

## Regulatory News Alert

### New CNC Q&As - New Accounting Directive

10 August 2017

The Luxembourg Commission des Normes Comptables (CNC) published 4 new Q&As in July. These Q&As aim to clarify some provisions of the Law of 18 December 2015 implementing the new Accounting Directive.

Reference & Link	Topic	Main issues covered
<a href="#">Q&amp;A CNC 17/012</a>	<b>Research and development costs</b>	The Q&A covers: <ul style="list-style-type: none"><li>• Issue of disconnecting the balance sheet (2016) from the standardized chart of accounts (2009) and how it can be managed</li><li>• Definition of research and development costs (by reference to IAS 38)</li><li>• Summary of LuxGAAP accounting treatment, including amortization, from 1 January 2016</li></ul>
<a href="#">Q&amp;A CNC 17/013</a>	<b>Turnover definition</b>	The removal of extraordinary charges/income captions and the new turnover definition, excluding the reference to " <i>derived from the sale of products and the provision of services falling within the company's <u>ordinary activities</u></i> " lead to potentially consider the inclusion of such profits formerly classified as extraordinary in the turnover definition.

<p>Q&amp;A CNC 17/014</p>	<p>Note to annual accounts of parent company and subsidiaries - <b>Information on consolidated accounts</b></p>	<p>The Q&amp;A provides details on the information to be disclosed by:</p> <ol style="list-style-type: none"> <li>1. All subsidiary undertakings included in the consolidated accounts of a parent undertaking (Article 65 [1] 15 ° LRCS) – this guidance provides clarification on the smallest/largest body of which the company forms a part as a subsidiary</li> <li>2. Subsidiary undertakings that are also parent undertakings and who wish to avail themselves of the so-called "sub-group" exemption (Article 314 [2] [c] LSC)</li> <li>3. Parent undertakings drawing up consolidated accounts</li> </ol>
<p>Q&amp;A CNC 17/015</p>	<p>Note to annual accounts on participating interests - <b>Exception to the exemption principle for small enterprises</b></p>	<p>The Q&amp;A covers:</p> <ul style="list-style-type: none"> <li>• Reminder and clarification on information required on participating interests (Article 65 [1] 2 ° LRCS), including consideration of the legal form and of the publicity of the annual accounts of the participating interest (different requirements apply)</li> <li>• General principle applicable to small undertakings engaged in an industrial or commercial activity</li> <li>• Exception to the exemption for small businesses <u>whose activities are financially predominant</u>, mainly holding companies with a holding or financing activity. The CNC states that, <u>in respect of the true and fair view principle, such entities shall not be exempted to disclose a note on their participating interests</u></li> </ul>

We trust this information is of assistance and remain at your disposal for any questions.

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