and transfer of ownership of equity shares from shareholders to the company, this entry is to be made by way of memorandum. In any case, these securities will have been written out of assets at the end of

the financial year. The cancellation transaction amounts to a partial division of company assets for the benefit of sellers of the shares bought back. If the buy-back price is less than nominal overall value of the shares bought back, the amount of capital reduction is nevertheless to be equal to the overall nominal value since the shares bought back are to be cancelled. The difference is to be entered in an account similar to that for share issue or contribution premiums. If the buy-back price is greater than the nominal value of shares bought back, the amount of capital reduction is to be equal to the latter and the excess is to be charged to a distributable net financial position account.

28. CUMULATIVE DEPRECIATION ON FIXED ASSETS

Depreciation accounts for fixed assets are to be credited, by debiting Account 681, *Appropriations to depreciation and provisions - Operating charges*, Account 686, *Appropriations to depreciation and provisions - Financial charges*, or Account 687, *Appropriations to depreciation and provisions - Extraordinary charges*, notably for fixed assets not yet completely depreciated and discarded.

29. PROVISIONS FOR DIMINUTION IN VALUE OF FIXED ASSETS

On establishing a provision for diminution in value or increase of an already established provision, the relevant provision account is to be credited, by debiting Account 681, *Appropriations to depreciation and provisions - Operating charges*, Account 686, *Appropriations to depreciation and provisions - Financial charges*, or Account 687, *Appropriations to depreciation and provisions - Extraordinary charges*.

On cancelling a provision no longer justified or on decreasing this provision, the provision account is to be debited, by crediting appropriate subdivisions of Account 78, *Depreciation and provisions written back*.

At the date of realisation of a fixed asset, the previously established provision for diminution in value is to be balanced, by crediting an appropriate subdivision of Account 78.

443. - Section 3

Accounts for stocks and work in progress (Class 3)

Entities are to establish the nomenclature that best meets their internal management needs. It is recommended that entities establish this nomenclature by referring to the

standard national product nomenclature for French entity activity, such that at the highest aggregation level the internal nomenclature may either be identical to the official nomenclature or is a simple subdivision of the national nomenclature so that the latter may readily be established by addition; in exceptional instances where products cannot be allocated according to standard national designations, they may be shown separately as unallocated.

Where the entity uses bought-in material jointly or mixed in with its own semi-finished or finished product similar in every respect and only distinguished by its origin, a single account may be opened for this material or product. The same applies where goods and finished products similar in all respects are intended for sale.

Account 31, *Raw materials (and supplies)*, Account 32, *Other consumables*, and Account 37, *Stocks of goods for resale*, are to be credited with the amount of initial stock, by debiting Account 6031, *Change in stocks of raw materials (and supplies)*, Account 6032, *Change in stocks of other consumables*, and Account 6037, *Change in stocks of goods for resale*.

Account 33, *Work in progress (goods)*, Account 34, *Work in progress (services)*, and Account 35, *Product stocks*, are to be credited with the amount of initial stock, by debiting Account 7133, *Change in work in progress (goods)*, Account 7134, *Change in work in progress (services)*, and Account 7135, *Change in product stocks*.

After carrying out a physical inventory count and appraisal of existing stocks:

- Accounts 31, 32 and 37 are to be debited with the amount of final stock, by crediting Accounts 6031, 6032 and 6037;
- Accounts 33, 34 and 35 are to be debited with the amount of final stock, by crediting Accounts 7133, 7134 and 7135.

Account 36, *Stocks derived from fixed assets*, may record during the financial year entry into stocks of components dismantled or recovered from tangible fixed assets. It is to be debited, by crediting Account 21, *Tangible fixed assets*. At the end of the financial year, Account 36 is to be balanced, by debiting Account 603, *Change in stocks (consumables and goods for resale)*. If components of stocks referred to above remain at this date, they are to be debited to appropriate Class 3 accounts, by crediting Account 603.

Perpetual inventory may be maintained in financial accounting in the corresponding Class 3 accounts according to the procedures set out below.

1 - As regards stocks of consumables and goods for resale, Account 601, *Inventory item purchases - Raw materials (and supplies)*, Account 602, *Inventory item purchases - Other consumables*, and Account 607, *Purchases of goods for resale*, are to be debited, by crediting relevant Class 4 and Class 5 accounts.

In the course of the financial year, stock Accounts 31, 32 and 37 are to function as accounts for inventory stores; they are to be debited with stock entries, by crediting Accounts 6031, 6032 and 6037 and credited with stock withdrawals, by debiting these same accounts.

At the end of the financial year, the balances of Accounts 601, 602, 607 and 6031, 6032, 6037 are to be transferred to Account 120, *Profit for the financial year*, or 129, *Loss for the financial year*.

2 - As regards product stocks, Account 35 is to function as an account for inventory stores; it is to be debited with stock entries, by crediting Account 7135, and credited with stock withdrawals, by debiting the same account. These movements are to be valued according to costing methods used by the entity.

Production in progress valued at the end of the financial year is to be debited to Accounts 33 and 34, by crediting Accounts 7133 and 7134 after reversing production in progress at the beginning of the financial year. At the end of the financial year, the balance of Account 71, *Change in stocks of finished products and work in progress*, is to be transferred to Account 120 or 129.

As regards stocks already owned by the entity but which have been dispatched and not yet received, or as regards stocks taken into store or on consignment, Account 38 may be used to account for stocks to the point of reception into the entity stores or into agent or consignee stores. Upon receipt, these stocks are to be allocated to accounts corresponding to their nature. At the end of the period, if Account 38 is not reversed, entities are to give details of stocks accounted for in this way.

39. PROVISIONS FOR DIMINUTION IN VALUE OF STOCKS AND WORK IN PROGRESS

Subdivisions of Account 39, *Provisions for diminution in value of stocks and work in progress*, are to be credited by

relevant subdivisions of Account 68, *Appropriations to depreciation and provisions*, with the amount of diminution in value, or its increase, relating to stocks and work in progress.

They are to be debited, by crediting relevant subdivisions of Account 78, *Depreciation and provisions written back*, with the amount or share of provisions no longer required.

444. - Section 4

Accounts for debts receivable and payable (Class 4)

Third party accounts, particularly Account 40, *Suppliers and related accounts*, and Account 41, *Customers and related accounts*, may be subdivided to identify:

- Transactions with a title reservation clause;
- Debts payable and receivable in France or elsewhere;
- The portion of debts payable and receivable with long, medium or short terms to maturity;
- Accrued interest.

Entities may likewise subdivide supplier and customer accounts to identify those relating to entities with which they are affiliated or in which they have a participating interest.

40. SUPPLIERS AND RELATED ACCOUNTS

Account 40, *Suppliers and related accounts*, is to record debts payable and advances related to purchase of goods or services.

Account 401, *Suppliers*, is to be credited with the amount of invoices for purchases of goods or services, by debiting:

- Relevant Class 6 accounts for the amount net of turnover tax recoverable by the entity;
- Account 4096, *Suppliers - Debts receivable for returnable packaging and equipment*;
- Account 4456, *Turnover tax deductible*, for the amount of taxes recoverable by the entity.

Account 401 is to be debited, by crediting:

- On payments made by the entity to its suppliers, a cash account;

- On return of goods to the supplier, a Class 6 account, for the amount of credit invoices received;
- On bill of exchange acceptance or promissory note discount, Account 403, *Suppliers - Bills payable*;
- Account 609, *Purchase rebates, discounts, allowances*, for the amount of uninvoiced rebates, discounts and allowances;
- Account 409, *Suppliers in debit*, for payments on account on operating orders, for the balance of the latter.

On purchase of fixed assets, Account 404, *Fixed asset suppliers*, is to be credited, by debiting:

- Relevant fixed asset accounts for their amount net of turnover tax recoverable by the entity;
- Account 4456, *Turnover tax deductible*, for the amount of recoverable taxes.

Account 404, *Fixed assets suppliers*, is to be debited, by crediting in particular:

- On payments made by the entity to its suppliers, a cash account;
- On bill of exchange acceptance or promissory note discount, Account 405, *Fixed asset suppliers - Bills payable*.

Account 408, *Suppliers - Invoices outstanding*, is to be credited at the close of the accounting period with the amount, including taxes, of invoices attributable to the period ended but still outstanding, where the amount is sufficiently known and assessable, by debiting relevant Class 4 and 6 accounts. At the beginning of the following period, these entries are to be reversed. Entities may also directly debit Account 408, by crediting Account 401 on receipt of an invoice, with required adjustments to be recorded in the relevant accounts.

Account 4091, *Suppliers - Payments on account on orders*, is to be credited, by debiting Account 401 and possibly Account 404 following receipt of an invoice by the entity. It is to be debited, on payment by the entity of advances on orders placed with suppliers, by crediting a cash account. Payments on account on orders for fixed assets recorded during the financial year in Account 4091 are to be transferred at the end of the financial year to Accounts 237 or 238.

On suppliers charging a deposit to the entity for packaging or equipment, Account 4096, *Suppliers - Debts receivable for returnable packaging and equipment*, is to be debited, by crediting Account 401, for the deposit amount.

It is to be credited, by debiting:

- Account 401 where the entity returns packaging or equipment to the value of the deposit;
- Account 602, *Inventory item purchases - Other consumables*, where the entity decides to retain returnable packaging or equipment;
- Account 401 and the subdivision of Account 613, *Surcharges on packaging*, where the recovery is for an amount less than that of the deposit.

Debit balances on supplier accounts for operations and fixed assets other than Accounts 4091, 4096 and 4098 are to be transferred to the debit of Account 4097, *Suppliers - Other debits*.

41. CUSTOMERS AND RELATED ACCOUNTS

Debts receivable related to the sale of goods or services linked to the entity operating cycle are to be recorded in Account 41, *Customers and related accounts*.

Account 411, *Customers*, is to be debited with the invoiced amount for sales of goods or services, by crediting:

- A subdivision of Account 70, *Sales of manufactured products, services, goods for resale*, for the amount exclusive of turnover tax collected;
- Account 4196, *Customers - Debts payable for returnable packaging and material*;
- Account 4457, *Turnover tax collected by the entity*.

Account 411 is to be credited, by debiting:

- A cash account upon receipt of settlements from customers;
- A subdivision of Account 70 for the amount of credit invoices issued by the entity on return of goods by customers;
- Account 413, *Customers - Bills receivable*, on acceptance by customers of bills of exchange or receipt of a promissory note;

- Account 709, *Sales rebates, discounts, allowances granted by the entity*, for the amount of uninvoiced sales allowances granted to customers;

- Account 4191, *Customers - Payments on account received on orders*, for the balance of the latter.

Account 4117, *Customers - Contract performance holdbacks*, is to be debited, as applicable, with amounts withheld by customers from the agreed price until expiry of the stipulated warranty period; in return, the customer account is to be credited.

Account 416, *Doubtful or contested customer accounts*, is to be debited, by crediting Account 411 for the total amount of debts receivable held by the entity in relation to customers whose solvency appears doubtful or with whom the entity is in dispute.

Account 413 is to be debited, by crediting Account 411, on acceptance of bills receivable. This account is to be credited at bill maturity or discount date, by debiting:

- A cash account;
- A subdivision of Account 661, *Bank and financing transaction interest (eg. discounting)*.

In the event of return of bills receivable by the credit institution, for non-payment or any other reason, especially claims, non-acceptance or irregularity of the bill of exchange, allowance for discount credit is to entail:

- A credit to the account of the lending establishment;
- Restitution of the initial debt receivable as an asset and, as applicable, constitution of a provision for diminution in value to the extent of estimated loss.

In the event of the remitter receiving notification of non-payment and retention by the credit institution of the bill receivable, entries are not necessarily to be reversed in the accounts of the institution. Where there is a reversal, the transaction is to be treated reciprocally in the entity accounts. In the absence of a reversal, a provision for liabilities is to be established by the entity.

Account 417, *Future debts receivable for work not yet chargeable*, is to record the counterpart to recognised net period income during performance of a long-term contract.

Account 418, *Customers - Charges not yet invoiced*, is to be debited at the close of the accounting period with the amount, taxes included, of debts receivable attributable to

the period ended and for which accounting vouchers have not yet been established, by crediting the relevant accounts of Classes 4 and 7.

At the beginning of the following period, these entries are to be reversed.

In any event, on establishing the accounting voucher, entities may also directly credit Account 418, by debiting Account 411, with required adjustments to be recorded in the relevant accounts.

Account 4191, *Customers - Payments on account received on orders*, is to record payments on account received by the entity against orders to be delivered, works to be performed or services to be rendered. It is to be credited, by debiting a cash account with payments on account received from customers. It is to be debited, following establishment of the invoice, with payments on account, by crediting Account 411.

Account 4196, *Customers - Debts payable for returnable packaging and equipment*, is to be credited with amounts invoiced by the entity to its customers by way of deposits for packaging or equipment, by debiting Account 411.

It is to be debited with the same amount, by crediting:

- Account 411 in the event of refund for packaging;
- Relevant Class 7 accounts in the event that packaging is retained by the customer; this may involve disposal of a fixed asset or supplies depending on the accounting method adopted for packaging;
- Account 411 and the subdivision of Account 708, *Surplus on recovery of returnable packaging*, where recovery is effected for a lower price than that of the deposit.

42. PERSONNEL AND RELATED ACCOUNTS

Account 421, *Personnel - Remuneration payable*, is to be credited with gross remuneration payable to personnel, by debiting the relevant accounts for charges.

It is to be debited with:

- The amount of payments on account to personnel, by crediting Account 425, *Personnel - Payments on account*;
- The amount of stoppages of payment to members of its personnel notified to the entity, by crediting Account 427, *Personnel - Stoppages of payment*;

- The share of welfare costs falling on personnel, by crediting Account 43, *Social security and other social agencies*;
- The amount of payments to personnel, by crediting a cash account.

Account 422, *Enterprise/establishment consultative committees*, is to be credited with the amounts made available to enterprise/establishment consultative committees or others, by debiting subdivisions of Account 647, *Payments to enterprise/establishment consultative committees*, and *Payments to health and occupational safety committees*. It is to be debited with payments to the committees, by crediting a cash account.

Account 424, *Employee profit share*, is to record the amounts attributed to employees by way of shares in profits or losses, after the date of approval of the accounts by the annual general shareholders meeting during the financial year following that to which the profit share relates, or at the date of validity of the profit sharing contract where later than that of the annual general meeting.

Depending on the nature of the profit share arrangements, a subdivision of Account 424 is to be debited, by crediting the following accounts:

- In the event of allocation of company shares or share strips by capitalisation of reserves:

Account 101, *Share capital*, and

Account 104, *Premiums on share capital*;

- In the event of allocation of shares bought back by the company:

Account 502, *Own shares*, the account to which shares were debited on buy-back;

- In the event of establishment of an entity fund:

Subdivision of Account 166, *Profit share funds*;

- In instances of payment to investment bodies external to the entity and purchases of unit trust shares or payment to the depository of a mutual fund within the context of the entity savings plan:

- Relevant cash account.

The residue of unappropriated funds, if any, resulting from the existence of a ceiling for each beneficiary, is to be maintained in the relevant subdivision of Account 424.

Coverage by the employer of management fees of the investment body managing the funds deposited within the context of the employee profit share or entity savings plan is to be recorded as external charges in Account 628, *Sundry*.

Participation by the employer in the entity savings plan through a supplementary lump sum payment constitutes a personnel charge to be entered in Account 647, *Other welfare costs*.

Where funds are not utilised, owing to absence of agreement between employers and employees, they are to be transferred from Account 424 to the subdivision of Account 166, *Blocked accounts*.

Where funds become available, the debt payable entered in Account 166 by way of blocked accounts or employee profit share is to be transferred to a subdivision of Account 424, *Current accounts*.

Account 425, *Personnel - Payments on account*, is to be debited with the amount of advances and instalments paid to personnel, by crediting a cash account. It is to be credited, for settlement purposes, by debiting Account 421.

Account 426, *Personnel - Deposits*, is to be credited with amounts entrusted to the entity by members of its personnel, by debiting a cash account. On reimbursement of personnel with the sums thus deposited, it is to be debited, by crediting a cash account.

Account 427, *Personnel - Stoppages of payment*, is to be credited with the amounts subject to stoppage of payment obtained by third parties against members of entity personnel, by debiting Account 421, *Personnel - Remuneration payable*. On payment of the foregoing to third party beneficiaries of payment stoppage, it is to be debited with the aforementioned amounts, by crediting a cash account.

At the end of the financial year, when posting overall asset and liability review valuation accounting entries particularly intended to record charges and income relating to management of the financial year ended, the entity is to:

- Credit the subdivisions of Account 428, *Personnel - Accrued charges payable and income receivable*, corresponding in particular to potential debts payable

relating to holiday pay and employee profit share, by debiting the subdivision of Account 641, *Personnel wages and salaries*, and Account 691, *Employee profit share*;

- Debit subdivisions, if any, of Account 428, by crediting relevant income accounts.

43. SOCIAL SECURITY AND OTHER SOCIAL AGENCIES

Account 431, *Social security*, and Account 437, *Other social agencies*, are to be credited respectively with the amount of:

- Sums due from the entity to social security and other social agencies for employer contributions in respect of social security insurance, family allowances, occupational injury and personnel pensions, by debiting relevant accounts for charges;

- Sums to be settled with the above-mentioned agencies for the account of personnel, by debiting Account 421, *Personnel - Remuneration payable*.

They are to be debited with payments to these bodies, by crediting a cash account.

On the assumption that, in accordance with provisions of certain wage settlements, collective agreements or individual employment contracts, the entity has paid to its employees all or part of their remuneration in the event of sickness, injury or maternity leave, Account 4387, *Accrued income receivable*, is to be debited with the amount of sundry services thus advanced to its employees for the account of social security and other social agencies, by crediting Account 641, *Personnel wages and salaries*.

44. STATE AND OTHER PUBLIC AUTHORITIES

Transactions to be entered in Account 44, *State and other public authorities*, are those conducted with the state, public authorities and international bodies with official status, considered as public authorities, other than sales and purchases which are to be entered in Account 40, *Suppliers and related accounts*, and 41, *Customers and related accounts*, in the same way as transactions with other suppliers and customers.

At the end of the financial year, where grants awarded to the entity have not as yet been received, Account 441, *State - Grants receivable*, is to be debited with:

- Investment grants receivable, by crediting Account 13, *Investment grants*;
- Operating grants receivable, by crediting Account 74, *Operating grants*;
- Deficit grants receivable, by the subdivision of Account 771, *Deficit grants*.

Account 441 is to be credited, by debiting a cash account upon receipt of the above-mentioned grants.

Account 442, *State - Taxes and levies recoverable from third parties*, is to be credited with amounts withheld by the entity for the account of the state for sums due from third parties, by debiting their accounts.

Account 443, *Particular transactions with the state, public authorities, international bodies*, is particularly to record income or charges arising from advantages granted or obligations imposed on an entity by the state, public authorities or international bodies.

Any debt receivable from the state resulting from abolition of the rule relating to delay of one month in value added tax is to be recorded in a specific account: Account 4431, *Debts receivable from the state resulting from abolition of the rule relating to delay of one month in value added tax*. Accrued interest on the debt receivable is to be entered in Account 4438, *Accrued interest on debts receivable recorded in Account 4431*.

Account 444, *State - Income tax*, is to be credited with income tax due to the state, by debiting Account 695, *Income tax*. It is to be debited with instalments and the balance of payments to Treasury, by crediting a cash account. Settlement of the annual imputed tax due from companies is to be accounted for initially as an advance on tax, by debiting Account 444 and crediting a cash account.

Account 444 is also to be debited with the amount of debt receivable resulting from carrying back losses, by crediting Account 699, *Income - Carry-back of losses*.

Account 445, *State - Turnover tax*, is to record the amount of turnover tax collected for the account of the state, as well as the amount of recoverable turnover tax.

A specific Account 4452, *Value added tax due within the European Union*, is to record value added tax arising within the European Union.

Value added tax collected by the entity constitutes a debt payable to Treasury. It is to be credited to Account 4457, *Turnover tax collected by the entity*.

Value added tax deductible on purchases of goods and services constitutes a debt receivable from Treasury, to be debited to Account 4456, *Turnover tax deductible*. The following sub-accounts may be opened to take into account particular procedures for recovery:

- Account 44562, *Value added tax on fixed assets*;
- Account 44566, *Value added tax on other goods and services*;
- Account 44568, *Taxes in the same category as value added tax*.

Value added tax to be paid to Treasury for the month or quarter is to be recognised as a credit to Account 4455, *Turnover tax payable*, by debiting Account 4457 and crediting Account 4456.

Account 446, *Guaranteed bonds*, is to be credited with the amount of hypothecated bonds taken up in settlement of taxes, by debiting:

- Account 445, *State - Turnover tax*, and Account 447, *Other taxes, levies and similar payments*;
- A subdivision of Account 661, *Interest on guaranteed bonds*, for the share of interest attributable to the financial year.

Account 447, *Other taxes, levies and similar payments*, is to be credited with the amount of all other taxes and levies due from the entity, by debiting relevant accounts for charges.

45. GROUP AND PARTNERS/ASSOCIATES

Account 451, *Group*, is to record as a debit the amount of funds temporarily advanced directly or indirectly by the entity to companies of a group, and as a credit the amount of funds directly or indirectly made available to the entity by those companies.

Account 455, *Partners/associates - Current accounts*, is to record as a credit the amount of funds made available by partners/associates, temporarily or otherwise, to the entity.

Account 456, *Partners/associates - Capital transactions*, is to be subdivided to record separately transactions relating to incorporation of the entity or changes in its capital:

- Account 4561, *Partners/associates - Company contribution accounts*, is to be debited with the amount of contributions in cash or in kind committed by partners/associates, by crediting relevant subdivisions of Account 101, *Capital*; it is to be credited, by debiting accounts recording contributions;
- Account 4562, *Contributors - Capital called up, unpaid*, is to be debited, by crediting Account 109, *Shareholders: Subscribed capital uncalled*, on successive calls for capital; it is to be credited upon receipt of the contribution, by debiting relevant asset accounts;
- Account 4563, *Partners/associates - Payments received for capital increase*, is to have credited the counterpart to payments by partners/associates following a decision to increase capital; it is to be debited at the close of the period of realisation of the transaction, either by crediting relevant subdivisions of Account 101, *Capital*, and Account 104, *Premiums on share capital*, when the increase becomes effective, or by crediting an account for partners/associates where the change in capital is cancelled failing realisation of the amount;
- Account 4564, *Partners/associates - Advance payments*, is to have credited the amount of any contributions made available by particular partners/associates to the entity prior to calls for capital; it is to be discharged as calls proceed;
- Account 4566, *Defaulting shareholders*, is to be used to regularise the position of shareholders who have not met their obligations, on a call for capital;
- Account 4567, *Partners/associates - Capital to be reimbursed*, is to be credited with amounts due to partners/associates following a decision to write off a proportion of capital.

Account 457, *Partners/associates - Dividends payable*, is to be credited with the amount of dividends as decided to be distributed by the competent bodies, by debiting:

- Account 12, *Profit or loss for the financial year*;
- Account 11, *Profit or loss carried forward*;
- Account 106, *Reserves*, for reserves for which distribution is permissible.

Account 458, *Partners/associates - Joint and Economic Interest Group transactions*, is to record transactions through a joint venture or Economic Interest Group in accordance with the following procedures:

I - Joint ventures

Account 458 is to record outlays of funds between coparticipants.

The manager, owner of items acquired or created within the context of a joint venture, is to record as a debit to Account 458 the share of the other coparticipants, by crediting Account 178, *Debts payable related to joint ventures*. Coparticipants other than managers are to record their share in the above items as a debit to Account 268, *Debts receivable related to joint ventures*, by crediting Account 458. Recognition of usage of capitalised items as a result of joint venture operating transactions is to be taken to the level of Accounts 178 and 268 by a reduction of the same amount in respective commitments and rights of manager and non-manager coparticipants:

- Account 178 is then to be debited, by crediting Account 458 in the accounts of the manager;
- Account 268 is to be credited, by debiting Account 458 in the accounts of non-manager coparticipants.

Where the joint venture accounting is exclusively maintained by a manager, the share of profits or losses attributable to other coparticipants is to be debited in the accounts of the manager to Account 655, *Share of joint venture profit or loss*, by crediting Account 458 in instances of a profit, or credited to Account 755, *Share of joint venture profit or loss*, by debiting Account 458, in instances of loss.

Reciprocally, the share of profit or loss attributable to each non-manager coparticipant is to be recorded in the coparticipant Accounts 755 or 655, by debiting or crediting Account 458.

II- Economic Interest Groups

Account 458 is to record Economic Interest Group transactions other than purchases or subscriptions for shares and non-realizable advances which are respectively to be recorded in Account 266, *Other categories of participating interest*, and Account 267, *Debts receivable related to participating interests*.

Contributions paid to an Economic Interest Group as a result of services rendered to the entity constitute operating charges to be debited to relevant subcontracting accounts, by crediting a subdivision of Account 458. If paid in the

form of subscriptions or provisions, an accrual is to be made at the end of the financial year by means of Account 468, *Accrued charges payable and income receivable*, or Account 486, *Prepayments*.

46. SUNDRY DEBTS RECEIVABLE AND PAYABLE

On realisation of fixed assets other than portfolio long-term investment securities, Account 462, *Debts receivable on realisation of fixed assets*, is to be debited with proceeds from asset realisation, by crediting Account 775, *Income from asset realisation*; concurrently, the relevant fixed asset account is to be credited, by debiting Account 675, *Book values of realised assets*; cumulative depreciation is to be deducted.

On realisation of portfolio long-term investment securities, Account 462 is to be debited with proceeds from realisation of portfolio long-term investment securities, by crediting:

- Account 775, where realisation generates a profit; concurrently, Account 273, *Portfolio long-term investment securities*, is to be credited, by debiting Account 775;
- Account 675, where realisation generates a loss; concurrently, Account 273 is to be credited, by debiting Account 675.

On realisation of short-term investment securities, Account 465, *Debts receivable on realisation of short-term investment securities*, is to be debited, by crediting:

- Account 767, *Net income on realisation of short-term investment securities*, where realisation of securities generates a profit; Account 50, *Short-term investment securities*, is to be credited concurrently, by debiting Account 767;
- Account 667, *Net charges on realisation of short-term investment securities*, where realisation generates a loss; Account 50, *Short-term investment securities*, is to be credited concurrently, by debiting Account 667.

Account 464, *Debts payable on purchases of short-term investment securities*, is to record as a credit the amount of debts payable relating to purchase of short-term investment securities; Account 50, *Short-term investment securities*, is to be debited in return.

Transactions for which there may equally be a debit or credit balance are to be accounted for in subdivisions opened in Account 467, *Other debtors or creditors*.

The subdivision of Account 468, *Accrued income receivable*, is to be debited in particular with indemnities receivable following damage claims or litigation, by crediting relevant income accounts.

47. PROVISIONAL OR SUSPENSE ACCOUNTS

Transactions which cannot be attributed with certainty to a given account at the time they are recorded or for which additional information is required, are to be entered provisionally in subdivisions of Account 47, *Provisional or suspense accounts*, namely Accounts 471–475, *Suspense accounts*.

This accounting procedure is only to be used in exceptional cases. Any transaction taken to Account 47 is to be transferred to its final account destination as soon as possible.

Account subdivisions to be provided for, as applicable, within Account 47 are to be opened under titles specifying their purpose.

Transactions entered in these accounts are to be reclassified at the end of the financial year under accounts available in the balance sheet format.

Account 476, *Realisable currency exchange losses*, and Account 477, *Realisable currency exchange gains*, are to record currency translation differences resulting from updating, to the closing currency exchange rate, accounts for debts receivable and payable denominated in foreign currencies.

Account 476 is to be debited with recognised realisable losses, by crediting accounts for debts receivable or payable, according to whether they correspond to a decrease in debts receivable or an increase in debts payable.

Account 477 is to be credited with recognised realisable gains, by debiting accounts for debts receivable or payable, according to whether they correspond to an increase in debts receivable or a decrease in debts payable.

Translation differences, where offset by currency exchange hedging contracts, are to be recorded in separate subdivisions of Accounts 476 and 477.

48. ACCRUAL ACCOUNTS

At the end of the financial year, Account 481, *Charges to be allocated to more than one period*, is to record as a debit, charges to be allocated to more than one period comprising deferred charges, fixed asset acquisition costs, loan issue costs and charges to be apportioned over time, by crediting Account 79, *Charges transferred*. It is to be credited at the close of each financial year, by debiting Account 6812, *Amortisation of deferred operating charges*, with the portion of charges attributable to this financial year, and likewise as regards the financial year of transfer.

Account 486, *Prepayments*, is to record charges corresponding to purchases of goods and services where the supply or performance of a service is to occur subsequently. It is to be debited at the end of the financial year, by crediting relevant accounts for charges. It is to be credited at the beginning of the following financial year, by debiting the same accounts. An alternative accounting recognition procedure, on initial recording of the invoice, is to assign directly to Account 486 the portion of charges relating to a subsequent financial year.

Account 487, *Deferred income*, is to record income received or accounted for prior to provision of the relevant services or supplies. It is to be credited at the end of the financial year, by debiting the relevant income accounts. It is to be debited at the beginning of the following financial year, by crediting the same accounts. An alternative accounting recognition procedure, on initial recording of the invoice, is to assign directly to Account 487 the portion of income relating to a subsequent financial year.

Accounts 486 and 487 may be subdivided according to the nomenclature of Classes 6 and 7.

On subscription, the issuer of bond warrants is to record in Account 487 the counterpart to the value of the warrants. On exercise of the warrants, deferred income is to be written back to profit or loss over the term of the debenture loan. On lapsing, the amount of the warrants not exercised is to be written back to profit or loss.

On subscription, the issuer of bonds with bond warrants is to record in Account 487 the difference between the issue price of bonds with bond warrants and current value of the debenture loan. On exercise of the warrants, deferred income is to be written back to profit or loss over the term of the loan. On lapsing, the amount of the warrants not exercised is to be written back to profit or loss.

Account 488, *Periodic allocation of charges and income*, is to record charges and income where the amount can be

determined or fixed in advance with sufficient accuracy and where it is to be apportioned in equal amounts to interim accounting periods within the financial year. This is referred to as the interim allocation method. During the financial year, the interim period allocation is to be varied, if necessary, so that to the extent possible the total of amounts debited or credited to relevant Class 6 or 7 accounts equals at the end of the financial year the actual charge or income amount. Account 488 is to be balanced at the end of the financial year.

49. PROVISIONS FOR DOUBTFUL DEBTS

These accounts are to be credited at the end of the financial year, by debiting:

- Account 6817, *Appropriations to provisions for diminution in value of current assets* (other than short-term investment securities);
- Or, Account 6876, *Appropriations to provisions for extraordinary diminution in value.*

Where the provision is no longer wholly or partly required or is seen to be excessive, or where the risk crystallises of non-recovery of debts previously provided for, the accounts are to be debited, by crediting:

- Account 7817, *Provisions for diminution in value of current assets written back* (other than short-term investment securities);
- Or, Account 7876, *Provisions for extraordinary diminution in value written back.*

445. - Section 5

Financial accounts (Class 5)

50. SHORT-TERM INVESTMENT SECURITIES

Account 502, *Own shares*, is to be debited at the time a company buys back its own shares, where this transaction is directly intended either to stabilise the quoted share price or to allocate securities to employees.

To determine profit or loss arising from the sale of shares bought back, the first in, first out rule is to be applied.

The difference between sale price and cost of shares disposed of, determined by application of the first in, first out rule, is to be entered either in a subdivision of Account 778, *Surpluses resulting from own shares and bonds bought back by the entity*, or in a subdivision of Account 678,

Deficits resulting from own shares and bonds bought back by the entity.

Account 503, *Shares*, and Account 504, *Other equity securities*, are to be debited with the acquisition cost of shares and other equity securities, by crediting a third party or liquid assets account. On resale of the shares or securities, the accounts are to be credited with their book value, by debiting:

- Account 767, *Net income on realisation of short-term investment securities*, where realisation of securities generates a profit; concurrently with realisation, the realisation proceeds are to be credited to Account 767;

- Account 667, *Net charges on realisation of short-term investment securities*, where realisation generates a loss; concurrently with realisation, the realisation proceeds are to be credited to Account 667.

The acquisition cost of debt securities is to be entered in Account 505, *Own bonds and warrants bought back*, Account 506, *Bonds*, Account 507, *Treasury bills and short-term notes*, and Account 508, *Other short-term investment securities and similar debts receivable*.

Accounting entries for acquisition, cancellation or realisation of shares are applicable to similar transactions relating to bonds.

The buyer or subscriber of equity and bond warrants is to record the value of warrants in Account 50, *Short-term investment securities*.

Account 509, *Unpaid instalments on unpaid short-term investment securities*, is to be credited with payments remaining to be made on unpaid short-term investment securities, by debiting relevant subdivisions of Account 50.

51. BANKS, FINANCIAL AND SIMILAR INSTITUTIONS

Account 511, *Financial instruments for collection*, is to be debited with the amount of coupons due for collection, cheques and bills remitted for collection, as well as bills remitted for discount, by crediting relevant accounts.

For each bank account held in its name, the entity is to use a separate subdivision of Account 512, *Banks*. Accounts with a credit balance may not be set off against those with a debit balance.

Financial bills drawn on the basis of credits granted to the entity, in the context of transactions for assignment of commercial debts receivable or assignment of debts receivable originating outside France are to be accounted for in subdivisions of Account 519, *Current bank advances*. Accrued interest relating to the above means of financing is to be entered in a subdivision of Account 519.

52. SHORT-TERM FINANCIAL INSTRUMENTS

Account 52, Short-term financial instruments, is to be used to account for transactions specified in Article 372-2.

53. CASH ON HAND

Account 53, *Cash on hand*, is to be debited with cash on hand held by the entity. It is to be credited with cash on hand disbursed and is to have either a debit or nil balance.

54. EXPENDITURE AUTHORISATIONS AND LETTERS OF CREDIT

Account 54, *Expenditure authorisations and letters of credit*, is to record, as applicable, entries relating to funds administered by authorised managers or subordinate accountants and to authorisations opened with banks in the name of a third party or an agent of the entity.

This account is to be debited with the amount of funds remitted to the authorised managers and holders of authorisations, by crediting a cash account. It is to be credited with:

- Outlays effected for the account of the entity, by debiting a third party account or an account for charges;
- Repayment of funds advanced, by debiting a cash account.

58. INTERNAL TRANSFERS

Accounts 58, *Internal transfers*, are clearing accounts used for practical accounting recognition of transactions, at the end of which they are to be balanced.

These accounts are particularly intended to enable centralisation, without the risk of duplicating:

- Transfers of funds from a cash or bank account to another bank or cash account;
- More generally, any transaction recorded in several subsidiary accounting journals.

59. PROVISIONS FOR DIMINUTION IN VALUE OF FINANCIAL ASSETS

Account 590, *Provisions for diminution in value of short-term investment securities*, is to be credited with the amount of financial diminution in value of short-term investment securities, by debiting a subdivision of Account 6866, *Appropriations to provisions for diminution in value of short-term investment securities*.

This account is to be debited, by crediting a subdivision of Account 7866, *Provisions for diminution in value of short-term investment securities written back*, where the provision proves to be in whole or in part no longer justified.

At the date of realisation of short-term investment securities, the previously established provision for diminution in value is ordinarily to be balanced, by crediting Account 7866.

446. - Section 6

Accounts for charges (Class 6)

Normal and current operating charges are to be recorded in Account 60, *Purchases*, Accounts 61/62, *Other external charges*, Account 63, *Taxes, levies and similar payments*, Account 64, *Personnel costs*, and Account 65, *Other current operating charges*.

Charges relating to financial management are to be shown in Account 66, *Financial charges*.

Charges relating to extraordinary transactions are to be entered in Account 67, *Extraordinary charges*.

Account 68, *Appropriations to depreciation and provisions*, is to comprise subdivisions distinguishing between amounts deemed to relate to operating, financial or extraordinary charges.

Account 69, *Employee profit share - Income and similar taxes*, is to record charges for employee profit share and income tax.

Class 6 charges are to be recorded net of recoverable tax.

Accounts 60–69 do not record amounts assigned to investments in fixed assets (including financial fixed assets) or short-term securities which are to be directly entered in Account 20, *Intangible fixed assets*, Account 21, *Tangible fixed assets*, Account 23, *Fixed assets in progress*, Account 26, *Participating interests and related debts receivable*,

Account 27, *Other financial fixed assets*, and Account 50, *Short-term investment securities*.

By way of derogation, where entities are unable to make such distinctions at the time of posting their accounting entries, either because they do not know at that stage the nature of the sums to be recorded, or for the moment do not determine their allocation, allocation of expenditures to be reattributed is to occur at the end of the financial year, by entering them in accordance with their assignment and nature, by debiting:

- Either, a balance sheet account, by crediting Account 72, *Own work capitalised*, or by crediting subdivisions of Account 79, *Charges transferred*;
- Or, another account for charges, by crediting relevant subdivisions of Account 79, *Charges transferred*.

The various charges are to be recorded in Class 6 accounts even where already covered by provisions. Previously established provisions are to be cancelled, by crediting Account 78, *Depreciation and provisions written back*.

60. PURCHASES (except Account 603)

As in the case of stocks, purchases are to be classified according to a nomenclature adopted by the entity, using procedures for establishment and compatibility with the standard national goods and services nomenclature identical to those already specified in relation to the functioning of Class 3 accounts (stocks and work in progress).

Items having an indeterminate destination on entry into entity assets and liabilities are to be recorded as if they were items intended to be sold. Their possible assignment as fixed assets is to be effected subsequently. This will be irreversible.

Purchases are to be debited to Account 601, *Inventory item purchases - Raw materials (and supplies)*, Account 602, *Inventory item purchases - Other consumables*, Account 604, *Purchases of project studies and services*, Account 605, *Purchases of equipment, facilities and works*, Account 606, *Non-inventory materials and supplies*, and 607, *Purchases of goods for resale*, at purchase price, customs duties included.

Subdivisions of purchase accounts may be opened to identify:

- Purchases in France and elsewhere;

- Purchases made by the entity from affiliated entities or entities with which it has a participating interest link.

Settlement discounts are to be credited to Account 765, *Discounts obtained*.

Entities may optionally account directly for ancillary purchase costs paid to third parties, for example, transport, commission and insurance, in purchase accounts 601–607 and not in accounts for charges by nature or origin, where these charges can be assigned with certainty to a given category of goods for resale or consumables.

To enable entities to provide more readily the detail of ancillary costs incorporated into purchases for the financial year, Account 608 may be used to combine these costs by category whilst maintaining their classification by nature or origin in subdivisions of the account.

Where the entity has received goods for resale or consumables without the corresponding invoice, it is advisable to debit the above-mentioned purchase accounts, by crediting Account 408, *Suppliers - Invoices outstanding*.

Subcontracted goods and services directly integrated into the entity production cycle are to be entered as purchases, by debiting:

- Account 604, *Purchases of project studies and services*;
- Account 605, *Purchases of equipment, facilities and works*.

Account 606 is to combine all non-inventoriable purchases, for example, water and energy, or purchases not inventoried by the entity such as those relating to supplies not taken into inventory records, and for which physical stocks on hand at the end of the financial year are to be debited to Account 486, *Prepayments*.

Account 609, *Purchase rebates, discounts, allowances*, is to record as a credit rebates, discounts and allowances on purchases obtained from suppliers and for which the amount, not deducted from purchase invoices, is only known subsequently to accounting for these invoices.

603. CHANGE IN STOCKS

Account 603, *Change in stocks*, is to be reserved for recording changes in stocks of consumables and goods for resale.

The balances of Account 603 subdivisions, namely Account 6031, *Change in stocks of raw materials (and supplies)*,

Account 6032, *Change in stocks of other consumables*, and Account 6037, *Change in stocks of goods for resale*, represent the difference between the value of stocks of consumables and goods for resale at the end of the financial year and their value at the end of the preceding financial year, that is, the difference between closing and opening inventory, without taking into account provisions for diminution in value.

The above accounts for change in stocks are to be debited as regards the relevant components with their opening stock value and credited with their closing stock value. Accordingly, the balance of Account 603 represents the overall change in value of stock between the beginning and end of the financial year.

Accounts 6037, 6031 and 6032 may have credit or debit balances. They are to be shown in the profit and loss account format as adjustment accounts for purchases of goods for resale and for consumables respectively.

61/62. OTHER EXTERNAL CHARGES

External charges are to be accounted for in Accounts 61/62, other than purchases from third parties. Nevertheless, royalties due for concessions, patents, licences, trade marks, processes, software, rights and similar assets are to be debited to Account 65, *Other current operating charges*.

61. External services.

62. Other external services.

Invoices for subcontracting are to be debited to Account 611, *General subcontracting*, other than those debited to Account 604, *Purchases of project studies and services*, and Account 605, *Purchases of equipment, facilities and works*.

Invoices for instalments or rents relating to usage of leased items are to be recorded in Account 612, *Lease instalments*.

Payments for factoring entered in Account 622, *Agents remuneration and fees*, in subdivision 6225, *Payments for factoring*, are to comprise:

- Factoring commission, which constitutes payment for services of management accounting, collection and performance bonds;

- Financing commission, which represents the cost of advance financing, if exceptionally this has not been recorded in Account 66, *Financial charges*.

Account 619, *Purchase rebates, discounts, allowances on external services*, and Account 629, *Purchase rebates, discounts, allowances on other external services*, are to record rebates, discounts and allowances on external services under conditions already defined in relation to Account 609, *Purchase rebates, discounts, allowances*.

63. TAXES, LEVIES AND SIMILAR PAYMENTS

Taxes, levies and similar payments are charges corresponding to:

- Compulsory payments to the state and local government to meet public outlays;
- Payments instituted by public authority, particularly for financing public programs of economic or social interest.

Income tax is not to be accounted for under this account. It is to be entered in Account 695, *Income tax*.

Payments to Treasury made in compliance with taxes and contributions based on salaries are to be debited to Account 631, *Taxes, levies and similar payments on wages and salaries (to the tax administration)*, in sundry relevant account subdivisions, entitled:

- o Tax on salaries;
- o Apprenticeship tax;
- o Employer participation in ongoing personnel training and development;
- o Default contribution for compulsory investment in construction.

The counterpart is to be credited to Account 447, *Other taxes, levies and similar payments*.

Where the amount of expenditures in full discharge, paid in settlement or due at the time of the overall asset and liability review valuation, is less than the amount of tax or compulsory contribution, the entity is to credit the remaining payment due to Treasury to Account 447 or the subdivision of Account 448, *State - Accrued charges payable*, by debiting Account 631.

Payments written off or grants by way of taxes and contributions based on salaries are to be debited to Account 633, *Taxes, levies and similar payments on wages and salaries (to other bodies)*, in sundry relevant account subdivisions, entitled:

- Employer participation in construction projects where this concerns payments written off;

- Employer participation in ongoing personnel training and development where expenditures are in full discharge;
- Discharge payments entitling exemption from apprenticeship tax.

Other expenditures in the nature of charges are to be shown in relevant Class 6 accounts.

Where legislation allows expenditures outstanding at the end of the financial year to be attributed by way of expenditures in full discharge, they are to be debited to relevant accounts for assets or charges and credited to relevant third party accounts.

64. PERSONNEL COSTS

Account 641, *Personnel wages and salaries*, is to record all remuneration of personnel, including payments awarded to controlling managers and company directors.

Individual entities may record in Account 644, *Owner remuneration*, payments for the proprietor and family where no other payment constitutes the counterpart to work performed. They are to indicate the basis of calculation adopted for determination of the remuneration and the amount of book profit prior to deduction of owner remuneration.

65. OTHER CURRENT OPERATING CHARGES

Bad debts written off which are of a customary nature having regard in particular to the type of activity or volume of business handled, are to be debited to Account 654, *Bad debts written off*.

Account 655, *Share of joint venture profit or loss*, is to record as a debit:

- The share of joint venture loss on transactions attributable to the non-manager entity as its share of losses. In return, Account 458, *Partners/associates - Joint and Economic Interest Group transactions*, is to be credited;

- The share of joint venture profit attributable by the managing entity as the amount of profits to be allocated to non-manager partners/associates. In return, Account 458 is to be credited.

66. FINANCIAL CHARGES

Subdivisions of Account 661, *Interest charges*, are particularly to allow identification of interest charges on loans and similar liabilities related to affiliated entities.

Account 665, *Discounts allowed*, is to be debited with the amount of discounts allowed by the entity to its customers, by crediting Account 411, *Customers*, or a cash account.

Account 666, *Exchange losses*, is to be debited with exchange losses experienced by the entity during the financial year. In addition, currency translation losses recognised at the end of the financial year on foreign currency liquid assets are to be considered as exchange losses for this purpose.

Account 667, *Net charges on realisation of short-term investment securities*, is to be debited with the gross value of realised short-term investment securities. It is to be credited with the realisation proceeds of these short-term investment securities.

67. EXTRAORDINARY CHARGES

Extraordinary charges are to be debited to:

- Account 671, *Extraordinary charges on operating transactions*, where related to operating transactions;
- Account 675, *Book values of realised assets*, and Account 678, *Other extraordinary charges*, where related to capital transactions.

Account 675 is to be debited with the gross value, less cumulative depreciation, as applicable, of realised assets, by crediting the relevant asset account, other than for portfolio long-term investment securities or short-term investment securities.

Account 675 is to be debited with the gross value of realised portfolio long-term investment securities where realisation generates a loss. It is then to be credited with realisation proceeds from these securities.

The gross value of realised short-term investment securities is to be transferred to the debit of Account 667, *Net charges on realisation of short-term investment securities*, or Account 767, *Net income on realisation of short-term investment securities*, according to whether realisation generates a loss or a profit.

In the course of the period, entities may use Account 672 to record charges related to previous financial years on condition that they are allocated at least at the end of the financial year between operating and extraordinary charges according to their nature.

68. APPROPRIATIONS TO DEPRECIATION AND PROVISIONS

Account 681, *Appropriations to depreciation and provisions - Operating charges*, Account 686, *Appropriations to depreciation and provisions - Financial charges*, and Account 687, *Appropriations to depreciation and provisions - Extraordinary charges*, are to be debited with the respective amount of appropriations for the financial year to depreciation and provisions, by crediting the relevant subdivisions of accounts for depreciation and provisions.

Depreciation by derogation for the financial year is to be debited to Account 6872, *Appropriations to tax-regulated provisions (fixed assets)*.

69. EMPLOYEE PROFIT SHARE - INCOME AND SIMILAR TAXES

Account 691, *Employee profit share*, is to function as follows.

At the end of the financial year for which employee entitlements arise, employee profit share is to be credited to Account 4284, *Accrued charges payable for employee profit share*, by debiting Account 691, *Employee profit share*.

Where the amount of employee profit share was approved by the annual general meeting of shareholders, or at the date of contract validity if later than that of the annual general meeting, the debt payable to employees is to be recognised as a special reserve, by crediting Account 424, *Employee profit share*:

- Either by debiting Account 428, *Personnel - Accrued charges payable and income receivable*, with necessary adjustments to be debited or credited to a particular subdivision of Account 691;
- Or by debiting Account 691 for the total amount of employee profit share, where there has been a reversal of accrued expenses payable in relation to the previous financial year.

Account 695, *Income tax*, is to record as a debit the outstanding amount arising from taxable profits in France and elsewhere. Subdivisions are to enable, as applicable, identification of tax arrears and rebates related to taxable profits of prior financial years.

Account 696, *Supplementary company tax related to profit distributions*, is to record the additional company income tax outstanding as a result of profit distributions.

Account 697, *Annual company imputed tax*, is to record the annual basic rate imputed tax on companies where this remains definitively chargeable to the company. Where the imputation is likely to be charged against company tax due for the following two financial years, its amount is to remain as an advance debited to Account 444, *State - Income tax*, with a corresponding provision of the same amount to be established so as to address the risk of non-recovery.

Account 698, *Group tax*, is to record charges or income related to application of the regime for group taxation. Charges are to be accounted for in Account 6981, *Group tax - Charges*, and income in Account 6989, *Group tax - Income*.

The credit to Account 699, *Income - Carry-back of losses*, is to record income resulting from the carrying back of losses.

447. - Section 7

Income accounts (Class 7)

Normal and current operating income is to be recorded in Account 70, *Sales of manufactured products, services, goods for resale*, Account 71, *Change in stocks of finished products and work in progress*, Account 72, *Own work capitalised*, Account 73, *Net period income from long-term transactions*, Account 74, *Operating grants*, and Account 75, *Other current operating income*.

Income related to financial management is to be recorded in Account 76, *Financial income*.

Income related to extraordinary transactions is to be recorded in Account 77, *Extraordinary income*.

Depreciation and provisions written back are to be recorded in Account 78, *Depreciation and provisions written back*, distinguishing between written back amounts deemed to relate to operating, financial or extraordinary charges.

Transfers of charges are to be recorded in Account 79, *Charges transferred*.

Class 7 income is to be recorded net of turnover tax collected. Exceptionally, entities which record income on the basis of value added tax included are subsequently to

reestablish the amount net of tax collected, by debiting globally for each period of tax assessment relevant Class 7 accounts and crediting Account 4457, *Turnover tax collected by the entity*.

70. SALES OF MANUFACTURED PRODUCTS, SERVICES, GOODS FOR RESALE

As in the case of stocks, sales are to be classified according to a nomenclature adopted by the entity, using procedures for establishment and compatibility with the standard national goods and services nomenclature identical to those already specified in relation to the functioning of Class 3 accounts (stocks and work in progress).

Subdivisions of accounts for sales may be opened to identify:

- Sales in France and elsewhere;
- Sales made by the entity to affiliated entities or entities with which it has a participating interest link;
- Realisation at cost price.

Amounts for sales, services and products relating to ancillary activities are to be credited to Account 701, *Sales of finished products*, Account 702, *Sales of semi-finished products*, Account 703, *Sales of residual products*, Account 704, *Works*, Account 705, *Project studies*, Account 706, *Services supplied*, Account 707, *Sales of goods for resale*, and Account 708, *Income from related activities*.

Rebates, discounts and allowances uninvoiced or unattributable to a specific sale are to be debited to Account 709, *Sales rebates, discounts, allowances granted by the entity*.

Even where deducted from the sales invoice, settlement discounts are to be debited to Account 665, *Discounts allowed*.

71. CHANGE IN STOCKS OF FINISHED PRODUCTS AND WORK IN PROGRESS

Subdivisions of Account 713, *Change in stocks (work in progress, products)*, namely Account 7133, *Change in work in progress (goods)*, Account 7134, *Change in work in progress (services)*, and Account 7135, *Change in product stocks*, represent the difference between value of stocks of finished products and work in progress at the end of the financial year and their value at the end of the preceding

financial year, without taking into account provisions for diminution in value.

The above accounts for change in stocks are to be debited as regards the relevant components with the opening value of finished products and work in progress and credited with their closing value. Accordingly, the balance of Account 71, *Change in stocks of finished products and work in progress*, represents the overall change in value of stocks of finished products and work in progress between the beginning and end of the financial year. The account may have a debit or credit balance.

72. OWN WORK CAPITALISED

Account 72, *Own work capitalised*, is to record the cost of works carried out by the entity for its internal use. It is to be credited, either by debiting Account 23, *Fixed assets in progress*, with the production cost of fixed assets created by its own resources as the works progress, or directly by debiting relevant fixed asset accounts where intermediate use of Account 23 proves to be unnecessary.

73. NET PERIOD INCOME FROM LONG-TERM TRANSACTIONS

Where the entity applies the technique of net period income referred to in Article 25-1, it is to account for recognised net period income, by crediting Account 73, *Net period income from long-term transactions*, and debiting Account 417, *Future debts receivable for work not yet chargeable*.

To determine net income in the course of the contract, the entity is to refer to the performance of contractual obligations at the closing date of the financial year. The amount of net income may be determined by application to overall profit of the ratio:

- Cost of works performed to the close of accounts
- Total estimated product or service cost

At the date of invoicing the overall work resulting from the contract, Account 739, *Net period income on completed transactions*, is to be debited with the amount of net period income previously accounted for.

74. OPERATING GRANTS

Account 74, *Operating grants*, is to be credited with the amount of operating grants obtained by the entity, by debiting the relevant third party or cash account.

75. OTHER CURRENT OPERATING INCOME

Royalties and licence fees derived from concessions, patents, licences, trade marks, processes, software, rights and similar assets are to be accounted for in Account 751, *Royalties and licence fees for concessions, patents, licences, trade marks, processes, software, rights and similar assets*.

Account 754, *Rebates from cooperatives (resulting from surpluses)*, is to record the share of surpluses to be distributed among cooperative members in proportion to transactions handled. It is to be accounted for at the date of the general meeting of members at which profit or loss appropriation was determined.

Account 755, *Share of joint venture profit or loss*, is to record as a credit:

- The share of joint venture profit on transactions attributable to the non-manager entity as its share of profits. In return, Account 458, *Partners/associates - Joint and Economic Interest Group transactions*, is to be debited;

- The share of joint venture loss attributable by the managing entity as the amount of losses chargeable to non-manager partners/associates. In return, Account 458 is to be debited.

76. FINANCIAL INCOME

Subdivisions of Account 761, *Income from participating interests*, Account 762, *Income from other financial fixed assets*, and possibly Account 763, *Income from other debts receivable*, are to enable identification of income related to affiliated entities and resulting from participating interests or other financial fixed assets and other debts receivable, if any.

The share of profit of an Economic Interest Group is to be recorded in the subdivision of Account 761, *Income from other forms of participating interests*, during the financial year of distribution.

Income derived from accrued interest relating to debts receivable from the state resulting from abolition of the rule relating to delay of one month in value added tax is to be accounted for in Account subdivision 7638, *Income from sundry debts receivable*.

Account 765, *Discounts obtained*, is to be credited with the amount of discounts obtained by the entity from its suppliers, by debiting the relevant third party or cash account.

Account 766, *Exchange gains*, is to be credited with exchange gains realised by the entity during the financial year. In addition, currency translation gains recognised at the end of the financial year on foreign currency liquid assets are to be considered as realised exchange gains.

Account 767, *Net income on realisation of short-term investment securities*, is to be debited with the gross value of realised short-term investment securities. It is to be credited with the realisation proceeds of the short-term investment securities.

Account 768, *Other financial income*, is to record, as applicable, income arising from bank accounts.

77. EXTRAORDINARY INCOME

Extraordinary income is to be credited to:

- Account 771, *Extraordinary income on operating transactions*, where related to operating transactions;
- Account 775, *Income from asset realisation*, Account 777, *Share of investment grants transferred to profit or loss for the financial year*, and Account 778, *Other extraordinary income*, where related to capital transactions.

Account 775 is to be credited with the realisation proceeds from realised assets, by debiting the relevant third party or cash account other than for portfolio long-term investment securities or short-term investment securities.

Account 775 is to be credited with the realisation proceeds from portfolio long-term investment securities where realisation generates a profit. It is then to be debited with the gross value of the securities.

Realisation proceeds from realised short-term investment securities are to be transferred to the credit of Account 767, *Net income on realisation of short-term investment securities*, or Account 667, *Net charges on realisation of short-term investment securities*, according to whether realisation generates a profit or a loss.

Account 777, *Share of investment grants transferred to profit or loss for the financial year*, is to record as a credit the amount of investment grants transferred to profit or loss for the financial year, by debiting Account 139, *Investment grants credited to the profit and loss account*.

During the period, entities may use Account 772 to record income related to previous financial years, providing it is

allocated at least at the end of the financial year between operating and extraordinary income according to its nature.

78. DEPRECIATION AND PROVISIONS WRITTEN BACK

Account 781, *Depreciation and provisions written back (to be entered in operating income)*, Account 786, *Provisions for liabilities written back (to be entered in financial income)*, and Account 787, *Provisions written back (to be entered in extraordinary income)*, are to be credited with the respective amount of depreciation and provisions written back, by debiting relevant subdivisions of accounts for depreciation and provisions.

Depreciation by derogation is to be reinstated in profit or loss, according to the life of the relevant fixed assets, by crediting Account 7872, *Tax-regulated provisions written back (fixed assets)*.

Where the actual charge is less than the provision, the accounts may be subdivided so as to distinguish write-backs related to provision surpluses.

79. CHARGES TRANSFERRED

Account 79, *Charges transferred*, is to record operating, financial and extraordinary charges to be transferred either to a balance sheet account, other than fixed asset accounts, or to another account for charges.

448. - Section 8

Special accounts (Class 8)

80. COMMITMENTS

Accounts for commitments are to record rights and obligations liable to alter the amount or standing of entity assets and liabilities. The effects of rights and obligations on the amount or standing of assets and liabilities are to be subject to realisation of subsequent conditions or transactions.

Subdivisions of Account 80 are to provide details of the nature of various commitments.

- Accounts 801 and 802 are to record respectively the possible debit and credit financial position of the entity with regard to third parties.

801. Commitments entered into by the entity

8011. Endorsements, guarantee bonds, warranties

8014. Bills in circulation endorsed by the entity

8016. Future lease instalments

80161. Leased movables

80165. Leased real property

8018. Other commitments given

Unevaluated contributions to an Economic Interest Group are to be indicated in other commitments entered into.

802. Commitments received by the entity

8021. Endorsements, guarantee bonds, warranties

8024. Discounted debts receivable not yet due

8026. Future lease instalments

80261. Leased movables

80265. Leased real property

8028. Other commitments received

As regards bills, at the date of discounting, accounting for commitments is to record:

- As a debit to Account 8024 the amount of discounted debts receivable not yet due;

- As a credit to Account 8014 the amount of bills in circulation endorsed by the entity corresponding to financing obtained.

Entries for cancellation of commitments are to be posted at a date subsequent to that of the maturity of bills, following expiration of the recourse period.

In the event of return of a bill by a credit institution for nonpayment or any other cause, particularly a claim, non-acceptance or irregularity in the bill, reimbursement of discount credit entails reversal of entries for commitments relating to the bill returned.

- Counterpart accounts are to be opened under Account 809.

809. Counterpart to commitments

8091. Counterpart 801.

8092. Counterpart 802.

88. PROFIT OR LOSS PENDING APPROPRIATION

Account 88, *Profit or loss pending appropriation*, may be used by the entity for appropriation of profit or loss for the previous financial year.

89. BALANCE SHEET

Account 890, *Opening balance sheet*, and Account 891, *Closing balance sheet*, may be used for reopening and closing the accounts for the financial year.

TITLE V

FINANCIAL STATEMENTS

Chapter I

Annual accounts

Section 1

Establishment and presentation rules

511-1. - The financial statements, required to comprise the balance sheet, profit and loss account and notes on the accounts are to make clear all relevant facts, namely those liable to influence the judgment that may be formed by users as regards the assets and liabilities, financial position and profit or loss of the entity, as well as the decisions that they may be induced to take.

511-2. - The balance sheet and profit and loss account are to be presented either in tabular or columnar form.

511-3. - The balance sheet, profit and loss account and notes on the accounts are to be broken down into categories and items.

They are to present, as a minimum, the categories and items set out in the formats shown in Articles **521-1** – **532-12**.

Each balance sheet and profit and loss account item is to be accompanied by the figure for the corresponding item of the previous financial year.

511-4. - Annual accounts may omit centimes.

511-5. - Required information already included in the balance sheet or profit and loss account does not have to be restated in the notes on the accounts.

511-6. - Numerical information in notes on the accounts is to be drawn up in accordance with the same principles and under the same conditions as apply to the balance sheet and profit and loss account.

511-7. - The financial statements are to be presented in accordance with one of the following systems:

- Standard system;
- Abridged system applicable to entities authorised to adopt a simplified presentation for their annual accounts in view of their limited size.

Procedures specific to each of these systems are set out in Articles **521-1** to **522-3**.

Subject to respecting the general layout of categories and items shown in the aforementioned Articles, the entity may optionally draw up more detailed statements than those corresponding to the minimum obligation applicable to it. Accordingly, it may adopt the extended system offering statements designed to give prominence to analysis of basic data with a view to better explaining its management.

Where entities come under the abridged system or use the extended system, the contents of notes on the accounts are accordingly to be modified provided that information necessary for the financial statements to give the required true and fair view is not diminished. Notes on the accounts of the extended system are to include a funds statement.

511-8. - Notes on the accounts are to comprise information recapitulated in Articles **531-1-3**, where significant.

Legal entities entitled to simplified presentation of their annual accounts, as well as natural persons, are exempted from providing in notes on the accounts the information referred to respectively in Articles **532-11-12**.

Chapter II

Annual account formats

Balance sheet - Profit and loss account

Section 1

Standard system

521-1. - Balance sheet format (in tabular form)

	Financial year N			Financial year N-1
ASSETS	Gross	Deprecia- tion and provisions	Net	Net
Subscribed capital uncalled				

FIXED ASSETS (a)				
Intangible fixed assets:				
Establishment costs				
Research and development costs				
Concessions, patents, licences, trade marks, processes, software, rights and similar assets				
Goodwill (1)				
Other				
Intangible fixed assets in progress				
Payments on account				
Tangible fixed assets:				
Land				
Constructions				
Technical installations, plant and machinery, equipment and fixtures				
Other				
Tangible fixed assets in progress				
Payments on account				
Financial fixed assets (2):				
Participating interests (b)				
Debts receivable related to participating interests				
Portfolio long-term investment securities				
Other long-term investment securities				
Loans				
Other				
Total	X	X	X	X
(1) Of which lease premium				
(2) Of which due within one year (gross)				

(a) Assets with a title reservation clause are to be combined on a separate line designated, *of which ... with title reservation clause*. In instances where it is not possible to identify the items, a balance sheet footnote is to indicate the remaining amount payable on these items. The amount outstanding is to include bills not yet due.

(b) For securities valued by the equity method of accounting, this item is to be subdivided into two sub-items, *Participating interests valued by the equity method of accounting*, and, *Other participating interests*. For securities valued by the equity method of accounting, the gross column is to show the overall equity method value if greater than purchase price. If otherwise, the purchase price is to be adopted. The overall provision for diminution in value of the portfolio is to appear in the 2nd column. The net column is to show the overall positive equity method value or a nil value.

Balance sheet format (in tabular form)

ASSETS	Financial year N			Financial year N-1
	Gross	Depreciation and provisions	Net	Net
CURRENT ASSETS				
Stocks and work in progress (a):				
Raw materials and other consumables				
Work in progress [goods and services] (c)				
Semi-finished and finished products				
Goods for resale				
Payments on account on orders				
Debts receivable (3):				
Trade debtors (a) and related accounts (d)				
Other				
Subscribed capital - called but not paid				
Short-term investment securities (e):				
Own shares				
Other securities				
Short-term financial instruments				
Liquid assets				
Prepayments (3)				
Total II	X	X	X	X
Deferred charges (III)	X	X	X	X
Loan redemption premiums (IV)	X		X	X
Realisable exchange losses (V)	X		X	X
OVERALL TOTAL (I + II + III + IV+V)	X	X	X	X

(3) Of which due within one year (gross)		
--	--	--

(c) To be allocated, as applicable, between goods and services.

(d) Debts receivable resulting from sales or services supplied.

(e) Item to be used direct if there has been no buying back by the entity of its own shares.

Balance sheet format (in tabular form) (before appropriation)

LIABILITIES	Financial year N	Financial year N-1
CAPITAL AND RESERVES *		
Capital [of which paid up...] (a)		
Premiums on shares issued, mergers, contributions,....		
Revaluation reserve (b)		
Equity accounted reserve (c)		
Reserves:		
Legal reserve		
Statutory or contractual reserves		
Tax-regulated reserves		
Other		
Profit or loss carried forward (d)		
Profit or loss for the financial year (e)		
Investment grants		
Tax-regulated provisions		
Total I	X	X
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for liabilities		
Provisions for charges		
Total II	X	X
DEBTS PAYABLE (1) (g)		
Convertible debenture loans		
Other debenture loans		
Loans and debts payable to credit institutions (2)		
Loans and sundry financial debts payable (3)		
Payments on account received on orders in progress		

Trade creditors and related accounts (f)		
Tax and social security debts payable		
Creditors for fixed assets and related accounts		
Other debts payable		
Short-term financial instruments		
Deferred income (1)		
Total III	X	X
Realisable exchange gains (IV)	X	X
OVERALL TOTAL (I + II + III + IV)	X	X
(1) Of which due after more than one year Of which due within one year		
(2) Of which current bank advances and credit balances owing to banks		
(3) Of which participating loans		

*As applicable, a category, *Other capital funds*, is to be inserted between *Capital and reserves* and *Provisions for liabilities and charges*, with component items on separate lines (for example, the amount of issues of non-voting shares, advances subject to conditions). A separate total 1A is to show the amount of other capital funds between balance sheet liability Totals I and II. The overall total is to be determined accordingly.

(a) Including subscribed capital uncalled. (b) To be itemised in accordance with current legislation. (c) Item to be shown where securities are valued by the equity method of accounting. (d) Amount to be shown in parentheses or preceded by a minus sign (-) where a loss is carried forward. (e) Amount to be shown in parentheses or preceded by a minus sign (-) where there is a loss. (f) Debts payable for purchases or services supplied. (g) With the exception, in the case of (1), of payments on account received on orders in progress.

Balance sheet format (in tabular form) (after appropriation)

LIABILITIES	Financial year N	Financial year N-1
CAPITAL AND RESERVES *		
Capital [of which paid up...] (a)		
Premiums on shares issued, mergers, contributions,...		
Revaluation reserve (b)		
Equity accounted reserve (c)		
Reserves:		
Legal reserve.		
Statutory or contractual reserves		
Tax-regulated reserves.		
Other.		
Profit or loss carried forward (d)		
Sub-total: Net position		
Investment grants		
Tax-regulated provisions.	_____	_____
	X	X

Total I	X	X
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for liabilities		
Provisions for charges		
Total II	X	X
DEBTS PAYABLE (f)		
Convertible debenture loans		
Other debenture loans		
Loans and debts payable to credit institutions (2)		
Loans and sundry financial debts payable (3)		
Payments on account received on orders in progress		
Trade creditors and related accounts (e)		
Tax and social security debts payable		
Creditors for fixed assets and related accounts		
Other debts payable		
Short-term financial instruments		
Deferred income (1)		
Total III	X	X
Realisable exchange gains (IV)	X	X
OVERALL TOTAL (I + II + III + IV)	X	X
(1) Of which due after more than one year Of which due within one year		
(2) Of which current bank advances and credit balances owing to banks		
(3) Of which participating loans		

*As applicable, a category, *Other capital funds*, is to be inserted between *Capital and reserves* and *Provisions for liabilities and charges*, with component items on separate lines (for example, the amount of issues of non-voting shares, advances subject to conditions). A separate total 1A is to show the amount of other capital funds between balance sheet liability Totals I and II. The overall total is to be determined accordingly.

(a) Including subscribed capital uncalled. (b) To be itemised in accordance with current legislation. (c) Item to be shown where securities are valued by the equity method of accounting. (d) Amount to be shown in parentheses or preceded by a minus sign (-) where a loss is carried forward. (e) Debts payable for purchases or services supplied. (f) With the exception, in the case of (1), of payments on account received on orders in progress.

521-2. - Balance sheet format (in columnar form) (before appropriation (a))

	Financial year N			Financial year N-1
	Gross	Deprecia- tion and provisions	Net	Net
Subscribed capital uncalled				
FIXED ASSETS (b)				
Intangible fixed assets:				
Establishment costs				
Research and development costs				
Concessions, patents, licences, trade marks, processes, software, rights and similar assets				
Goodwill (1)				
Other				
Intangible fixed assets in progress				
Payments on account				
Tangible fixed assets				
Land				
Constructions				
Technical installations, plant and machinery, equipment and fixtures				
Other				
Tangible fixed assets in progress				
Payments on account				
Financial fixed assets (2):				
Participating interests (c)				
Debts receivable related to participating interests				
Portfolio long-term investment securities				

Other long-term investment securities				
Loans				
Other				
Total I	X	X	X	X
(1) Of which lease premium				
(2) Of which due within one year (gross)				

(a) For presentation of the net position after appropriation, the format is to be modified accordingly.

(b) Assets with a title reservation clause are to be combined on a separate line designated, *of which ... with title reservation clause*. In instances where it is not possible to identify the items, a balance sheet footnote is to indicate the remaining amount payable on these items. The amount outstanding is to include bills not yet due.

(c) For securities valued by the equity method of accounting, this item is to be subdivided into two sub-items, *Participating interests valued by the equity method of accounting*, and, *Other participating interests*. For securities valued by the equity method of accounting, the gross column is to show the overall equity method value if greater than purchase price. If otherwise, the purchase price is to be adopted. The overall provision for diminution in value of the portfolio is to appear in the 2nd column. The net column is to show the overall positive equity method value or a nil value.

Balance sheet format (in columnar form)

	Financial year N			Financial year N-1
	Gross	Deprecia- tion and provisions	Net	Net
CURRENT ASSETS				
Stocks and work in progress (b):				
Raw materials and other consumables				
Work in progress [goods and services] (d)				
Semi-finished and finished products				
Goods for resale				
Payments on account on orders				
Debts receivable (3):				
Trade debtors (b) and related accounts (e)				
Other				
Subscribed capital - called but not paid				
Short-term investment securities (f):				
Own shares				
Other securities				
Short-term financial instruments				

Liquid assets				
Prepayments (3)				
Total II	X	X	X	X
Deferred charges (III)	X	X	X	X
Loan redemption premiums (IV)	X		X	X
Realisable exchange losses (V)	X		X	X
OVERALL TOTAL VI (I + II + III + IV +V).....	X	X	X	X
(3) Of which due after more than one year (gross)				

(d) To be allocated, as applicable, between goods and services.

(e) Debts receivable resulting from sales or services supplied.

(f) Item to be used direct if there has been no buying back by the entity of its own shares.

Balance sheet format (in columnar form)

	Financial year N	Financial year N-1
DEBTS PAYABLE WITHIN ONE YEAR		
Convertible debenture loans		
Other debenture loans		
Loans and debts payable to credit institutions (4)		
Sundry loans and financial debts payable		
Payments on account received on orders in progress		
Trade creditors and related accounts (g)		
Tax and social security debts payable		
Creditors for fixed assets and related accounts		
Other debts payable		
Short-term financial instruments		
Deferred income		
Total VII	X	X

Surplus of current assets over debts payable within one year (II - VII)	X	X
Surplus of assets over debts payable within one year (VI - VII)	X	X
DEBTS PAYABLE AFTER MORE THAN ONE YEAR		
Convertible debenture loans		
Other debenture loans		
Loans and debts payable to credit institutions (4)		
Sundry loans and financial debts payable		
Payments on account received on orders in progress		
Trade creditors and related accounts (g)		
Tax and social security debts payable		
Creditors for fixed assets and related accounts		
Other debts payable		
Short-term financial instruments		
Deferred income		
Total VIII	X	X
Realisable exchange gains (IX)	X	X
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for liabilities		
Provisions for charges		
Total X	X	X
(4) Of which current bank advances and credit balances owing to banks		

(g) Debts payable for purchases and services supplied.

Balance sheet format (in columnar form)

	Financial year N	Financial year N-1
CAPITAL AND RESERVES		
Capital [of which paid up...]		
Premiums on shares issued, mergers, contributions,....		

Revaluation reserve <i>(h)</i>		
Equity accounted reserve <i>(i)</i>		
Reserves:		
Legal reserve		
Statutory or contractual reserves		
Tax-regulated reserves		
Other		
Profit or loss carried forward <i>(j)</i>		
Profit or loss for the financial year <i>(k)</i>		
Investment grants		
Tax-regulated provisions		
Total XI or [VI - (VII + VIII + IX + X)]	X	X

(h) To be itemised in accordance with current legislation. *(i)* Item to be shown where securities are valued by the equity method of accounting. *(j)* Amount to be shown in parentheses or preceded by a minus sign (-) where a loss is carried forward. *(k)* Amount to be shown in parentheses or preceded by a minus sign (-) where there is a loss.

521-3. - Profit and loss account format (in tabular form)

CHARGES (exclusive of value-added and related taxes)	Financial year N	Financial year N-1
Operating charges (1):		
Purchases of goods for resale <i>(a)</i>		
Change in stocks <i>(b)</i>		
Purchases of raw materials and other consumables <i>(a)</i>		
Change in stocks <i>(b)</i>		
* Other purchases and external charges		
Taxes, levies and similar payments		
Wages and salaries		
Social security costs		
Appropriations to depreciation and provisions:		
Fixed assets: appropriations to depreciation <i>(c)</i>		
Fixed assets: appropriations to provisions		

Current assets: appropriations to provisions		
Liabilities and charges: appropriations to provisions		
Other charges		
TOTAL I	X	X
Share of joint venture profit or loss (II)	X	X
Financial charges:		
Appropriations to depreciation and provisions		
Interest and similar charges (2)		
Currency exchange losses		
Net charges on realisation of short-term investment securities		
TOTAL III	X	X
Extraordinary charges:		
Operating transactions		
Capital transactions		
Appropriations to depreciation and provisions		
TOTAL IV	X	X
Employee profit share (V)	X	X
Income tax (VI)	X	X
Total charges (I + II + III + IV + V + VI)	X	X
Credit balance = profit (3)	X	X
OVERALL TOTAL.	X	X
* Including		
- Lease instalments on movables		
- Lease instalments on real property		
(1) Of which charges relating to preceding financial years. The effects of corrections of material errors, calculated after tax, are to be shown on a separate line except where this concerns correction of an entry that had been taken directly to capital and reserves		

(2) Of which interest charges relating to affiliated entities		
(3) After taking account of extraordinary loss before tax of ...		

(a) Including customs duties.

(b) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).

(c) Including appropriations for writing off deferred charges, if any.

Profit and loss account format (in tabular form)

INCOME (exclusive of value-added and related taxes)	Financial year N	Financial year N-1
Operating income (1):		
Sales of goods for resale		
Production sold [goods and services] (a)		
Sub-total A - Net turnover of which export turnover:	X	X
Change in stocks of finished products and work in progress (b)		
Own work capitalised		
Net period income from long-term transactions (c)		
Operating grants		
Provisions (and depreciation) written back, charges transferred		
Other income		
Sub-total B	X	X
Total I (A + B)	X	X
Share of joint venture profit or loss (II)	X	X
Financial income:		
Participating interests (2)		
Other financial fixed asset securities and debts receivable (2)		
Other interest and similar income (2)		

Provisions written back and charges transferred		
Currency exchange gains		
Net income on realisation of short-term investment securities		
Total III	X	X
Extraordinary income:		
Operating transactions		
Capital transactions		
Provisions written back and charges transferred		
TOTAL IV	X	X
Total income (I + II + III + IV)	X	X
Debit balance = loss (3)	X	X
OVERALL TOTAL	X	X
(1) Of which income relating to preceding financial years. The effects of corrections of material errors, calculated after tax, are to be shown on a separate line except where this concerns correction of an entry that had been taken directly to capital and reserves		
(2) Of which income relating to affiliated entities		
(3) After taking account of extraordinary profit before tax of ...		

(a) To be entered, as applicable, on separate lines.

(b) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).

(c) Item to be shown only if necessary. The amount to be entered for this item may be positive or negative. A negative amount is to be shown in parentheses or preceded by a minus sign (-).

521-4. - Profit and loss account format (in columnar form)
(Income and charges exclusive of value-added and related taxes)

	Financial year N	Financial year N-1
Operating income (1):		
Sales of goods for resale		
Production sold [goods and services] (a)		
Net turnover of which export turnover	X	X

Change in stocks of finished products and work in progress (b)		
Own work capitalised		
Net period income from long-term transactions (c)		
Operating grants		
Provisions (and depreciation) written back, charges transferred		
Other income		
Total I	X	X
Operating charges (2):		
Purchases of goods for resale (d):		
Change in stocks (e)		
Purchases of raw materials and other consumables (d)		
Change in stocks (e)		
* Other purchases and external charges		
Taxes, levies and similar payments		
Wages and salaries		
Social security costs		
Appropriations to depreciation and provisions:		
Fixed assets: appropriations to depreciation (f)		
Fixed assets: appropriations to provisions		
Current assets: appropriations to provisions		
Liabilities and charges: appropriations to provisions		
Other charges		
Total II	X	X
* Including: - Lease instalments on movables		

- Lease instalments on real property		
<p>(1) Of which income relating to preceding financial years. The effects of corrections of material errors, calculated after tax, are to be shown on a separate line except where this concerns correction of an entry that had been taken directly to capital and reserves.</p> <p>(2) Of which charges relating to preceding financial years. The effects of corrections of material errors, calculated after tax, are to be shown on a separate line except where this concerns correction of an entry that had been taken directly to capital and reserves.</p>		

(a) To be entered, as applicable, on separate lines.

(b) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).

(c) Item to be shown only if necessary. The amount to be entered for this item may be positive or negative. A negative amount is to be shown in parentheses or preceded by a minus sign (-).

(d) Including customs duties.

(e) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).

(f) Including appropriations for writing off deferred charges, if any.

Profit and loss account format (in columnar form)

	Financial year N	Financial year N-1
1. OPERATING PROFIT OR LOSS (I - II)_± X		
Share of joint venture profit or loss:		
Profit or loss transferred III	X	X
Loss or profit transferred IV	X	X
Financial income:		
Participating interests (3)		
Other financial fixed asset securities and debts receivable (3)		
Other interest and similar income (3)		
Provisions written back and charges transferred		
Currency exchange gains		
Net income on realisation of short-term investment securities		
Total V	X	X
Financial charges:		
Appropriations to depreciation and provisions		

Interest and similar charges (4)		
Currency exchange losses		
Net charges on realisation of short-term investment securities		
Total VI	X	X
2. FINANCIAL PROFIT OR LOSS (V - VI)_± X		
3. PROFIT OR LOSS ON ORDINARY ACTIVITIES before tax (I - II + III - IV + V - VI)_± X		
Extraordinary income:		
Operating transactions		
Capital transactions		
Provisions written back and charges transferred		
Total VII	X	X
Extraordinary charges:		
Operating transactions		
Capital transactions		
Appropriations to depreciation and provisions		
Total VIII	X	X
4. EXTRAORDINARY PROFIT OR LOSS (VII - VIII)_± X		
Employee profit share (IX)	X	X
Income tax (X)	X	X
Total income (I + III + V + VII)	X	X
Total charges (II + IV + VI + VIII + IX + X)	X	X
Profit or loss	X	X
(3) Of which income relating to affiliated entities		
(4) Of which interest charges relating to affiliated entities		

N.B. - As well as extraordinary profit or loss before tax that companies with share capital are required to show, entities may optionally indicate operating and financial profit or loss separately. Profit or loss then equals the algebraic sum of ordinary and extraordinary profits or losses (3 + 4) and charges **IX** and **X**.

Section 2
Abridged system

522-1. - BALANCE SHEET FORMAT (before appropriation)

	Financial year					Financial year	
	N			N-1		N	N-1
ASSETS	Gross	Depreciation and provisions	Net	Net	LIABILITIES		
Fixed assets (a):					Capital and reserves (c):		
Intangible fixed assets:					Capital		
- Goodwill (b)					Revaluation reserve (c)		
- Other					Reserves:		
Tangible fixed assets					- Legal reserve		
Financial fixed assets (1)					- Tax-regulated reserves		
Total I	X	X	X	X	- Other (4)		
Current assets:					Profit or loss carried forward (d)		
Stocks and work in progress (other than goods for					Profit or loss for the financial year (d)		

resale) (a)							
Goods for resale (a)					Tax-regulated provisions		
Payments on account on orders					Total I	X	X
Debts receivable (2):					Provisions for liabilities and charges (II)	X	X
- Trade debtors and related accounts (a)					Debts payable (5):		
- Other (3)					Loans and similar debts payable		
Short-term investment securities					Payments on account received on orders in progress		
Liquid assets (other than cash)					Trade creditors and related accounts		
Cash					Other (3)		
Total II	X	X	X	X	Total III	X	X
Prepayments (2) (*) (III)	X	X	X	X	Deferred income (2) (IV)	X	X
OVERALL TOTAL (I + II + III)	X	X	X	X	OVERALL TOTAL (I + II + III+ IV)	X	X
(1) Of which due within one year (2) Of which due after more than one year (3) Of which current accounts of partners/associates (4) Of which statutory reserves (5) Of which due after more than five years Of which due between one and five years Of which due within one year							

(a) Assets with a title reservation clause are to be combined on a separate line designated, *of which ... with title reservation clause*. In instances where it is not possible to identify the items, a balance sheet footnote is to indicate the remaining amount payable on these items. The amount outstanding is to include bills not yet due.

(b) Including lease premium.

(c) To be itemised in accordance with current legislation.

(d) Amount to be shown in parentheses or preceded by a minus sign (-) where there is a loss.

(*) As applicable, entities are to open an item, *Deferred charges*, which makes up total III, with the overall total to be modified accordingly.

BALANCE SHEET FORMAT (after appropriation)

	Financial year					Financial year	
	N		N-1			N	N-1
ASSETS			Net	Net	LIABILITIES		
Fixed assets (a):					Capital and reserves (c):		
Intangible fixed assets:					Capital		
- Goodwill (b)					Revaluation reserve (c)		
- Other					Reserves:		
Tangible fixed assets					- Legal reserve		
Financial fixed assets (1)					- Tax-regulated reserves		
Total I	X	X	X	X	- Other (4)		
Current assets:					Profit or loss carried forward (d)		
Stocks and work in progress (other than goods for resale) (a)					Sub-total : Net position		
Goods for resale (a)					Tax-regulated provisions		
Payments on account on orders					Total I	X	X
Debts receivable (2):					Provisions for liabilities and charges (II)	X	X
- Trade debtors and related					Debts payable (5):		

accounts (a)							
- Other (3)					Loans and similar debts payable		
Short-term investment securities					Payments on account received on orders in progress		
Liquid assets (other than cash)					Trade creditors and related accounts		
Cash					Other (3)		
Total II	X	X	X	X	Total III	X	X
Prepayments (2) (*) (III)	X	X	X	X	Deferred income (2) (IV)	X	X
OVERALL TOTAL (I + II = III)	X	X	X	X	OVERALL TOTAL (I + II + III + IV)	X	X
(1) Of which due within one year (2) Of which due after more than one year (3) Of which current accounts of partners/associates (4) Of which statutory reserves (5) Of which due after more than five years Of which due between one and five years Of which due within one year							

(a) Assets with a title reservation clause are to be combined on a separate line designated, *of which ... with title reservation clause*. In instances where it is not possible to identify the items, a balance sheet footnote is to indicate the remaining amount payable on these items. The amount outstanding is to include bills not yet due.

(b) Including lease premium.

(c) To be itemised in accordance with current legislation.

(d) Amount to be shown in parentheses or preceded by a minus sign (-) where there is a loss.

(*) As applicable, entities are to open an item, *Deferred charges*, which makes up total III, with the overall total to be modified accordingly.

522-2. - Profit and loss account format (in tabular form)

Charges (exclusive of value-added and related taxes)	Financial year N	Financial year N-1	Income (exclusive of value-added and related taxes)	Financial year N	Financial year N-1
Operating charges:			Operating income:		
Purchases of goods for resale (a)			Sales of goods for resale		

Change in stocks (goods for resale) (b)			Production sold [goods and services] (c)		
Purchases of consumables (a)			Change in stocks of finished products and work in progress (d)		
Change in stocks [consumables] (b)			Own work capitalised		
* Other external charges			Operating grants		
Taxes, levies and similar payments			Other income (2)		
Wages and salaries					
Social security costs					
Appropriations to depreciation					
Appropriations to provisions					
Other charges					
Financial charges			Financial income (2)		
Total I	X	X	Total I	X	X
Extraordinary charges (II)	X	X	of which export turnover.....		
Income tax (III)	X	X	Extraordinary income (2) (II)	X	X
Total charges (I + II + III)	X	X	Total income (I + II)	X	X
Credit balance: Profit (1)	X	X	Debit balance: Loss (3)	X	X
OVERALL TOTAL	X	X	OVERALL TOTAL	X	X
* Including: - Lease instalments on movables - Lease instalments on real property					

- (1) After taking account of extraordinary loss before tax of ...
 (2) Of which provisions (and depreciation) written back
 (3) After taking account of extraordinary profit before tax of ...

- (a) Including customs duties.
 (b) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).
 (c) To be entered, as applicable, on separate lines.
 (d) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).

**522-3. - Profit and loss account format
 (in columnar form)**

	Financial year N	Financial year N-1
Operating income (exclusive of value-added and related taxes):		
Sales of goods for resale		
Production sold [goods and services] (a)		
Change in stocks of finished products and work in progress (b)		
Own work capitalised		
Operating grants		
Other income		
Total I of which export turnover	X	X
Operating charges (exclusive of value-added and related taxes):		
Purchases of goods for resale (c)		
Change in stocks (goods for resale) (d)		
Purchases of consumables (c)		
Change in stocks (consumables) (d)		
Other external charges *		
Taxes, levies and similar payments		
Wages and salaries		

Social security costs		
Appropriations to depreciation		
Appropriations to provisions		
Other charges		
Total II	X	X
OPERATING PROFIT OR LOSS (I - II)	X	X
Financial income (1) (III)		
Financial charges (IV)		
Extraordinary income (1) (V)		
Extraordinary charges (VI)		
Income tax (VII)		
PROFIT or LOSS (I - II + III - IV + V - VI - VII) (2)	X	X
* Including: - Lease instalments on movables - Lease instalments on real property (1) Of which provisions (and depreciation) written back (2) After taking account of extraordinary profit or loss (V - VI) or (VI - V)		

(a) To be entered, as applicable, on separate lines.

(b) Opening less closing stock.

(c) Including customs duties.

(d) Opening less closing stock.

Section 3

Extended system

523-1. - Balance sheet format

	Financial year N			Financial year N-1
	Gross	Deprecia- tion and provisions	Net	Net
Subscribed capital uncalled				
FIXED ASSETS (a)				

Intangible fixed assets:				
Establishment costs				
Research and development costs				
Concessions, patents, licences, trade marks, processes, software, rights and similar assets				
Goodwill (1)				
Other				
Intangible fixed assets in progress				
Payments on account				
Tangible fixed assets:				
Land				
Constructions				
Technical installations, plant and machinery, equipment and fixtures				
Other				
Tangible fixed assets in progress				
Payments on account				
Financial fixed assets (2):				
Participating interests (b)				
Debts receivable related to participating interests				
Portfolio long-term investment securities				
Other long-term investment securities				
Loans				
Other				
Total I	X	X	X	X
(1) Of which lease premium				
(2) Of which due within one year				

(a) Assets with a title reservation clause are to be combined on a separate line designated, *of which ... with title reservation clause*. In instances where it is not possible to identify the items, a balance sheet footnote is to indicate the remaining amount payable on these items. The amount outstanding is to include bills not yet due.

(b) For securities valued by the equity method of accounting, this item is to be subdivided into two sub-items, *Participating interests valued by the equity method of accounting*, and, *Other participating interests*. For securities valued by the equity method of accounting, the gross column is to show the overall equity method value if greater than purchase price. If otherwise, the purchase price is to be adopted. The overall provision for diminution in value of the portfolio is to appear in the 2nd column. The net column is to show the overall positive equity method value or a nil value.

Balance sheet format

ASSETS	Financial year N			Financial year N-1
	Gross	Deprecia- tion and provisions	Net	Net
CURRENT ASSETS				
Stocks and work in progress (a):				
Raw materials and other consumables				
Work in progress [goods and services] (c)				
Semi-finished and finished products				
Goods for resale				
Payments on account on orders				
Operating debts receivable (3):				
Trade debtors and related accounts (a) (d)				
Other				
Subscribed capital - called but not paid				
Short-term investment securities (e):				
Own shares				
Other securities				
Short-term financial instruments				
Liquid assets				
Prepayments (3)				
Total II	X	X	X	X
Deferred charges (III)	X	X	X	X
Loan redemption premiums (IV)	X		X	X
Realisable exchange losses (V)	X		X	X
OVERALL TOTAL (I + II + III + IV + V).....	X	X	X	X
(3) Of which due after more than one year				

(c) To be allocated, as applicable, between goods and services.

(d) Debts receivable resulting from sales or services supplied.

(e) Item to be used directly if there is no buy-back by the entity of its own shares.

Balance sheet format (before appropriation)

LIABILITIES	Financial year N	Financial year N-1
CAPITAL AND RESERVES *		
Capital [of which paid up...] (a)		
Premiums on shares issued, mergers, contributions,....		
Revaluation reserve (b)		
Equity accounted reserve (c)		
Reserves:		
Legal reserve		
Statutory or contractual reserves		
Tax-regulated reserves		
Other		
Profit or loss carried forward (d)		
Profit or loss for the financial year (e)		
Investment grants		
Tax-regulated provisions		
Total I	X	X
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for liabilities		
Provisions pour charges		
Total II	X	X
DEBTS PAYABLE (1) (g)		
Financial debts payable:		
Convertible debenture loans		
Other debenture loans		
Loans and debts payable to credit institutions (2)		
Loans and sundry financial debts payable (3)		
Payments on account received on orders in progress		

Operating debts payable:		
Trade creditors and related accounts (f)		
Tax and social security debts payable		
Other		
Sundry debts payable:		
Creditors for fixed assets and related accounts		
Tax debts payable (income tax)		
Other		
Short-term financial instruments		
Deferred income (1)		
Total III	X	X
Realisable exchange gains (IV)	X	X
OVERALL TOTAL (I + II + III + IV)	X	X
(1) Of which due after more than one year Of which due within one year		
(2) Of which current bank advances and credit balances owing to banks		
(3) Of which participating loans		

* As applicable, a category, *Other capital funds*, is to be inserted between *Capital and reserves* and *Provisions for liabilities and charges*, with component items on separate lines (for example, the amount of issues of non-voting shares, advances subject to conditions). A separate total 1A is to show the amount of other capital funds between balance sheet liability Totals I and II. The overall total is to be determined accordingly.

(a) Including subscribed capital uncalled. (b) To be itemised in accordance with current legislation. (c) Item to be shown where securities are valued by the equity method of accounting. (d) Amount to be shown in parentheses or preceded by a minus sign (-) where a loss is carried forward. (e) Amount to be shown in parentheses or preceded by a minus sign (-) where there is a loss. (f) Debts payable for purchases or services supplied. (g) With the exception, in the case of (1), of payments on account received on orders in progress.

Balance sheet format (after appropriation)

LIABILITIES	Financial year N	Financial year N-1
CAPITAL AND RESERVES *		
Capital [of which paid up...] (a)		
Premiums on shares issued, mergers, contributions,....	_____	_____
Revaluation reserve (b)	X	X
Equity accounted reserve (c)		
Reserves:		
Legal reserve.		
Statutory or contractual reserves		

Tax-regulated reserves.		
Other.		
Profit or loss carried forward (<i>d</i>)		
Sub-total: Net position		
Investment grants		
Tax-regulated provisions.		
Total I	X	X
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for liabilities		
Provisions for charges		
Total II	X	X
DEBTS PAYABLE (1) (<i>f</i>)		
Financial debts payable:		
Convertible debenture loans		
Other debenture loans		
Loans and debts payable to credit institutions (2)		
Loans and sundry financial debts payable (3)		
Payments on account received on orders in progress		
Operating debts payable:		
Trade creditors and related accounts (<i>e</i>)		
Tax and social security debts payable		
Other		
Sundry debts payable:		
Creditors for fixed assets and related accounts		
Tax debts payable (income tax)		
Other debts payable		
Short-term financial instruments		
Deferred income (1)		
Total III	X	X

Realisable exchange gains (IV)	X	X
OVERALL TOTAL (I + II + III + IV)	X	X
(1) Of which due after more than one year Of which due within one year		
(2) Of which current bank advances and credit balances owing to banks		
(3) Of which participating loans		

*As applicable, a category, *Other capital funds*, is to be inserted between *Capital and reserves* and *Provisions for liabilities and charges*, with component items on separate lines (for example, the amount of issues of non-voting shares, advances subject to conditions). A separate total 1A is to show the amount of other capital funds between balance sheet liability Totals I and II. The overall total is to be determined accordingly.

(a) Including subscribed capital uncalled. (b) To be itemised in accordance with current legislation. (c) Item to be shown where securities are valued by the equity method of accounting. (d) Amount to be shown in parentheses or preceded by a minus sign (-) where a loss is carried forward. (e) Debts payable for purchases or services supplied. (f) With the exception, in the case of (1), of payments on account received on orders in progress.

523-2. - Profit and loss account format

	Financial year N		Financial year N-1
CHARGES (exclusive of value-added and related taxes)		Sub-totals	Sub-totals
Operating charges (1):			
Purchase cost of goods for resale sold in the financial year		X	X
· Purchases of goods for resale (a)	X		
· Change in stocks of goods for resale (b)	X		
Consumption for the financial year derived from third parties		X	X
· Inventory item purchases of consumables (a):			
- Raw materials	X		
- Other consumables	X		
· Change in stocks of consumables (b)	X		
· Subcontracting purchases	X		
· Non-inventoried purchases of materials and supplies	X		
· External services:			
- External personnel	X		

- Lease instalments (c)	X		
- Other	X		
Taxes, levies and similar payments		X	X
On remuneration	X		
Other	X		
Personnel costs		X	X
Wages and salaries	X		
Social security costs	X		
Appropriations to depreciation and provisions		X	X
Fixed assets: appropriations to depreciation (d)	X		
Fixed assets: appropriations to provisions	X		
Current assets: appropriations to provisions	X		
Liabilities and charges: appropriations to provisions	X		
Other charges		X	X
TOTAL		X	X

(1) Of which charges relating to preceding financial years. The effects of corrections of material errors, calculated after tax, are to be shown on a separate line except where this concerns correction of an entry that had been taken directly to capital and reserves.

(a) Including ancillary costs.

(b) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).

(c) To be allocated between movable and real property.

(d) Including appropriations for writing off deferred charges, if any.

Profit and loss account format

	Financial year N		Financial year N-1
CHARGES (exclusive of value-added and related taxes)		Sub-totals	Sub-totals
<i>Brought forward</i>		X	X
Share of joint venture profit or loss		X	X

Financial charges		X	X
Appropriations to depreciation and provisions	X		
Interest and similar charges (2)	X		
Currency exchange losses	X		
Net charges on realisation of short-term investment securities	X		
Extraordinary charges		X	X
Operating transactions	X		
Capital transactions:			
- Book values of realised fixed asset and financial components (e)	X		
- Other	X		
Appropriations to depreciation and provisions:	X		
- Appropriations to tax-regulated provisions			
- Appropriations to depreciation and other provisions	X		
Employee profit share		X	X
Income tax		X	X
Credit balance = profit		X	X
OVERALL TOTAL		X	X
(2) Of which interest charges relating to affiliated entities			

(e) Excluding short-term investment securities.

Profit and loss account format

	Financial year N		Financial year N-1
INCOME (exclusive of value-added and related taxes)		Sub-totals	Sub-totals
Operating income (1):			

Sales of goods for resale	X	X	X
Production sold		X	X
Sales	X		
Works	X		
Supply of services	X		
Net turnover of which export turnover:.....	X		
Change in stocks of finished products and work in progress (a)		X	X
Work in progress (goods) (a)	X		
Work in progress (services) (a)	X		
Products (a)	X		
Own work capitalised		X	X
Net period income from long-term transactions (b)		X	X
Operating grants		X	X
Provisions (and depreciation) written back		X	X
Charges transferred		X	X
Other income		X	X
TOTAL		X	X

Of which income relating to preceding financial years. The effects of corrections of material errors, calculated after tax, are to be shown on a separate line except where this concerns correction of an entry that had been taken directly to capital and reserves

(a) Opening less closing stock: the amount of any reduction to be shown in parentheses or preceded by a minus sign (-).

(b) Item to be shown only if necessary. The amount to be entered for this item may be positive or negative. A negative amount is to be shown in parentheses or preceded by a minus sign (-).

Profit and loss account format

	Financial year N		Financial year N-1
INCOME (exclusive of value-added and related taxes)		Sub-totals	Sub-totals
<i>Brought forward</i>		X	X

Share of joint venture profit or loss		X	X
Financial income		X	X
Participating interests (2)	X		
Other financial fixed asset securities and debts receivable (2)	X		
Other interest and similar income (2)	X		
Provisions written back and financial charges transferred	X		
Currency exchange gains	X		
Net income on realisation of short-term investment securities	X		
Extraordinary income		X	X
Operating transactions	X		
Capital transactions:			
- Income from asset realisation (c)	X		
- Investment grants transferred to profit or loss for the financial year	X		
- Other	X		
Provisions written back and extraordinary charges transferred	X		
Debit balance = loss		X	X
OVERALL TOTAL		X	X
(2) Of which income relating to affiliated entities			

(c) Excluding short-term investment securities.

Chapter III

Formats of annual accounts

Notes on the accounts

Section 1

Contents of notes on the accounts

531-1. - Notes on the accounts are to comprise the following disclosure of accounting rules and methods, where material.

1. - Information on application of general accounting policies and trade and industry sector activity adaptations is to be given with reference to the corresponding National Accounting Council statement of best practice.

2. - As applicable, indication and justification of derogations from:

- Standard assumptions on which the development of financial statements is normally based;

- General rules for drawing up and presentation of financial statements, particularly as regards derogation from the duration of the financial year;

- The historical cost method;

specifying their effect on assets and liabilities, financial position and profits or losses.

3. - Where, for a transaction, several methods are equally feasible, reference is to be made to the method adopted and, if need be, justification for this method.

4. - In instances of change of method or regulatory requirements, justification for this change and effects on profits or losses and owner equity of the previous financial years.

Indication and justification for changes in valuation, application procedures or tax options.

Indication of the nature of errors corrected during the financial year. If the corrected errors relate to another financial year presented, indication for that financial year of the balance sheet items directly affected and presentation in a simplified form of the adjusted profit and loss account. Comparative information given in notes on the accounts is also to be adjusted pro forma where affected by the error correction.

5. - Indication of the effect on profit or loss for the financial year of any tax modification passed between the closing date and that of drawing up the accounts.

531-2. - Notes on the accounts are to comprise the following additional information, where material, relating to the balance sheet and profit and loss account.

1. Indication of balance sheet items affected as well by an asset or liability component attributed to another item.

Items for which disclosure of amounts is to be given separately in notes on the accounts are as follows: debts payable and receivable relating to

affiliated entities and entities with which the entity has a participating interest link, debts payable and receivable represented by bills of exchange, including bills drawn to order.

2. A statement of fixed assets, indicating for each item additions, disposals and transfers between items.

In exceptional instances and on establishment of initial standardised accounts, assets are to be accounted for at the value applicable to their condition at the beginning of the financial year.

3. A depreciation schedule with indication of the methods of calculation used.

4. A statement of provisions.

If risks and losses are not measurable at the date of drawing up the annual accounts, information is to be given in notes on the accounts.

On the assumption that an event not having a direct dominating link with a position existing at the end of the financial year arises between the closing date for the financial year and the date of drawing up the accounts, information is to be given in notes on the accounts if this event is liable, owing to its influence on the assets and liabilities and financial position of the entity, to call into question whether the entity is a going concern.

5. In instances of accounting recognition of reassessed values:

- Change during the financial year and allocation of the revaluation reserve;

- Reference to the extent of owner equity corresponding to the capitalisation of revaluation differences;

- Reinstatement of historical cost information for revalued fixed assets, indicated by showing the related additional value and supplementary depreciation.

6. Interest charges, if any, included in production cost of fixed assets produced by the entity for its own use, provided that these charges relate to capital borrowed for financing their production and are attributable to the production period. Reference is to be made to the term during which interest charges have been included in this cost.

7. A schedule of maturity dates of debts receivable and payable at the end of the financial year.

8. Indication, for each item relating to debts payable, of those guaranteed by collateral security given.

9. The amount of financial commitments.

a) Separate indication is to be provided for commitments:

- Granted in regard to affiliated entities;

- Relating to pensions or similar benefits;
- Accompanied by collateral security;
- Relating to discounted commercial bills not yet due;
- For firm underwriting of capital securities and off balance sheet commitments, as well as commitments resulting from contracts deemed as warehousing securities. While business confidentiality is not on any account to lead to omission of the information, procedures may nevertheless be sought provided they do not distort the quality of information;
- Granted on a conditional basis.

b) For leasing commitments, particular information to be supplied:

- Value of leased items at the time of entering into the contract;
- The amount of lease instalments relating to the financial year, as well as the accumulated amount of instalments for previous financial years;
- Appropriations for depreciation that would have been recorded for these items in relation to the financial year ended had they been acquired by the entity, as well as the accumulated amount of depreciation that would have been recognised in relation to previous financial years;
- Estimation of remaining instalments payable, as well as the residual purchase price of these items as stipulated in the contracts.

Information stipulated in the previous paragraphs is to be broken down according to the balance sheet items within which the leased items would fall; information stipulated in the last paragraph is to be broken down according to maturity terms due within one year, due between one and five years and due after five years.

c) For companies issuing guaranteed value certificates, guaranteed value realisation warrants and similar instruments, between the issue of securities and their due date:

- Market value of securities at the date of drawing up the accounts;
- Number of securities not bought back for cancellation at this date;

- Characteristics of the securities issued;
- The maximum amount of commitments represented by the guarantee.

10. In regard to research and development costs, commentary on derogations, if any, from rules relating to:

- Depreciation over a maximum term of five years;
- Non-distribution of profit while research and development costs are not fully depreciated.

11. Indication of amounts recorded for goodwill and of procedures for accounting for their diminution in value, whether permanent or otherwise.

12. Indication, for each item of fungible components of current assets of any material difference between their:

- Valuation according to the method applied;
- Valuation by reference to the last known market price at balance sheet date.

13. Indication of duly justified capitalisation of financial charges, research and development costs, and general administrative costs, in purchase price and production cost of stocks.

As regards financial charges, reference is to be made to the term during which interest charges have been included in cost.

14. Explanation of the nature, amount and treatment of:

- Establishment costs;
- Accrued amounts receivable and payable relating to the financial year;
- Realisable French franc/euro exchange gains and losses from translation of items denominated in foreign currencies;
- Income and charges attributable to another financial year;
- Items acquired or produced jointly for an overall cost;
- Share of joint venture profit or loss;
- Extraordinary income and charges;
- Charges transferred;

- Debts receivable resulting from carry-back of losses.

15. Analysis of turnover by:

- Categories of activity;
- Geographical markets;

in so far as these activity categories or markets differ in materially significant ways.

Entities which choose to indicate in notes on the accounts the amount of income from ordinary activities are to attach a numerical reconciliation statement with net turnover.

16. Details of ancillary purchase costs where not included in accounts for charges by nature or origin stipulated for that purpose.

17. Allocation of the overall amount of income tax between ordinary and extraordinary profit or loss, indicating particularly the tax bases and rates, as well as advance tax paid, tax credits and sundry charges.

18. Detail and justification of extraordinary adjustments to values relating to tax legislation and concerning:

- Fixed assets;
- Current assets.

19. Indication, approximate if need be, of the extent to which profit or loss was affected by use of derogations relating to valuation undertaken for purposes of obtaining tax relief.

20. Amounts of deferred tax payable and receivable resulting from timing differences between application of tax rules and accounting treatment of income and charges.

Where these amounts arise from valuations referred to in 18 above, indications are to be given.

21. Estimated value of portfolio long-term investment securities by valuation criteria, and change in the portfolio. This information is required to be presented in accordance with the most appropriate manner, and particularly by means of the schedules shown under Article **532-6**.

22. Reference to transactions effected on derivatives markets, where material.

23. Information given by companies issuing equity and bond warrants.

a) Equity warrants up to the warrant expiry date:

· Issue procedures: amount of the issue, number of equity warrants, strike price, final exercise date;

- Movements in equity warrants: number of warrants exercised and amounts received, number of warrants bought back and cancelled, number of warrants on issue, potential capital increase in number of shares and value, evolution of warrant and share prices;

- Potential dilutive effect on earnings per share.

b) Bond warrants up to the warrant expiry date:

- Issue procedures: amount of the issue, number of bond warrants, strike price, final exercise date;

- Movements in bond warrants: number of warrants exercised and amounts received, number of warrants bought back and cancelled, number of warrants on issue, potential new loan in value and number of bonds, evolution of warrant and bond prices.

c) Bonds with bond warrants up to bond due date and warrant expiry date:

- Issue procedures: amount of the issue, number and nominal value of bonds, redemption procedures, interest rate, number of bond warrants, strike price, final exercise date;

- Movements in bonds: number of bonds on issue and outstanding, number of bonds bought back or amortised in the financial year, incidence, if any, on profit or loss from bond buy-back, evolution of bond prices during the past financial year;

- Movements in bond warrants; number of warrants exercised and amount received, number of warrants bought back and cancelled, number of warrants on issue, evolution of warrant prices.

d) Bonds with equity warrants up to bond due date and warrant expiry date:

- Issue procedures: amount of the issue, number and nominal value of bonds, redemption procedures, interest rate, number of equity warrants, strike price, final exercise date;

- Movements in bonds: number of bonds on issue and outstanding, number of bonds bought back or amortised in the financial year, incidence, if any, on profit or loss from bond buy-back, evolution of bond prices during the past financial year;

- Movements in equity warrants; number of warrants exercised and amount received, number of warrants bought back and cancelled, number of warrants on issue, potential capital increase in number of shares and value, evolution of warrant and share prices.

- Potential dilutive effect on earnings per share.

e) Shares with equity warrants up to warrant expiry date: information to be as stipulated in 23(a) above.

24. Information relating to in-substance defeasance transactions.

The entity transferring servicing of the debt payable is to indicate, on realisation of the transaction, its financial consequences and overall cost. Until legal extinction of the debt payable, the entity is to furnish information on the transaction, particularly the remaining redeemable amount included in financial commitments.

The entity charged with servicing the debt payable is to furnish information on the transaction up to extinction of the debt payable.

25. Allowances granted to a debtor by its creditors within the context of settlement of enterprise difficulties.

Inclusion in notes on the accounts of the debtor and the creditor of information relating to:

- Allowances and/or reductions obtained or granted;
- Future financial commitments given or received.

26. Information to be provided relating to sale with repurchase option:

- In the case of the transferor, the commitment accepted from the transferee, by type of securities and agreed price;
- In the case of the transferee, the commitment given to the transferor, by type of securities and agreed price. In instances of discount of the current value of securities, the grounds for not establishing a provision are to be specified.

531-3. - In addition to information referred to in Articles **531-1-2**, entities are to furnish the following information, where material:

- Procedures for amortisation of loan redemption premiums.
 - Identity of the entity which includes the entity within its scope of consolidation by global integration.
 - List of the companies in which the entity holds at least 10 % of shares.
 - Schedule of differences recognised between the change in owner equity during the financial year and profit or loss for the said financial year.
- Number and nominal value of shares and partnership shares:
 - Issued during the financial year;
 - Making up the share capital, as applicable, by categories;

accompanied by a statement of reserves assigned to the counterpart to book value of shares held by the company itself or by a legal entity acting on its behalf.

- Profit shares, bonds convertible into similar securities issued by the company, with indication by category of their number, nominal value, and extent of attached rights.

- Reference to the number and value of own shares held at the end of the financial year, as well as movements during the financial year whether in Account 502, or Accounts 2771 and 2772. Reference, as applicable, to the provision which would be recognised on securities entered in Account 2772 had they followed the normal valuation rules for long-term investment securities.

- Average number, by categories, of personnel employed during the financial year. Average number employed means average employment, on payroll, plus persons made available to the entity during the financial year.

- In the case of members of administrative, managerial and supervisory bodies, the overall amount for each category of:

- Advances and credits allocated, with indication of attached conditions and repayments effected during the financial year, as well as the amount of commitments accepted on their behalf;

- Emoluments granted, together with retirement pension commitments contracted for their benefit.

- For companies taxed under the group tax regime, the following minimum information:

- Procedures for allocation of company tax based on overall profit or loss for the group;

- The difference between tax accounted for and tax for which the entity is jointly liable;

- The difference between tax accounted for and tax that would have applied in the absence of taxation on a group basis;

- Tax losses able to be carried forward;

- The specific nature and contents of the category, *Income tax*.

Section 2

Information in notes on the accounts presented in tabular form

Sub-section 1

Standard system

532-1. - **Schedule of fixed assets**

I. General layout

	POSITION AND MOVEMENTS (b)	A	B	C	D
CATEGORIES (a)		OPENING GROSS BOOK VALUE	INCREASES	DECREASES	CLOSING GROSS BOOK VALUE (c)
Intangible fixed assets					
Tangible fixed assets					
Financial fixed assets					
TOTAL					

(a) To be amplified as necessary in accordance with balance sheet terminology. Establishment costs, if any, are to be shown on a separate line.

(b) Additional columns are to be shown to the extent needed; see columns B (increases) and C (decreases) below.

(c) Gross value at the end of the financial year is to be the algebraic sum of the preceding columns (A + B - C = D).

II. Further arrangement of the general layout						
1. Details of Column B (increases)		Analysis of increases				
	Increases	Transfers		Additions		
	for the financial year	Between items	From current assets	Acquisition	Contribution	Internal creation
2. Details of Column C (decreases)		Analysis of decreases				
	Decreases	Transfers		Deletions		
	for the financial year	Between items	To current assets	Realisation	Demerger	Withdrawn from use

532-2. - Schedule of depreciation

I. General layout

POSITION AND MOVEMENTS (b)	A	B	C	D
CATEGORIES (a)	OPENING CUMULATIVE DEPRECIATION	INCREASES: APPROPRIATIONS FOR THE FINANCIAL YEAR	DECREASES IN DEPRECIATION FOR THE FINANCIAL YEAR	CLOSING CUMULATIVE DEPRECIATION (c)
Intangible fixed assets				
Tangible fixed assets				
Financial fixed assets				
TOTAL				

(a) To be amplified as necessary in accordance with terminology of the schedule of fixed assets.

(b) Additional columns are to be shown to the extent needed; see columns B (increases) and C (decreases) below.

(c) Cumulative depreciation at the end of the financial year is to be the algebraic sum of the preceding columns (A + B - C = D).

II. Further arrangement of the general layout					
1. Details of Column B (increases)		Analysis of appropriations			
	Appropriations for the financial year	Additions linked to a revaluation	Components depreciated on a straight-line basis	Components depreciated on another basis	Extraordinary appropriations
2. Details of Column C (decreases)		Analysis of decreases			
	Decreases for the financial year	Components transferred to current assets	Components realised	Components withdrawn from use	

532-3. - Schedule of provisions

I. General layout

POSITION AND MOVEMENTS (b)	A	B	C	D
CATEGORIES (a)	OPENING PROVISIONS	INCREASES: APPROPRIATIONS	DECREASES FOR	CLOSING PROVISIONS

		FOR THE FINANCIAL YEAR	AMOUNTS WRITTEN BACK FOR THE FINANCIAL YEAR	(c)
Tax-regulated provisions				
Provisions for liabilities				
Provisions for charges				
Provisions for diminution in value				
TOTAL				

(a) To be amplified (as applicable, to show, for example, provisions for pensions and similar commitments, provisions for tax, provisions for renewal of fixed assets in concession).

(b) Additional columns are to be shown to the extent needed; see columns B (increases) and C (decreases) below.

(c) The amount of provisions at the end of the financial year is to be the algebraic sum of the preceding columns (A + B - C = D).

II. Further arrangement of the general layout				
1. Details of Column B (increases)		Analysis of appropriations		
	Appropriations for the financial year	Operating	Financial	Extraordinary
2. Details of Column C (decreases)		Analysis of amounts written back		
	Written back for the financial year	Operating	Financial	Extraordinary

532-4. - Analysis of maturity of debts receivable and payable at balance sheet date

Debts receivable (a)	Gross	Maturity of debts receivable		Debts payable (b)	Gross	Maturity of debts payable		
		Due within one year	Due after one year			Due within one year	Due after one year	Due after five years
Fixed asset debts receivable:				Convertible debenture loans (2)				
Debts receivable linked to participating interests				Other debenture loans (2)				
				Loans (2) and debts payable to credit institutions of which:				

Loans (1)				- Original term maximum of two years				
Other				- Original term greater than two years				
Current asset debts receivable:				Sundry loans and financial debts payable (2) (3)				
Trade debtors and related accounts				Trade creditors and related accounts				
Other				Tax and social security debts payable				
Subscribed capital - called up, unpaid				Creditors for fixed assets and related accounts				
Prepayments				Other debts payable (3)				
				Deferred income				
TOTAL				TOTAL				
(1) Loans granted during the financial year..... Loans recovered during the financial year.....				(2) Loans taken up during the financial year Loans repaid during the financial year..... (3) Of which to partners/associates (indication of the relevant item)				
(a) Not including payments on account made on orders in progress				(b) Not including payments on account received on orders in progress				

532-5. - Schedule of subsidiary companies and participating interests

Financial information (5)	Capital (6)	Reserves and profit or loss carried forward before appropriation of profits or losses (6) (10)	Percentage share of capital held	Book values of securities held (7) (8)		Loans and advances granted by the company and not yet redeemed (7) (9)	Amount of guarantees and endorsements granted by the company (7)	Turnover net of turnover tax for the financial year (7) (10)
				Gross	Net			
Subsidiary companies and participating interests (1)								
A. Detailed information on subsidiary companies and participating interests (2) (3).								
1. Subsidiary companies (to be itemised) (more than 50 % of capital held by the company).								
2. Participating interests (to be itemised)								

(from 10 to 50 % of capital held by the company).								
B. Overall information relating to other subsidiary companies or participating interests.								
1. Subsidiary companies not included in A above.								
a. French subsidiary companies (in total)								
b. Foreign subsidiary companies (in total) (4)								
2. Participating interests not included in A above.								
a. French subsidiary companies (in total)								
b. Foreign subsidiary companies (in total)								

(1) For each subsidiary company and entity with which the company is linked through a participating interest, the national identification number (SIREN) is to be indicated if necessary.

(2) Of which the overall asset and liability review valuation exceeds a given percentage (fixed by regulation) of the capital of the reporting company. Where a company attaches consolidated accounts to its balance sheet in conformity with regulations, it need only provide overall information for B above, distinguishing between (a) total French subsidiary companies and (b) total foreign subsidiary companies.

(3) For each subsidiary company and entity with which the company is linked through a participating interest, the company name and registered office are to be indicated.

(4) Foreign subsidiary companies and participating interests which by derogation would not be included in A are to be shown at this point.

(5) Exchange rates between the French franc and other currencies are to be shown at foot of the schedule.

(6) In the local operating currency.

(7) In French francs, or euros where the entity presents its accounts in euros.

(8) If there has been a revaluation, the amount of the revaluation difference is to be shown in the column, *Notes*.

(9) In this column are to be shown total loans and advances (minus redemptions) at the end of the financial year and, in the column, *Notes*, provisions established, if any.

(10) If the end of a financial year does not coincide with that of the reporting company, details are to be given in the column, *Notes*.

532-6 – Schedules of portfolio long-term investment securities

ESTIMATED PORTFOLIO VALUE OF LONG-TERM INVESTMENT SECURITIES

Financial year	Opening amount			Closing amount		
	Gross book value	Net book value	Estimated value	Gross book value	Net book value	Estimated value
Breakdown of estimated value						
Proportions of portfolio valued by reference to:						
- Acquisition cost						
- Quoted market price						

- Net worth						
- Reestimated net worth						
- Capital value or yield						
- Other methods (to be specified)						
Estimated portfolio value						

CHANGE IN PORTFOLIO VALUE OF LONG-TERM INVESTMENT SECURITIES

Portfolio value	Net book value	Estimated value
Movements for the financial year		
Opening amount for the financial year		
Acquisitions for the financial year		
Realisations for the financial year (at sale price)		
Provisions written back on realised securities		
Capital gain from realisation of securities:		
- Held at the beginning of the financial year		
- Acquired in the financial year		
Change in provision for diminution in portfolio value		
Other changes in realisable capital gains on:		
- Securities acquired in the financial year		
- Securities acquired previously		

Other movements in book values (to be specified)		
Closing amount for the financial year		

Sub-section 2

Extended system

532-7. - Schedule of management performance measures

Income (Column 1)		Charges (Column 2)		Management performance measures (Column 1 - Column 2)	N	N-1
Sales of goods for resale		Purchase cost of sales of goods for resale		· Gross margin		
Production sold						
Change in stocks of finished products and work in progress		or Decrease in stocks of finished products and work in progress (<i>a</i>)				
Own work capitalised						
Total		Total		· Production for the financial year		
· Production for the financial year · Gross margin		Cost of inputs for the financial year from third parties				
Total				· Value added		
· Value added		Taxes, levies and similar payments (<i>b</i>)				
Operating grants		Personnel costs				
Total		Total		Gross operating profit or loss		
· Gross operating profit		· Gross operating loss				

Operating charges written back and transferred		Appropriations to depreciation and provisions				
Other income		Other charges				
Total		Total		Operating profit or loss		
Operating profit		Operating loss				
Share of joint venture profit		Share of joint venture loss				
Financial income		Financial charges				
Total		Total		Profit or loss on ordinary activities before tax		
Extraordinary income		Extraordinary charges		Extraordinary profit or loss		
Profit on ordinary activities before tax		· Loss on ordinary activities before tax				
Extraordinary profit		Extraordinary loss				
		Employee profit share				
		Income tax				
Total		Total		Profit or loss for the financial year (c)		
Income from asset realisation		Book value of realised components		Realised capital gains and losses on asset realisation		

(a) Deductible from income in the profit and loss account.

(b) For calculation of value added, indirect taxes of the specific type entered in Account 635, *Other taxes, levies and similar payments*, are to be classed as external inputs, and settled on consumption of taxable items.

(c) That is to say, total income – total charges.

532-8. - Determination of funds from operations

(based on items in the profit and loss account)

Gross operating profit or loss

- + Operating charges transferred
 - + Other operating income
 - Other operating charges
 - ± Share of joint venture profits or losses
 - + Financial income (a)
 - Financial charges (b)
 - + Extraordinary income (c)
 - Extraordinary charges (d)
 - Employee profit share
 - Income tax
 - = FUNDS FROM OPERATIONS
- (a) Except provisions written back.
- (b) Except appropriations to depreciation and provisions relating to financial assets.
- (c) Except: Income from fixed asset realisation;
- Share of investment grants taken to profit or loss for the financial year;
 - Extraordinary provisions written back.
- (d) Except: Book value of realised fixed assets;
- Appropriations to extraordinary depreciation and provisions.

532-9. - Formats of sources and uses of funds schedule
I - Funds statement in account form

USES	Financial year N	Financial year N-1	SOURCES	Financial year N	Financial year N-1
Dividends paid during the financial year			Funds from operations for the financial year		
Acquisition of fixed assets:			Realisation or reduction of fixed assets:		
Intangible fixed assets			Fixed asset realisation:		
Tangible fixed assets			- Intangible		
Financial fixed assets			- Tangible		
Deferred charges (a)			Realisation or reduction of financial fixed assets		
Reduction in owner equity (capital,					

withdrawals) Redemption of financial debts payable (b)			Increase in owner equity: Capital or contributions Other owner equity Increase in financial debts payable (b) (c)		
Total uses of funds	X	X	Total sources of funds	X	X
Change in overall net working capital (net source)			Change in overall net working capital (net use)		
(a) Gross amount transferred during the financial year.					
(b) Except current bank advances and credit balances owing to banks.					
(c) Not including redemption premiums on bonds.					

**Formats of sources and uses of funds schedule
II - Funds statement in account form**

	Financial year N			Financial year N-1
	Uses 1	Sources 2	Balance 2 - 1	Balance
Change in overall net working capital				
Operating changes:				
Change in operating assets:				
Stocks and work in progress				
Payments on account on orders				
Trade debtors, related accounts and other operating debts receivable (a)				
Change in operating debts payable:				
Payments on account received on orders in progress				
Trade creditors, related accounts and other operating debts payable (b)				
Totals	X	X		
A Net operating change			± X	± X

(c)				
Non-operating changes:				
Change in other asset balances (a) (d)				
Change in other liability balances (b)				
Totals	X	X		
B. Non-operating net change (c)			± X	± X
Total A + B:			- X	- X
Working capital required for the financial year			+ X	+ X
<i>or</i>				
Net release of working capital in the financial year				
Changes in liquidity:				
Change in liquid assets				
Change in current bank advances and credit balances owing to banks				
Totals	X	X		
C. Net change in liquidity (c)			± X	± X
Change in overall net working capital				
(Total A + B + C):				
Net uses				
<i>or</i>				-
Net sources			-	+
			+	

(a) Including prepayments according to whether operating or otherwise.

(b) Including deferred income according to whether operating or otherwise.

(c) Amounts are to be denoted by (+) where sources are greater than uses of funds and by (-) where the opposite applies.

(d) Including short-term investment securities.

Note. - This part II of the Statement may be adapted to the standard system. In that case, changes concern all components, without distinction between operating and non-operating.

532-10. - Formats of sources and uses of funds schedule

Funds statement in columnar form

Calculation of change in overall net working capital	Financial year N-1	Financial year N
---	---------------------------	-------------------------

<p>Long-term sources:</p> <p>Funds from operations for the financial year</p> <p>Realisation or reduction of fixed assets:</p> <p>Fixed asset realisation:</p> <p>- Intangible</p> <p>- Tangible</p> <p>Realisation or reduction of financial fixed assets</p> <p>Increase in owner equity:</p> <p>Capital or contributions</p> <p>Other owner equity</p> <p>Increase in financial debts payable (a) (b)</p>		
Total sources (I)	X	X
<p>Long-term uses:</p> <p>Dividends paid during the financial year</p> <p>Acquisition of fixed assets:</p> <p>Intangible fixed assets</p> <p>Tangible fixed assets</p> <p>Financial fixed assets</p> <p>Deferred charges (c)</p> <p>Reduction in owner equity (capital, withdrawals)</p> <p>Redemption of financial debts payable (a)</p>		
Total uses (II)	X	X
Change in overall net working capital:	+	+
Net sources (I - II)	-	-
<i>or</i>		
Net uses (II-I)		

(a) Except current bank advances and credit balances owing to banks.

(b) Not including redemption premiums of bonds.

(c) Gross amount transferred in the financial year.

Formats of sources and uses of funds schedule

Funds statement in columnar form

Usage of change in overall net working capital	Financial year N-1	Financial year N
Operating changes:		
Change in operating assets (a) Stocks and work in progress Payments on account on orders Trade debtors, related accounts and other operating debts receivable (b) Change in operating debts payable (c) Payments on account received on orders in progress Trade creditors, related accounts and other operating debts payable (d)		
A. Operating working capital requirement for the financial year <i>or</i> Operating working capital released during the financial year	- +	- +
Non-operating changes:		
Change in other asset balances (a) (b) (e) Change in other liability balances (c) (d)		
B. Non-operating working capital requirement for the financial year <i>or</i> Non-operating working capital released during the financial year	- +	- +
Changes in liquidity:		
Change in liquid assets (a) Change in current bank advances and credit balances owing to banks (c)		
C. Net	+ or -	+ or -

	change in liquidity		
Usage of change in overall net working capital (A + B + C):			
Net uses (f)	-	-	
<i>or</i>	+	+	
Net sources (g)			

(a) Increases in relevant asset components generate working capital requirements, to be denoted by (-). Conversely, decreases in these components release working capital sources, to be denoted by (+).

(b) Including prepayments according to whether operating or otherwise.

(c) Increases in relevant liability components release working capital sources, to be denoted by (+). Conversely, decreases in these components generate working capital requirements, to be denoted by (-).

(d) Including deferred income according to whether operating or otherwise.

(e) Including short-term investment securities.

(f) Net use equal to net source indicated by the preceding calculation I - II.

(g) Net source equal to net use indicated by the preceding calculation II - I.

532-11. - Legal entities entitled to simplified presentation of their annual accounts are not required to include in notes on the accounts the following information:

- 1 - Comments regarding establishment costs;
- 2 - Indications relating to lease commitments entered into, with the exception of valuation of the total amount of remaining lease instalments payable, distinguishing between leases for movable and real property;
- 3 - Emoluments granted for the financial year to members of administrative, managerial and supervisory bodies for discharge of their responsibilities;
- 4 - Bonds convertible into similar securities with indication by category of their number, nominal value and attached rights;
- 5 - Breakdown of tax between amounts attributable to extraordinary components of profit or loss and amounts attributable to other components;
- 6 - Analysis of net turnover by trade and industry sector and geographical market;
- 7 - Breakdown by category of average number of personnel employed, whether on payroll or engaged during the financial year on other bases;
- 8 - Indication of the extent to which profit or loss for the financial year was affected by application of tax requirements;

9 - Indication of increases and reductions in deferred tax payable resulting from timing differences between application of tax rules and accounting treatment of income or charges.

532-12. - Natural persons are not required to include in notes on the accounts the following information:

1 - For each balance sheet item relating to fungible current assets, indication of the difference between the balance sheet valuation and the valuation that would result from applying the final market prices known at closing off the accounts;

2 - Comments regarding establishment costs;

3 - List of subsidiary companies and participating interests;

4 - Number and nominal value of shares, partnership shares and other securities making up share capital;

5 - Founder shares with indication of their number, value and attached rights;

6 - Identity of any company drawing up consolidated accounts in which the annual accounts of the company concerned are included;

7 - Indication of the proportion of financial fixed assets and debts receivable and payable, as well as financial charges and income relating to affiliated entities;

8 - Amount of commitments entered into for pensions, supplemental retirement benefits and similar allowances;

9 - Indications relating to lease commitments entered into, with the exception of valuation of the total amount of remaining lease instalments payable, distinguishing between leases for movable and real property;

10 - The amount of advances and credits granted to company directors;

11 - Emoluments granted for the financial year to members of administrative, managerial and supervisory bodies for discharge of their responsibilities;

12 - Bonds convertible into similar securities with indication by category of their number, nominal value and attached rights;

13 - Breakdown of tax between amounts attributable to extraordinary components of profit or loss and amounts attributable to other components;

14 - Analysis of net turnover by trade and industry sector and geographical market;

15 - Breakdown by category of average number of personnel employed, whether on payroll or engaged during the financial year on other bases;

16 - Indication of the extent to which profit or loss for the financial year was affected by application of tax requirements;

17 - Indication of increases and reductions in deferred tax payable resulting from timing differences between application of tax rules and accounting treatment of income or charges.

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**REGULATION No 99.01, 16 FEBRUARY 1999
RELATING TO PROCEDURES FOR DRAWING UP
ANNUAL ACCOUNTS OF
NON-PROFIT ASSOCIATIONS AND FOUNDATIONS**

The Accounting Regulation Committee,

Having regard to the Law of 1 July 1901, as amended, relating to non-profit associations;

Having regard to Law 84-148, 1 March 1984, as amended, relating to prevention and settlement by agreement of difficulties of enterprises;

Having regard to Law 85-698, 11 July 1985, authorising the issue of securities by certain non-profit associations;

Having regard to Law 87-571, 23 July 1987, as amended, on the development of patronage;

Having regard to Law 98-261, 6 April 1998, concerning reform of accounting regulation and adaptation of the regulations for disclosure of information on real property;

Having regard to Decree 85-295, 1 March 1985, issued for the application of the Law of 1 March 1984 relating to prevention and settlement by agreement of difficulties of enterprises;

Having regard to Decree 93-568, 27 March 1993, setting the amount of grants received, above which non-profit associations are subject to certain obligations;

Having regard to the Ministerial Order, 27 April 1982, concerning approval of the revised national accounting code, as amended by the Ministerial Order, 9 December 1986;

Having regard to the Statement of Best Practice 98-12 of the National Accounting Council, 17 December 1998,

Resolves

Article 1

The present regulation and attachment are to apply to non-profit associations coming within the scope of application of Article 27 of the aforementioned Law 84-148, 1 March 1984, to non-profit associations stipulated in Article 29A of the same law, to non-profit associations referred to in Article 8 of the aforementioned Law 85-698, 11 July 1985, as well as to foundations referred to in Articles 5-II and 19-9 of the aforementioned Law 87-571, 23 July 1987. It is also to apply to all non-profit associations or foundations subject to legislative or statutory obligations for drawing up annual accounts.

Article 2

Subject to adaptations provided for in the present regulation and attachment, non-profit associations and foundations stipulated in Article 1 are to draw up annual accounts in accordance with the national accounting code.

The annual accounts are to be drawn up and presented by the legal entity, non-profit association or foundation.

Article 3

The following definitions are to apply for application of the present regulation and attachment:

- The purpose of the non-profit association or foundation is to correspond to the purpose defined in its constitution and rules.
- The plan for the non-profit association or foundation is to be established from the various objectives fixed by the statutorily competent bodies of the non-profit association or foundation for the achievement of its purpose.
- Dedicated funds are the liability categories which record, at the end of the financial year, the portion of resources, attributed by third party sponsors to defined projects, not yet able to be utilised in accordance with the commitment undertaken in their regard.

Article 4

The adaptations referred to in Article 2 above, added to the national accounting code, are set out in the enclosed attachment (Chapters I–VI).

Article 5

The present regulation is to apply to accounts relating to financial years commencing as from 1 January 2000.

Notwithstanding, non-profit associations and foundations may apply the present regulation to financial years commencing after publication of the present regulation.

ATTACHMENT

Chapter I ACCOUNTING RULES

1. ACCOUNTING PROFIT OR LOSS

Accounting profit or loss comprises:

- Profit or loss definitively achieved;
- In addition, for certain non-profit associations and foundations, profits or losses able to be underwritten by a third party sponsor (Account 115, *Profits and losses subject to control by third party sponsors*, sometimes designated, *Profits and losses pending*), for example, in the case of bodies which manage health and welfare establishments.

As the accounting profit or loss may not be attributed to the members, who have no individual right in this regard, profit is to be termed as *surplus* and loss as *deficit*.

The statutorily competent authority is to determine the appropriation of the surplus or deficit.

2. OPERATING GRANTS AND FINANCING AGREEMENTS

Agreements for allocation of grants to non-profit associations and foundations ordinarily contain suspensive or resolute conditions.

A suspensive condition still in force does not permit the recording of a grant as income. On the other hand, the presence of a resolute condition permits recognition of a grant as income but is to lead the non-profit association or foundation to recognise a provision for repayment of a grant once it appears probable that one or more objectives set out in the resolute condition will not be capable of achievement. Where the non-profit association or foundation recognises definitively that the objectives will not be capable of achievement, a debt payable to the third party sponsor is to be recognised in an item, *Grants to be repaid*.

Expenditures committed prior to the non-profit association or foundation obtaining notification of allocation of a grant are to be taken to charges, provided that the expected grant may be recorded as income.

An operating grant awarded for several financial years is to be apportioned according to periods or stages of allocation defined in the agreement, or failing that, pro rata with time. The portion related to future financial years is to be taken to *Deferred income*.

Where it was not possible to utilise completely during the financial year an operating grant recorded as income in the profit and loss account for that financial year, the commitment for usage undertaken by the body with the third party sponsor is to be entered in charges under the heading, *Commitments to be realised on attributed resources* (Sub-account, *Commitments to be realised on attributed grants*), and as a balance sheet liability under the account, *Dedicated funds*.

Amounts recorded under the heading, *Dedicated funds*, are to be taken up in income in the profit and loss account during following financial years, at the rate of realisation of commitments, by crediting the account, *Carry forward of prior financial year resources not utilised*.

Information is, in the latter case, to be given in the notes on the accounts, specifying:

- Amounts entered at the opening and closing of the financial year as *Dedicated funds*,

- Dedicated funds entered in the balance sheet at the close of the previous financial year, resulting from grants, and utilised during the financial year,
- Expenditures remaining to be committed, financed by grants and entered during the financial year as *Commitments to be realised on attributed grants*,
- *Dedicated funds* corresponding to projects for which no significant expenditure has been recorded during the past two financial years.

3. ATTRIBUTED RESOURCES RESULTING FROM GENEROSITY OF THE PUBLIC

Within the context of appeals to the generosity of the public, the directors of non-profit associations or foundations in some circumstances call upon their donors for the realisation of projects defined in advance of the appeal by the statutorily competent authorities. The amounts accordingly received are to be deemed as income collected and attributed to projects defined in advance.

For defined projects, the unutilised portion of resources at the end of the financial year is to be entered in charges under the heading, *Commitments to be realised on attributed resources*, so as to recognise the commitment undertaken by the body to pursue realisation of the aforementioned projects, with as counterpart in balance sheet liabilities the heading, *Dedicated funds*.

Information is to be given in the notes on the accounts by project or category of project, according to its significance, specifying:

- Amounts entered at the opening and closing of the financial year as *Dedicated funds*,
- Dedicated funds entered in the balance sheet at the close of the previous financial year, resulting from generosity of the public, and utilised during the financial year,
- Expenditures remaining to be committed, financed by donations received in the name of particular projects and entered during the financial year as *Commitments to be realised on attributed direct gifts*,
- *Dedicated funds* corresponding to projects for which no significant expenditure has been recorded during the past two financial years.

4. RESOURCES IN KIND

Resources received in kind may be utilised by the body for the needs of its activity, taken into inventory, or sold.

Gifts in kind consumed or redistributed as is by the body for the needs of its activity are to be accounted for in accordance with principles adopted for voluntary contributions in kind (see III below).

Accumulated resources of significant value which can be inventoried and valued without entailing excessive management costs, are to be the subject of off-balance sheet information under *Commitments received*.

Sales of gifts in kind are to be taken to income in the profit and loss account under a specific heading.

5. LEGACIES AND DONATIONS

51. For movable or real property items resulting from inheritance, legacy or donation and intended to be disposed of by the non-profit association or foundation, the following movements are to be accounted for as follows:

- From the date of administrative authorisation, the above items are to be recorded as off-balance sheet commitments received, at their estimated value, net of purchase costs which could encumber the items;
- As and when receipts and payments connected to the realisation of the items occur, Account 475, *Legacies and donations in the course of realisation*, is to be credited or debited with amounts received or disbursed, and the amount of the corresponding off-balance sheet commitment is to be modified on the basis of payments recognised; however, in the event of temporary management of a bequeathed or donated item, the operating income received is to be taken to profit or loss, as well as the corresponding operating charges;
- Upon actual and definitive realisation of an item, the corresponding account for income from ordinary or extraordinary activities is to be credited with the exact and definitive amount of the sale, net of purchase costs having encumbered the item during its transmission, by debiting Account 475, *Legacies and donations in the course of realisation*, which is accordingly to be balanced for the item in question.

In addition, charges identified beyond the value of the inheritance or donation are to be taken to profit or loss.

52. For legacies and donations recorded as income and attributed by the benefactor to a particular and defined project, the unutilised portion at the end of the financial year is to be entered in the account of the third party as a balance sheet liability designated, *Dedicated funds*, as a counterpart to an account for charges, *Commitments to be realised on attributed legacies and donations*; it is to be the subject of disclosure in the notes on the accounts as indicated in paragraph 3 for attributed resources resulting from the generosity of the public.

53. Legacies and donations which correspond to durable items made available to the non-profit association or foundation for the achievement of its purpose are to be regarded as contributions to non-profit association funds (Account 1025, *Legacies and donations with counterpart fixed assets*, or Account 1035, *Legacies and donations with counterpart fixed assets subject to an obligation or condition*). Account 475, *Legacies and donations in the course of realisation*, is to be debited on settlement at the time of recognising the contributions.

54. Commitments received are to be shown off-balance sheet distinguishing between legacies accepted by statutorily competent authorities prior to authorisation by the regulatory body, and those authorised by this body.

6. INVESTMENT GRANTS

Non-profit associations and foundations may receive investment grants intended for financing one or more items, renewal of which may or may not fall to the body. This distinction is to be made by analysing the financing agreement or, failing this, by taking into consideration the operating constraints of the body.

Investment grants attributed to an item renewable by the non-profit association or foundation are to be maintained in liabilities in non-profit association funds, with or without right of recovery.

Investment grants attributed to an item not renewable by the non-profit association or foundation are to be entered in Account 13, *Investment grants attributed to non-renewable items*, and are to be taken up in the profit and loss account at the rate of depreciation of the item.

7. CONTRIBUTIONS WITH OR WITHOUT RIGHT OF RECOVERY

Contribution to a non-profit association or foundation is an act for valuable consideration, which for the contributor has a counterpart in moral terms.

Contribution without right of recovery implies making an item permanently available for the benefit of the body. In order to be entered in non-profit association funds, the contribution is required to correspond to a durable item utilised for the specific needs of the body. If not so, it is to be taken to the profit and loss account.

Contribution with right of recovery implies making an item temporarily available for the benefit of the body. The agreement is to set conditions and procedures for recovery of the item (for example, item recovered as is, item recovered at replacement cost). The contribution is to be recorded in non-profit association funds. According to the procedures for recovery, the body is required to record charges and provisions enabling it to fulfil its obligations with regard to the contributor.

8. DEPRECIATION OF ITEMS CONTRIBUTED WITH RIGHT OF RECOVERY

Items contributed, on becoming the property of the non-profit association or foundation, are to be recorded in balance sheet assets; the counterpart is to be accounted for in subdivisions of the account, *Non-profit association funds with right of recovery*. Depreciation is to be accounted for in accordance with the national accounting code. If the item is not to be renewed by the body, the counterpart to the contribution value entered as *Non-profit association funds with right of recovery* is to be decreased by an amount equal to that of depreciation, by crediting Account 75, *Other operating income*.

9. FREE LOAN

Certain non-profit associations or foundations benefit from having real property made available free of charge. They are to be responsible for using this property in accordance with the agreements and for ensuring its maintenance during the term of the loan for use or free loan.

To inform third parties of their origin, the above items are to be entered in asset Account 228, *Fixed assets subject to attached rights*, as a counterpart to Account 229, *Rights of owners*, which is to be recorded under the heading for other non-profit association funds.

Depreciation of these items is to be recognised by debiting Account 229 and crediting Account 228.

Chapter II

RULES FOR VALUATION AND REVALUATION OF ASSETS AND LIABILITIES

1. VALUATION

At their date of original entry in assets and liabilities of the non-profit association or foundation, items received free of charge are to be recorded at their market value subject to the stipulations of paragraph III below.

Market value of an item received free of charge is to correspond to the price which would have been paid under normal market conditions.

The overall asset and liability review valuation of an item is to match its current value; however, where the overall asset and liability review valuation of a fixed asset other than a financial fixed asset is not judged to be lower than its net book value, the latter is to be retained as the overall asset and liability review valuation for that item.

Current value is an estimated value which appreciates according to the market and the utility of the item to the body.

2. REVALUATION

Non-profit associations or foundations may proceed to a revaluation of their overall tangible and financial fixed assets. The revaluation difference between current value and net book value may not be used to compensate for deficits; as the revaluation methods used are those of the general body of law, the revaluation gain or loss is to be shown separately in balance sheet liabilities.

The entry value of the revalued fixed asset is to be indicated in the notes on the accounts.

Account 105, *Revaluation differences*, is to record differences recognised at the time of revaluation. Differences may be incorporated wholly or in part into non-profit association funds by decision of the deliberative organ. Account 105 is to be subdivided into non-profit association capital funds without right of recovery and other funds with right of recovery.

Chapter III TREATMENT OF VOLUNTARY CONTRIBUTIONS IN KIND

Voluntary contributions are by their nature made without charge. They correspond to voluntary help, to third party entities making available persons and movable effects or real property, to which it is appropriate to include gifts in kind redistributed or consumed as is by the non-profit association or foundation.

Once these contributions become significant, they are to be appropriately disclosed in the notes on the accounts indicating their nature and extent. Failing sufficiently reliable quantitative information, qualitative information is to be provided, in particular regarding difficulties encountered in valuing the contributions in question.

If the non-profit association or foundation holds information that is quantifiable and pertinent to valuation regarding significant voluntary contributions received, and has reliable methods of recording, it may opt to include the contributions in its accounting, that is, at the same time:

- In Class 8 accounts, by:
- Crediting Accounts 87 ... , voluntary contributions by category (voluntary help, services in kind, gifts in kind consumed as is); these do not entail financial flows since they are free and can only be estimated approximately,
- Debiting Accounts 86 ... , as the counterpart, their utilisation according to their nature (for example, assistance in kind, premises made available free of charge, voluntary personnel).
- At the foot of the profit and loss account under the heading, *Valuation of voluntary contributions in kind*, in two columns with equal totals.

<u>Allocation by nature of charges</u>	<u>Allocation by nature of resources</u>
860 - Assistance in kind	870 - Voluntary help
- Food items	871 - Services in kind
- Clothing expenditures, ...	
861 - Items made available free of charge	
- Premises	875 - Gifts in kind
- Equipment, ...	
862 - Services	
864 - Voluntary personnel	

- The notes on the accounts are to indicate the methods of quantification and valuation adopted.

Chapter IV

LIST AND CONTENTS OF THE ACCOUNTS FOR NON-PROFIT ASSOCIATION FUNDS

1. LIST OF ACCOUNTS

10. Non-profit association funds and reserves

For foundations: Capital funds and reserves

102. Non-profit association funds without right of recovery

1021. Net value of assets and liabilities

1022. Statutory funds (to be broken down according to status)

- 1024. Contributions without right of recovery
- 1025. Legacies and donations with counterpart fixed assets
- 1026. Investment grants attributed to renewable items
- 103. Non-profit association funds with right of recovery
 - 1034. Contributions with right of recovery
 - 1035. Legacies and donations with counterpart fixed assets subject to an obligation or condition
- 1036. Investment grants attributed to renewable items
- 105. Revaluation differences
- 1051. Revaluation differences on items without right of recovery
- 1052. Revaluation differences on items with right of recovery
- 106. Reserves
- 1062. Inalienable reserves
 - 1063. Statutory or contractual reserves
- 1064. Tax-regulated reserves
- 1068. Other reserves (of which reserves for non-profit association projects)
- 11. Components pending appropriation
- 110. Profit or loss carried forward
- 115. Profits and losses subject to control by third party sponsors
- 13. Investment grants attributed to non-renewable items

2. CONTENTS OF ACCOUNTS

Account 102, *Non-profit association funds without right of recovery*, is to comprise funds which cannot be recovered by the members of the non-profit association (*) or, in the case of a foundation, its constitutive statutory endowment, and investment grants attributed to renewable items.

Account 1021, *Net value of assets and liabilities*, is to be utilised for the drawing up of an opening balance sheet at the time of transition from cash-flow accounting to accrual accounting with integration of assets and liabilities, and after having, as applicable, identified the amount of investment grants.

Account 1022, *Statutory funds*, is in particular to record, in the case of a state-approved non-profit association, the counterpart to registered securities invested in accordance with Article 11 of the Law of 1901 (***) applicable to securities of these bodies. Financial income from the securities is to be accounted for by crediting Account 76.

Account 103, *Non-profit association funds with right of recovery*, is to comprise contributions from members which may be recovered under conditions stipulated by the contribution agreement, and investment grants attributed to renewable items.

Account 115, *Profits and losses subject to control by third party sponsors*, is to comprise, in certain bodies, profits or losses realised on projects (profits or losses from establishments, from programs) which are taken into consideration by financing bodies to determine the amount of resources to be allocated to the following financial years. This account is to be utilised, as applicable, at the time of appropriation of profit or loss by the statutorily competent authorities; it is to be subject to apportionment by financial year.

(*) Article 15, Decree of 16 August 1901, concerning public administration regulation for the application of the Law of 1 July 1901 relating to non-profit associations: "Where the general meeting is called upon to pronounce on the devolution of items, regardless of the mode of devolution, it may not, in accordance with the stipulations of Article 1, Law of 1 July 1901, attribute to partners or associates apart from the recovery of contributions, any portion whatever of the resources of the non-profit association".

(**) Model constitutions for the use of non-profit associations seeking state approval in application of the Law of 1 July 1901, as amended: "All movable assets, including those through endowment, are to be invested as registered securities, of a category stipulated in Article 55, Law 87-416, 17 June 1987, on savings or values approved by the Bank of France as advances against securities".

Chapter V - RULES FOR PRESENTATION OF ANNUAL ACCOUNTS

1. BALANCE SHEET

BALANCE SHEET (before appropriation)			
ASSETS	LIABILITIES	Financial year N	Financial year N-1
Presentation in accordance with stipulations of the national accounting code	<u>Non-profit association funds</u>		
	<u>Capital funds</u>		
	Non-profit association funds without right of recovery (of which legacies and donations with counterpart fixed assets, investment grants attributed to renewable items ...)		

	Revaluation gains and losses		
	Reserves		
	Profit or loss carried forward		
	Profit or loss for the financial year		
	<u>Other non-profit association funds</u>		
	- Non-profit association funds with right of recovery		
	. Contributions		
	. Legacies and donations		
	. Profits and losses subject to control by third party sponsors		
	- Revaluation gains and losses		
	- Investment grants on non-renewable items		
	- Tax-regulated provisions		
	- Rights of owners (Free loan)		
	<u>Provisions for liabilities and charges</u>		
	<u>Dedicated funds</u>		
	. Operating grants		
	. Other resources		
	<u>Other items:</u> presentation in		

	accordance with the national accounting code		
<u>COMMITMENTS RECEIVED</u>		<u>COMMITMENTS GIVEN</u>	
Net legacies to be realised:			
- Accepted by the statutorily competent organs			
- Authorised by the regulatory body			
Gifts in kind remaining to be sold			

BALANCE SHEET (after appropriation)			
ASSETS	LIABILITIES	Financial year N	Financial year N-1
Presentation in accordance with stipulations of the national accounting code	<u>Non-profit association funds</u>		
	<u>Capital funds</u>		
	Non-profit association funds without right of recovery (of which legacies and donations with counterpart fixed assets, investment grants attributed to renewable items ...)		
	Revaluation gains and losses		
	Reserves		
	Profit or loss carried forward		
	Sub-total: net position		
	<u>Other non-profit</u>		

	<u>association funds</u>		
	- Non-profit association funds with right of recovery		
	. Contributions		
	. Legacies and donations		
	. Profits and losses subject to control by third party sponsors		
	- Revaluation gains and losses		
	- Investment grants on non-renewable items		
	- Tax-		

	regulated provisions		
	- Rights of owners (Free loan)		
	<u>Provisions for liabilities and charges</u>		
	<u>Dedicated funds</u>		
	. Operating grants		
	. Other resources		
	<u>Other items:</u> presentation in accordance with the national accounting code		

COMMITMENTS RECEIVED

Net legacies to be realised:

- Accepted by the statutorily competent organs
- Authorised by the regulatory body

Gifts in kind remaining to be sold

COMMITMENTS GIVEN

2. PROFIT AND LOSS ACCOUNT

21. Presentation in tabular form

PROFIT AND LOSS ACCOUNT		
<u>CHARGES</u>		<u>INCOME</u>
Presentation in accordance		Presentation in accordance with stipulations

with stipulations of the national accounting code		of the national accounting code, for relevant accounts only, to be itemised by particular significant headings
		. Contributions
		. Gifts
		. Legacies and donations
		. Grants
		. Income related to statutory financing
		. Sales of gifts in kind
<u>Commitments to be realised on attributed resources</u>		<u>Unutilised resources brought forward from previous financial years</u>
SURPLUS		(Or DEFICIT)
Total		Total
<u>VALUATION OF VOLUNTARY CONTRIBUTIONS IN KIND</u>		
Assistance in kind		Voluntary help
Goods and services made available free of charge		Services supplied in kind
Voluntary personnel		Gifts in kind
Total		Total

22. Presentation in columnar form

PROFIT AND LOSS ACCOUNT		
<u>INCOME</u>		
Presentation in accordance with stipulations of the national accounting code, to be itemised by particular significant headings, for example:		
. Contributions		
. Gifts		
. Legacies and donations		

. Grants		
. Income related to statutory financing		
. Sales of gifts in kind		
Total		
<u>CHARGES</u>		
Presentation in accordance with stipulations of the national accounting code		
Total		
<u>INTERMEDIATE BALANCE</u>		
+ Unutilised resources brought forward from previous financial years		
- Commitments to be realised on attributed resources		
SURPLUS (or DEFICIT)		
<u>VALUATION OF VOLUNTARY CONTRIBUTIONS IN KIND</u>		
INCOME		
Voluntary help		
Services supplied in kind		
Gifts in kind		
Total		
CHARGES		
Assistance in kind		
Goods and services made available free of charge		
Voluntary personnel		
Total		

3. NOTES ON THE ACCOUNTS

The notes on the accounts are to comprise all information of significant importance relating to the non-profit association or foundation on events that have arisen during the financial year or since the close of the financial year up to the presentation of accounts.

Information by activity sector is to be given in the notes on the accounts where a non-profit association or foundation draws up separate accounts for its various activity sectors.

Chapter VI **TERMINOLOGY OF SPECIFIC ACCOUNTS**

(Establishment or modification of accounts with regard to terminology of the national accounting code)

The following does not include the specific accounts relating to non-profit association funds set out in Chapter IV.

- Account 1516, *Provisions for risks of usage*, on condition that the provision is intended to cover risks that past or current events render likely, clearly specified as to their purpose but where crystallisation of the risk remains uncertain.
- Account 181 to be designated, *Standing contributions between head office and establishments*.
- Account 185 to be designated, *Goods and services exchanged between establishments and head office*.
- Account 186 to be designated, *Goods and services exchanged between establishments (charges)*.
- Account 187 to be designated, *Goods and services exchanged between establishments (income)*.
- Account 19, *Dedicated funds*, to be broken down into sub-accounts:
 - 194, *Dedicated funds from operating grants*
 - 195, *Dedicated funds from attributed direct gifts*
 - 197, *Dedicated funds from attributed legacies and donations*.
- Account 228, *Fixed assets subject to attached rights*, and Account 229, *Rights of owners*, to record free loans.
- Account 41 and its subdivisions to be designated, *Users*.
- Account 45 to be designated, *Confederation, federation, union, affiliated non-profit associations*.
- Account 475 to be designated, *Legacies and donations in the course of realisation*.
- Account 68 to be amended to, *Appropriations for depreciation, provisions and commitments*.

Account 689, *Commitments to be realised on attributed resources*, to be broken down into sub-accounts:

- 6894, *Commitments to be realised on attributed grants*
- 6895, *Commitments to be realised on attributed direct gifts*
- 6897, *Commitments to be realised on attributed legacies and donations*.
- Account 695 to be designated, *Income tax*, to record, *Income tax on non-profit legal entities*.
- Account 657 to record grants paid by the body; the charges are to be shown as a specific item in the profit and loss account.
- Account 756 to record contributions; the income is to be shown as a specific item in the profit and loss account.
- Account 789, *Unutilised resources brought forward from previous financial years*, to be broken down into sub-accounts by type of resources.
- Account 86 to be designated, *Utilisation of voluntary contributions in kind*, with sub-accounts by type.
- Account 87 to be designated, *Voluntary contributions in kind*, with sub-accounts by category.

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