Illustrative Annual Accounts

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

ANNUAL ACCOUNTS
AND
REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

FOR THE YEAR *[PERIOD FROM XX TO XX]* [40] ENDED

31 DECEMBER 20XX

[Address]

L-[XX] LUXEMBOURG

R.C.S. Luxembourg: [B XXX XXX]

"Other legal forms are available. However, the S.A. and S.à r.l. are the most common legal forms used."

[40] *If the financial period is less than or exceeds one year (for example in the first year) the annual accounts should refer to the period from "opening date" to "closing date". This period should not exceed 18 months.*

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

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[41] All captions and notes in the illustrative annual accounts which are not applicable to the activity of the Undertakings should be deleted and others might need to be added based on the options offered by Articles 35 (abridged balance sheet), 47 (abridged profit and loss account), and 66 and 67 (abridged notes to the accounts) of the Accounting Law.

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

MANAGEMENT REPORT

COMMENTARY (based on Article 68 of the Accounting Law):

Undertakings are required to present a management report, except if they are small-sized companies.

If there is no requirement to prepare a management report then the Undertaking need only disclose the information regarding the acquisition of own shares in the notes to the annual accounts (Article 68 (3) of the Accounting Law).

The content of the management report is detailed in Article 68 of the Accounting Law and should include:

- A fair review of the development of the Undertaking's business, its financial performance and position, together with a description of the principal risks and uncertainties that it faces.
  The review shall be a balanced and comprehensive analysis of the development and performance as well as its position, consistent with the size and complexity of the business.
- To the extent necessary for an understanding of the Undertaking's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental or employee matters.
  The Medium-sized Undertaking is exempt from the obligation of reporting non-financial key performance indicators relevant to their business, except in case of quoted securities on a European regulated stock exchange.
- Where appropriate, references to and additional explanations of the amounts reported in the annual accounts.

The management report shall also indicate:

a) The Undertaking's likely future development;

b) Activities in the field of research and development, as prescribed in Article 68 2(c) of the Accounting Law *;

c) In respect of the acquisitions of own shares, the information prescribed in Article 430-18 (2) of the Company Law **;

d) The existence of branches of the Undertaking;

e) In relation to the Undertaking's use of financial instruments and where material for the assessment of its assets, liabilities, financial position and profit or loss:

- the Undertaking's financial risk management objectives and policies, including its policy for hedging each major type of forecasted transaction for which hedge accounting is used, and
- the Undertaking's exposure to price risk, credit risk, liquidity risk and cash flow risk;

f) *transactions carried out under Article 420-26(6) of the Company Law in relation to the allocation of free shares.*

* ***if applicable****: if the Undertaking did not have any activities in research and development, disclose the following:*

"The Undertaking had no activities in the field of research and development during the year ended 31 December 20XX."

** ***if applicable****: if the Undertaking did not acquire its own shares, disclose the following:*

"The Undertaking did not acquire any of its own shares during the year ended 31 December 20XX."

Additional information for undertakings with securities quoted on a European regulated stock exchange

(1) The companies listed in Article 1(1) (of the Law of 19 May 2006 on takeover bids)[42] shall publish detailed information on the following:

(a) the structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents;

(b) any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC;

(c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Directive 2004/109/EC;

(d) the holders of any securities with special control rights and a description of those rights;

[42] This law applies to takeover bids for the securities of companies governed by the laws of a Member State of the European Union or the European Economic Area (hereinafter referred to as a "Member State") where all or some of those securities are admitted to trading on a regulated market in one or more Member States (hereinafter referred to as a "regulated market").

(e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees;

(f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;

(g) any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/109/EC;

(h) the rules governing the appointment and replacement of board members and the amendment of the articles of association;

(i) the powers of board members, and in particular the power to issue or buy back shares;

(j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;

(k) any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

(2) The companies with registered office in Luxembourg shall publish the information referred to in paragraph 1 in the company's management report pursuant to Article 68 of the Law of 19 December 2002 concerning the Trade and companies register, as well as the accounting and annual accounts of companies, and in the consolidated management report pursuant to Article 1720-1 of the Law of 10 August 1915 on commercial companies as amended.

(3) The board of such companies shall present an explanatory report to the annual general meeting of shareholders on the matters referred to in paragraph 1.

Art. Reference *68bis*

Non-Financial Statement:

(1) The present article applies to the undertakings referred to in Article 25 which fulfil all of the following conditions:

a) being organised in the form of a *société anonyme*, a *société européenne* (SE), a *société en commandite par actions*, a *société à responsabilité limitée* or in one of the company forms referred to in Article 77, paragraph (2) points 2° and 3°; and

b) being a public interest entity in the meaning of Article 2, point 1) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings[43]; and

c) exceeding, on its balance sheet date and during two consecutive financial years, the numerical thresholds of at least two of the three criteria referred to in Article 47;

d) exceeding, on its balance sheet date, the criterion of the average number of 500 employees during the financial year.

(2) The undertakings referred to in paragraph (1) shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:

(a) a brief description of the undertaking's business model;

(b) a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented;

(c) the outcome of those policies;

(d) the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;

(e) non-financial key performance indicators relevant to the particular business. Where the undertaking does not pursue policies in relation to one or more of those matters, the non-financial statement shall provide a clear and reasoned explanation for not doing so.

The non-financial statement referred to in the first sub-paragraph of this paragraph shall also, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.

Information relating to impending developments or matters in the course of negotiation may be omitted in exceptional cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance, position and impact of its activity.

In the disclosure of the information referred to in the first subparagraph, undertakings may rely on national, European Union-based or international frameworks. Undertakings shall specify which frameworks they have relied upon.

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[43] For the definition of "public interest entities" by Article 2 point 1) of Directive 2013/34/EU, see footnote under Article 1730-1 (1) subparagraph a) of the Law of 1915.

(3) Undertakings fulfilling the obligation set out in paragraph (2) shall be deemed to have fulfilled the obligation relating to the analysis of non-financial information set out in Article 68, paragraph (1), point b).

(4) An undertaking which is a subsidiary undertaking within the meaning of Article 1711-1, paragraph (2) of the amended Law of 10 August 1915 on commercial companies, shall be exempted from the obligation set out in paragraph (2) if that undertaking and its subsidiary undertakings are included in the consolidated management report or the separate report of another undertaking, drawn up in accordance with Article 29 and Article 29a of Directive 2013/34/EU.

(5) Where an undertaking prepares a separate report corresponding to the same financial year, whether or not relying on national, European Union-based or international frameworks and covering the information required for the non-financial statement as provided for in paragraph (2), that undertaking is exempted from the obligation to prepare the non-financial statement laid down in paragraph (2), provided that such separate report:

a) is published together with the management report in accordance with Article 79; or

b) is made publicly available within a reasonable period of time, not exceeding six months after the balance sheet date, on the undertaking's website, and is referred to in the management report.

Paragraph (3) shall apply mutatis mutandis to undertakings preparing a separate report as referred to in the first subparagraph of this paragraph.

(6) The *réviseur d'entreprises agréé* [approved statutory auditor] checks whether the consolidated non-financial statement referred to in paragraph (2) or the separate report referred to in paragraph (5) has been provided.

Art. Reference 68*ter*

Corporate Governance Statement:

1. A company whose securities are admitted to trading on a regulated market within the meaning of Article 4, paragraph 1, point 14, of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments shall include a corporate governance statement in its management report.

That statement shall be included as a specific section of the management report and shall contain at least the following information:

a) a reference to:

i) the corporate governance code to which the company is subject, and/or

ii) the corporate governance code which the company may have voluntarily decided to apply, and/or

iii) all relevant information about the corporate governance practices applied beyond the requirements under Law.

Where points i) and ii) apply, the company shall also indicate where the relevant texts are publicly available. Where point iii) applies, the company shall make its corporate governance practices publicly available;

b) to the extent to which a company, in accordance with national law, departs from one of the corporate governance codes referred to under points a), i) or ii), an explanation by the company as to which parts of the corporate governance code it departs from and the reasons for doing so. Where the company has decided not to apply any provisions of a corporate governance code referred to under points a), i) or ii), it shall explain its reasons for doing so;

c) a description of the main features of the company's internal control and risk management systems in relation to the financial reporting process;

d) the information required by Article 10, paragraph 1, points c), d), f), h) and i) of directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, where the company is subject to that Directive[44];

e) unless the information is already fully provided for in national laws or regulations, the operation of the shareholder meeting and its key powers, and a description of shareholders' rights and how they can be exercised;

f) "the composition and operation of the administrative, management and supervisory bodies and their committees";

g) a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regards to aspects such as, for instance, age gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as why this is the case.

2. The information required by this Article may be set out in a separate report published together with the management report in the manner set out in Article 68 or by means of a reference in the management report where such document is publicly available on the company's website. In the event of a separate report, the corporate governance statement may contain a reference to the management report where the information required in paragraph (1), point d) is made available. Article 68, paragraph (1), second sub-paragraph shall apply to the provisions of paragraph (1), points c) and d) of this Article.

For the remaining information, the *réviseur d'entreprises agréé* [approved statutory auditor] shall check that the corporate governance statement has been produced.

Companies which have only issued securities other than shares admitted to trading on a regulated market, within the meaning of Article 4, paragraph (1), point 14), of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, from the application of the provisions of paragraph (1), points a), b), e) and f), unless such companies have issued shares which are traded in a multilateral trading facility, within the meaning of Article 4,

[44] See above - additional information for undertakings with securities quoted on a European regulated stock exchange.

paragraph (1), point 15), of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments[45].

According to the Article 69(1)aa) of the Accounting Law, the *réviseur d'entreprises agréé* shall indicate in their audit opinion whether the management report is consistent with the annual accounts and whether it has been prepared in accordance with applicable legal requirements for the same financial year.
We refer to the last paragraph of the 3 illustrative audit opinions.

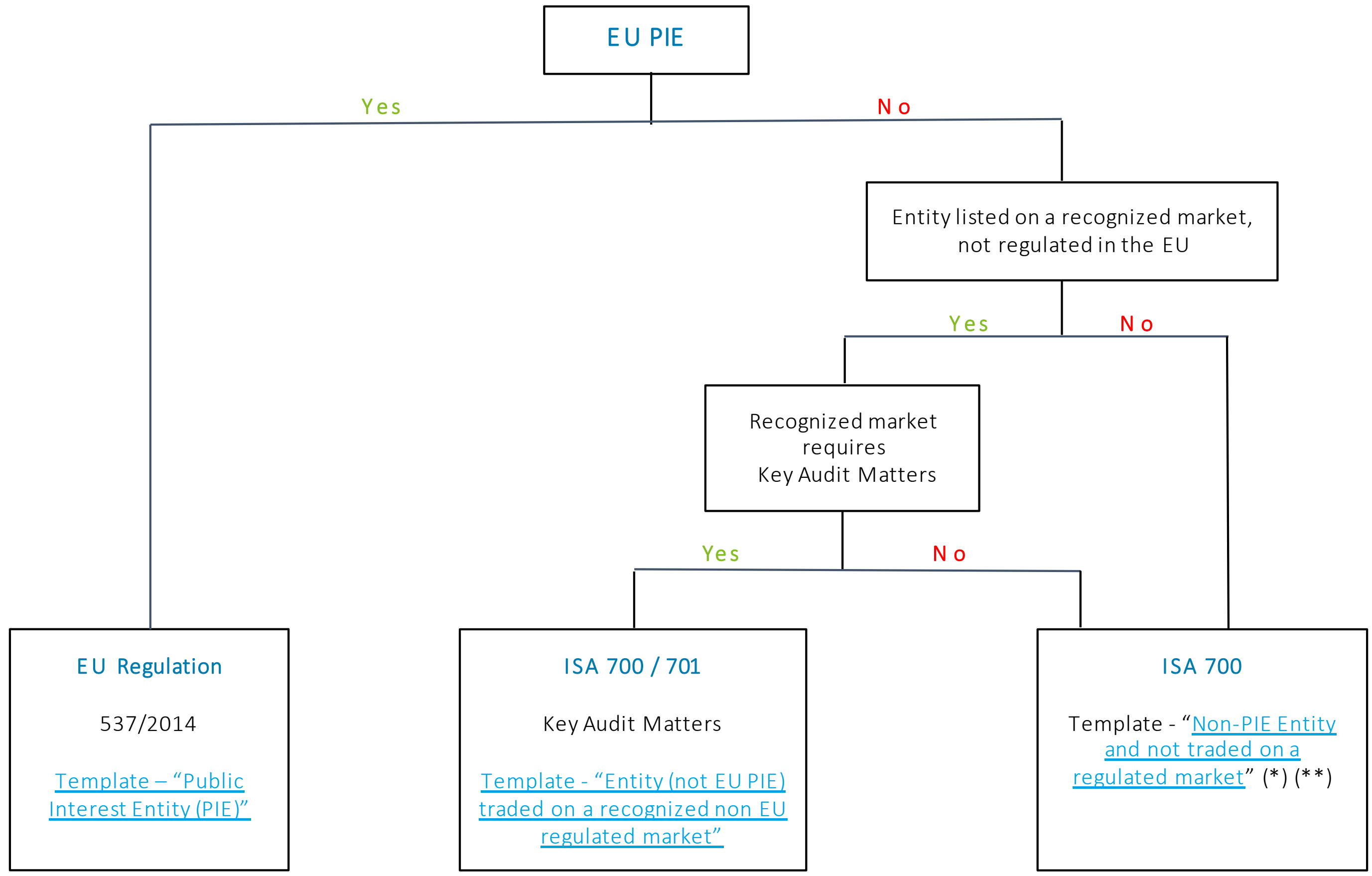
[45] The directive defines "multilateral trading facilities (MTF)" as "a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments [*Note: meaning those instruments specified in Section C of Annex I of that directive*] - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III" of the directive.

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ/INDEPENDENT AUDITOR'S REPORT

The general dispositions applicable to the audit report are in the Article 35 of the Law of 26 July 2016 on the audit professions (the "Audit Law"). When an audited entity is a public interest entity ("PIE") in accordance with Article 1 point (29) of the Audit Law, the dispositions included in Article 10 of the Regulation (EU) n° 538/2014 of the European Parliament and of the Council of 16 April 2014 on the specific requirement applicable to legal control of PIE accounts apply in addition.

When applying these dispositions, the independent auditor must determine if the audited entity is or not (1) a PIE entity in accordance with the Audit Law, and (2) a "Listed entity" as defined in the "Handbook of International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements" of the International Federation of Accountants (IFAC) as adopted by the CSSF. In the appendix of the CSSF 19-02 Regulation, the "Listed entity" are defined as entities governed by Luxembourg law whose securities are admitted to trading on a recognized market.

A decision tree describes below the different scenarios allowing the independent auditor to define the appropriate audit opinion given the specificities of the audited entity.



(*) On a voluntary basis, the audited entity may ask its *Réviseur d'Entreprises Agréé* to report the Key Audit Matters in its report. In such a case, the model of report presented in Template - "Entity (not EU PIE) traded on a recognized non EU regulated market" should be considered.

(**) For listed Entities that do not require Key Audit Matters, include the sentence "We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards."

Template - "Non-PIE Entity and not traded on a regulated market"
[Text] in italics has to be adapted according to the nature of the entity]

To the Shareholders of [*To the Board of Directors / To the Management/ To the Board of Managers*] of [*Name of the audited entity*]

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*
(INDEPENDENT AUDITOR'S REPORT)
(Under Lux GAAP and LUX GAAP with an IFRS option)[46]

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of *ABC* (the "Company"), which comprise the balance sheet as at [*date*], and the profit and loss account for the year then ended [*for the period from (date) to (date)*], and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of [*present fairly, in all material respects*,] the financial position of the Company as at [*date*], and [*of*] the results of its operations for the year then ended [*for the period from (date) to (date)*] in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Annual Accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[46] *This draft opinion is applicable even in case of annual accounts reported under Luxembourg GAAP with an IFRS option. As Luxembourg GAAP allows for IFRS option, the audit opinion is still referring to Luxembourg legal and regulatory requirements only.*

Other information[47]

The Board of Directors [*Management/Board of Managers*] is responsible for the other information. The other information comprises the information stated in the [*annual report including the*] management report [*annual report*] but does not include the annual accounts and our report of the *Réviseur d'Entreprises Agréé* thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors [Management/Board of Managers] and Those Charged with Governance for the Annual Accounts[48]

The Board of Directors [*Management/Board of Managers*] is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors [*Management/Board of Managers*] determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors [*Management/Board of Managers*] is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors [*Management/Board of Managers*] either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

[*Those charged with governance are responsible for overseeing the Company's financial reporting process.*][49]

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[47] It is not always mandatory to include other information and/or a management report. In these cases, if no additional information is added to the financial statements, the section "other information" is to be removed from the audit report.

[48] When the Board of Directors also represents Those Charged With Governance, no reference is made to Those Charged With Governance.

[49] When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the annual accounts, no reference to the individuals responsible for this oversight is required and this sentence should be removed.

Responsibilities of the Réviseur d'Entreprises Agréé for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *Réviseur d'Entreprises Agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [*Management/Board of Managers*].
- Conclude on the appropriateness of Board of Directors' [*Management's/Board of Managers'*] use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *Réviseur d'Entreprises Agréé* to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *Réviseur d'Entreprises Agréé*. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.][50]

Report on Other Legal and Regulatory Requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de Révision Agréé*

[Name of the Partner], *Réviseur d'Entreprises Agréé*
Partner

[Date of the report]

[50] For Listed entities only

Template – Public Interest Entity "PIE"

[Text] in italics has to be adapted according to the nature of the entity]

To the Shareholders of [*To the Board of Directors* / *To the Management*] of

[*Name of the audited entity*]

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

(INDEPENDENT AUDITOR'S REPORT)

(Under Lux GAAP and LUX GAAP with an IFRS option)[51]

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of *ABC* (the "Company"), which comprise the balance sheet as at [*date*], and the profit and loss account for the year then ended [*for the period from (date) to (date)*], and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of [*present fairly, in all material respects,*] the financial position of the Company as at [*date*], and [*of*] the results of its operations for the year then ended [*for the period from (date) to (date)*] in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under EU Regulation N° 537/2014, the Law of 23 July and ISAs as adopted for Luxembourg CSSF are further described in the "Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Annual Accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[51] *This draft opinion is applicable even in case of annual accounts reported under Luxembourg GAAP with an IFRS option. As Luxembourg GAAP allows for IFRS option, the audit opinion is still referring to Luxembourg legal and regulatory requirements only.*

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with ISA 701 (Luxembourg) - §R13-1] [52]

[Where relevant, key observations arising with respect to those risks.][53]

[Where relevant to the above information provided in the audit report concerning each significant assessed risk of material misstatement, include in the audit report a clear reference to the relevant disclosures in the annual accounts]

Other information

The Board of Directors [*Management/Board of Managers*] is responsible for the other information. The other information comprises the information stated in the [*annual report including the*] management report and the Corporate Governance Statement[54] but does not include the annual accounts and our report of the *Réviseur d'Entreprises Agréé* thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

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[52] In an audit where no Key Audit Matters have been determined, the sentence: We have not determined key audit matters to communicate in our report, would replace this paragraph.

[53] Applicable for PIE as defined in the Directive 2006/43/EC as amended (EU PIE).

[54] For Listed PIE only.

Responsibilities of the Board of Directors [Management/Board of Managers] and Those Charged with Governance for the Annual Accounts[55]

The Board of Directors [*Management/Board of Managers*] is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors [*Management/Board of Managers*] determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors [*Management/Board of Managers*] is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors [*Management/Board of Managers*] either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

[Those charged with governance are responsible for overseeing the Company's financial reporting process.][56]

Responsibilities of the Réviseur d'Entreprises Agréé for the Audit of the Annual Accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *Réviseur d'Entreprises Agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

[55] When the Board of Directors also represents Those Charged With Governance, no reference is made to Those Charged With Governance.
[56] When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the annual accounts, no reference to the individuals responsible for this oversight is required and this sentence should be removed.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [*Management/Board of Managers*].
- Conclude on the appropriateness of Board of Directors' [*Management's/Board of Managers'*] use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *Réviseur d'Entreprises Agréé* to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *Réviseur d'Entreprises Agréé*. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.[57]

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.[58]

[57] For Listed PIE only

[58] The exception of disclosures of key audit matters foreseen under §14b ISA 701) "*when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication*" does not apply to public interest entities.

Report on Other Legal and Regulatory Requirements

We have been appointed as *Réviseur d'Entreprises Agréé* by the General Meeting of the Shareholders [*the Board of Directors/the Management*] on [*date*] and the duration of our uninterrupted engagement, including previous renewals and reappointments, is [*X*] years.

[The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the Law of ***19 December 2002*** *on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements]*[59]

Or

[The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Statement is presented on pages [...] to [...]. The information required by Article 68ter paragraph (1) letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.][60]

Or

[The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company's website [address of relevant page of the website], is the responsibility of the Board of Directors [Management/Board of Managers]. The information required by Article 68ter paragraph (1) letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the annual accounts and has been prepared in accordance with applicable legal requirements.][61]

Or

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59 For Listed PIE only.
60 For Listed PIE only.
61 For Listed PIE only.

[The management report [annual report] is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.][62]

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.[63]

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014, on the audit profession were not provided and that we remain independent of the Company in conducting the audit.]

[Where neither disclosed in the management report nor in the annual accounts, disclose here any services, in addition to the statutory audit, that were provided to the Company and its controlled undertakings.][64]

For Deloitte Audit, *Cabinet de Révision Agréé*

[Name of the Partner], *Réviseur d'Entreprises Agréé*
Partner

[Date of the report]

[62] For Non-Listed PIE only.
[63] Not applicable if the public interest entity benefits from one of the exemptions provided for in Article 52 (5) of the law of 23 July 2016 on the audit profession.
[64] Where relevant, indicate here whether other assurance services, tax services or other services have been provided. It is up to the REA to decide whether or not he/she will disclose the related amounts. When no services other than legal audit have been provided, no disclose is made in the auditor's report in that respect.

Template - "Entity (not EU PIE) traded on a recognized non EU regulated market requiring Key Audit Matters"

[Text] in italics has to be adapted according to the nature of the entity]

To the Shareholders of [*To the Board of Directors / To the Management*] of
[*Name of the audited entity*]

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*
(INDEPENDENT AUDITOR'S REPORT)
(Under Lux GAAP and LUX GAAP with an IFRS option)[65]

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of *ABC* (the "Company"), which comprise the balance sheet as at [*date*], and the profit and loss account for the year then ended [*for the period from (date) to (date)*], and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of [*present fairly, in all material respects,]* the financial position of the Company as at [*date*], and [*of*] the results of its operations for the year then ended [*for the period from (date) to (date)*] in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *Réviseur d'Entreprises Agréé* for the Audit of the Annual Accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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65 *This draft opinion is applicable even in case of annual accounts reported under Luxembourg GAAP with an IFRS option. As Luxembourg GAAP allows for IFRS option, the audit opinion is still referring to Luxembourg legal and regulatory requirements only.*

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Description of each key audit matter in accordance with ISA 701 § 13] [66]

Other information[67]

The Board of Directors [***Management/Board of Managers***] is responsible for the other information. The other information comprises the information stated in the [***annual report including the***] management report but does not include the annual accounts and our report of the *Réviseur d'Entreprises Agréé* thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors [Management/Board of Managers] and Those Charged with Governance for the Annual Accounts[68]

The Board of Directors [***Management/Board of Managers***] is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors [***Management/Board of Managers***] determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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66 In an audit where no Key Audit Matters have been determined, the sentence: We have not determined key audit matters to communicate in our report, would replace this paragraph.

67 It is not always mandatory to include other information and/or a management report. In these cases, if no additional information is added to the financial statements, the section "other information" is to be removed from the audit report.

68 When the Board of Directors also represents Those Charged With Governance, no reference is made to Those Charged With Governance.

In preparing the annual accounts, the Board of Directors [*Management/Board of Managers*] is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors [*Management/Board of Managers*] either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

[Those charged with governance are responsible for overseeing the Company's financial reporting process.][69]

Responsibilities of the Réviseur d'Entreprises Agréé for the Audit of the Annual Accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *Réviseur d'Entreprises Agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [*Management/Board of Managers*].
- Conclude on the appropriateness of Board of Directors' [*Management's/Board of Managers'*] use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *Réviseur d'Entreprises Agréé* to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the

69 When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the annual accounts, no reference to the individuals responsible for this oversight is required and this sentence should be removed.

Réviseur d'Entreprises Agréé. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de Révision Agréé*

[Name of the Partner], *Réviseur d'Entreprises Agréé*
Partner

[Date of the report]

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

BALANCE SHEET[70]

As of 31 December 20XX

ASSETS	Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
A. SUBSCRIBED CAPITAL UNPAID	12	**[XX]**	**[XX]**
I. Subscribed capital not called	12	[XX]	[XX]
II. Subscribed capital called but unpaid	12	[XX]	[XX]
B. FORMATION EXPENSES	3.2., 4	**[XX]**	**[XX]**
C. FIXED ASSETS	3.3., 3.4., 3.5., 3.6., 5, 6, 7	**[XX]**	**[XX]**
I. Intangible assets	3.3., 5	[XX]	[XX]
1. Costs of development	3.3., 5	[XX]	[XX]
2. Concessions, patents, licenses, trade marks and similar rights and assets, if they were	3.3., 5	[XX]	[XX]
a) acquired for valuable consideration and need not be shown under C.I.3	3.3., 5	[XX]	[XX]
b) created by the undertaking itself	3.3., 5	[XX]	[XX]
3. Goodwill, to the extent that it was acquired for valuable consideration	3.3., 5	[XX]	[XX]
4. Payments on account and intangible assets under development	3.3., 5	[XX]	[XX]
II. Tangible assets	3.4., 6	[XX]	[XX]
1. Land and buildings	3.4., 6	[XX]	[XX]
2. Plant and machinery	3.4., 6	[XX]	[XX]
3. Other fixtures and fittings, tools and equipment	3.4., 6	[XX]	[XX]
4. Payments on account and tangible assets in the course of construction	3.5., 6	[XX]	[XX]
III. Financial assets	3.6., 7	[XX]	[XX]
1. Shares in affiliated undertakings	3.6., 7	[XX]	[XX]
2. Loans to affiliated undertakings	3.6., 7	[XX]	[XX]
3. Participating interests	3.6., 7	[XX]	[XX]
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	3.6., 7	[XX]	[XX]
5. Investments held as fixed assets	3.6., 7	[XX]	[XX]
6. Other loans	3.6., 7	[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

[70] *The form and content of the balance sheet are defined by the Article 1 of Grand-Ducal Regulation of 18 December 2015 which has implemented the Article 34 of the Accounting Law of 19 December 2002.*

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

BALANCE SHEET

As of 31 December 20XX

- continued -

		Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
D.	CURRENT ASSETS	3.7., 3.8., 3.9., 3.10., 8, 9, 10	[XX]	[XX]
I.	Stocks	3.7., 3.8., 8	[XX]	[XX]
1.	Raw materials and consumables	3.7., 8	[XX]	[XX]
2.	Work in progress	8	[XX]	[XX]
3.	Finished goods and goods for resale	3.8., 8	[XX]	[XX]
4.	Payments on account	8	[XX]	[XX]
II.	Debtors	3.9., 9	[XX]	[XX]
1.	Trade debtors	3.9., 9	[XX]	[XX]
	a) becoming due and payable within one year	3.9., 9	[XX]	[XX]
	b) becoming due and payable after more than one year	3.9., 9	[XX]	[XX]
2.	Amounts owed by affiliated undertakings	3.9., 9	[XX]	[XX]
	a) becoming due and payable within one year	3.9., 9	[XX]	[XX]
	b) becoming due and payable after more than one year	3.9., 9	[XX]	[XX]
3.	Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	3.9., 9	[XX]	[XX]
	a) becoming due and payable within one year	3.9., 9	[XX]	[XX]
	b) becoming due and payable after more than one year	3.9., 9	[XX]	[XX]
4.	Other debtors	3.9., 9	[XX]	[XX]
	a) becoming due and payable within one year	3.9., 9	[XX]	[XX]
	b) becoming due and payable after more than one year	3.9., 9	[XX]	[XX]
III.	Investments	3.10., 10	[XX]	[XX]
1.	Shares in affiliated undertakings	3.10., 10.1.	[XX]	[XX]
2.	Own shares	3.10., 10.2.	[XX]	[XX]
3.	Other investments	3.10., 10.3., 10.4.	[XX]	[XX]
IV.	Cash at bank and in hand		[XX]	[XX]
E.	PREPAYMENTS	3.11., 11	[XX]	[XX]
	BALANCE SHEET TOTAL (ASSETS)		[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

BALANCE SHEET

As of 31 December 20XX

- continued -

CAPITAL, RESERVES AND LIABILITIES		Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
A.	CAPITAL AND RESERVES	3.12., 3.18., 12, 13, 14, 15, 16, 17, 18	[XX]	[XX]
I.	Subscribed capital	12	[XX]	[XX]
II.	Share premium account	13	[XX]	[XX]
III.	Revaluation reserve	14	[XX]	[XX]
IV.	Reserves	15	[XX]	[XX]
1.	Legal reserve	15.1.	[XX]	[XX]
2.	Reserve for own shares	15.2.	[XX]	[XX]
3.	Reserves provided for by the articles of association	15.3	[XX]	[XX]
4.	Other reserves, including the fair value reserve	15.4.	[XX]	[XX]
	a) Other available reserves	15.4.	[XX]	[XX]
	b) Other non available reserves	15.4.	[XX]	[XX]
V.	Profit or loss brought forward	17	[XX]	[XX]
VI.	Profit or loss for the financial year	17	[XX]	[XX]
VII.	Interim dividends	3.18., 16	[XX]	[XX]
VIII.	Capital investment subsidies	3.12., 18		
B.	PROVISIONS	3.13., 19	[XX]	[XX]
1.	Provisions for pensions and similar obligations	3.13., 19.1.	[XX]	[XX]
2.	Provisions for taxation	3.13., 19.2.	[XX]	[XX]
3.	Other provisions	3.13., 19.3.	[XX]	[XX]
C.	CREDITORS	3.14.,3.15., 20	[XX]	[XX]
1.	Debenture loans	3.14., 20	[XX]	[XX]
	a) Convertible loans	3.14., 20	[XX]	[XX]
	i) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	ii) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
	b) Non convertible loans	3.14., 20	[XX]	[XX]
	i) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	ii) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

BALANCE SHEET

As of 31 December 20XX

- continued -

		Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
2.	Amounts owed to credit institutions	3.14., 20	[XX]	[XX]
	a) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	b) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
3.	Payments received on account of orders in so far as they are not shown separately as deductions from stocks	3.14., 20	[XX]	[XX]
	a) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	b) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
4.	Trade creditors	3.14., 20	[XX]	[XX]
	a) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	b) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
5.	Bills of exchange payable	3.14., 20	[XX]	[XX]
	a) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	b) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
6.	Amounts owed to affiliated undertakings	3.14., 20	[XX]	[XX]
	a) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	b) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
7.	Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	3.14., 20	[XX]	[XX]
	a) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	b) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
8.	Other creditors	3.14., 20	[XX]	[XX]
	a) Tax authorities	3.15., 20	[XX]	[XX]
	b) Social security authorities	3.14., 20	[XX]	[XX]
	c) Other creditors	3.14., 20	[XX]	[XX]
	i) becoming due and payable within one year	3.14., 20	[XX]	[XX]
	ii) becoming due and payable after more than one year	3.14., 20	[XX]	[XX]
D.	**DEFERRED INCOME**	3.16., 21	**[XX]**	**[XX]**
	BALANCE SHEET TOTAL (CAPITAL, RESERVES AND LIABILITIES)		[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

ABRIDGED BALANCE SHEET[71]

As of 31 December 20XX

ASSETS	Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
A. SUBSCRIBED CAPITAL UNPAID	12	[XX]	[XX]
I. Subscribed capital not called	12	[XX]	[XX]
II. Subscribed capital called but unpaid	12	[XX]	[XX]
B. FORMATION EXPENSES	3.2., 4	[XX]	[XX]
C. FIXED ASSETS	3.3., 3.4., 3.5., 3.6., 5, 6, 7	[XX]	[XX]
I. Intangible assets	3.3., 5	[XX]	[XX]
II. Tangible assets	3.4., 3.5., 6	[XX]	[XX]
III. Financial assets	3.6., 7	[XX]	[XX]
D. CURRENT ASSETS	3.7., 3.8., 3.9., 3.10., 8, 9, 10	[XX]	[XX]
I. Stocks	3.7., 3.8., 8	[XX]	[XX]
II. Debtors	3.9., 9	[XX]	[XX]
a) becoming due and payable within one year	3.9., 9	[XX]	[XX]
b) becoming due and payable after more than one year	3.9., 9	[XX]	[XX]
III. Investments	3.10., 10	[XX]	[XX]
IV. Cash at bank and in hand		[XX]	[XX]
E. PREPAYMENTS	3.11., 11	[XX]	[XX]
BALANCE SHEET TOTAL (ASSETS)		[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

[71] *The form and content of the abridged balance sheet are defined by the Article 2 of Grand-Ducal Regulation of 18 December 2015 which has implemented the Article 35 of the Accounting Law of 19 December 2002.*

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

ABRIDGED BALANCE SHEET

As of 31 December 20XX

- continued -

CAPITAL, RESERVES AND LIABILITIES		Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
A.	CAPITAL AND RESERVES	3.12., 3.18., 12, 13, 14, 15, 16, 17, 18	[XX]	[XX]
I.	Subscribed capital	12	[XX]	[XX]
II.	Share premium account	13	[XX]	[XX]
III.	Revaluation reserve	14	[XX]	[XX]
IV.	Reserves	15	[XX]	[XX]
V.	Profit or loss brought forward	17	[XX]	[XX]
VI.	Profit or loss for the financial year	17	[XX]	[XX]
VII.	Interim dividends	3.18, 16	[XX]	[XX]
VIII.	Capital investment subsidies	3.12, 18		
B.	PROVISIONS	3.13., 19	[XX]	[XX]
C.	CREDITORS	3.14., 3.15, 20	[XX]	[XX]
	a) becoming due and payable within one year	3.14., 3.15, 20	[XX]	[XX]
	b) becoming due and payable after more than one year	3.14., 3.15, 20	[XX]	[XX]
D.	DEFERRED INCOME	3.16., 21	[XX]	[XX]
BALANCE SHEET TOTAL (CAPITAL, RESERVES AND LIABILITIES)			[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

ABC Company S.A. [S.à r.l.]

Société Anonyme [Société à responsabilité limitée]

PROFIT AND LOSS ACCOUNT[72]

For the year/*period* ended 31 December 20XX

		Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
1.	**Net turnover**	3.17., 22	**[XX]**	**[XX]**
2.	**Variation in stocks of finished goods and in work in progress**	3.7., 3.8., 8	**[XX]**	**[XX]**
3.	**Work performed by the undertaking for its own purposes and capitalised**	23	**[XX]**	**[XX]**
4.	**Other operating income**	24	**[XX]**	**[XX]**
5.	**Raw materials and consumables and other external expenses**	3.7., 8	**[-XX]**	**[-XX]**
	a) Raw materials and consumables			
	b) Other external expenses	25	**[-XX]**	**[-XX]**
6.	**Staff costs**	26, 27, 28	**[-XX]**	**[-XX]**
	a) Wages and salaries	26	[-XX]	[-XX]
	b) Social security costs	26, 27	[-XX]	[-XX]
	i) relating to pensions	26, 27	[-XX]	[-XX]
	ii) other social security costs	26, 27	[-XX]	[-XX]
	c) Other staff costs	28	[-XX]	[-XX]
7.	**Value adjustments**	5, 6	**[-XX]**	**[-XX]**
	a) in respect of formation expenses and of tangible and intangible fixed assets	5, 6	[-XX]	[-XX]
	b) in respect of current assets		[-XX]	[-XX]
8.	**Other operating expenses**	29	**[-XX]**	**[-XX]**
9.	**Income from participating interests**	3.6., 7	**[XX]**	**[XX]**
	a) derived from affiliated undertakings	3.6., 7	[XX]	[XX]
	b) other income from participating interests	3.6., 7	[XX]	[XX]
10.	**Income from other investments and loans forming part of the fixed assets**	3.6., 7	**[XX]**	**[XX]**
	a) derived from affiliated undertakings	3.6., 7	[XX]	[XX]
	b) other income not included under a)	3.6., 7	[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

72 *The form and content of the profit and loss account are defined by the Article 2 of the Grand-Ducal Regulation of 18 December 2015 which has implemented the Article 46 of the Accounting Law of 19 December 2002.*

ABC Company S.A. [S.à r.l.]

Société Anonyme [Société à responsabilité limitée]

PROFIT AND LOSS ACCOUNT
For the year/*period* ended 31 December 20XX
- continued -

	Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
11. Other interest receivable and similar income	3.6., 7	[XX]	[XX]
a) derived from affiliated undertakings	3.6., 7	[XX]	[XX]
b) other interest and similar income	3.6., 7	[XX]	[XX]
12. Share of profit or loss of undertakings accounted for under the equity method	3.6., 7	[-XX]	[-XX]
13. Value adjustments in respect of financial assets and of investments held as current assets	7	[-XX]	[-XX]
14. Interest payable and similar expenses	3.6., 7	[-XX]	[-XX]
a) concerning affiliated undertakings	3.6., 7	[-XX]	[-XX]
b) other interest and similar expenses	3.6., 7	[-XX]	[-XX]
15. Tax on profit or loss	30	[-XX]	[-XX]
16. Profit or loss after taxation		[XX]	[XX]
17. Other taxes not shown under items 1 to 16	31	[-XX]	[-XX]
18. Profit or loss for the financial year	17	[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

ABC Company S.A. [S.à r.l.]

Société Anonyme [Société à responsabilité limitée]

ABRIDGED PROFIT AND LOSS ACCOUNT[73]

For the year/*period* ended 31 December 20XX

		Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
1. to 5.	Gross results	3.7., 3.8., 3.17., 8, 22, 23, 24, 25	[XX]	[XX]
6.	Staff costs	26, 27, 28	[-XX]	[-XX]
	a) Wages and salaries	26	[-XX]	[-XX]
	b) Social security costs	26, 27	[-XX]	[-XX]
	i) relating to pensions	26, 27	[-XX]	[-XX]
	ii) other social security costs	26, 27	[-XX]	[-XX]
	c) Other staff costs	28	[-XX]	[-XX]
7.	Value adjustments	5, 6	[-XX]	[-XX]
	a) in respect of formation expenses and of tangible and intangible fixed assets	5, 6	[-XX]	[-XX]
	b) in respect of current assets		[-XX]	[-XX]
8.	Other operating expenses	29	[-XX]	[-XX]

The accompanying notes are an integral part of these annual accounts.

[73] *The form and content of the abridged balance sheet are defined by the Article 4 of Grand-Ducal Regulation of 18 December 2015 which has implemented the Article 47 of the Accounting Law of 19 December 2002.*

ABC Company S.A. [S.à r.l.]

Société Anonyme [Société à responsabilité limitée]

ABRIDGED PROFIT AND LOSS ACCOUNT

For the year/*period* ended 31 December 20XX

- continued -

		Notes	31 December 20XX [Currency]	31 December 20XX-1 [Currency]
9.	Income from participating interests	3.6., 7	[XX]	[XX]
	a) derived from affiliated undertakings	3.6., 7	[XX]	[XX]
	b) other income from participating interests	3.6., 7	[XX]	[XX]
10.	Income from other investments and loans forming part of the fixed assets	3.6., 7	[XX]	[XX]
	a) derived from affiliated undertakings	3.6., 7	[XX]	[XX]
	b) other income not included under a)	3.6., 7	[XX]	[XX]
11.	Other interest receivable and similar income		[XX]	[XX]
	a) derived from affiliated undertakings	3.6., 7	[XX]	[XX]
	b) other interest and similar income		[XX]	[XX]
12.	Share of profit or loss of undertakings accounted for under the equity method	3.6., 7	[-XX]	[-XX]
13.	Value adjustments in respect of financial assets and of investments held as current assets	7	[-XX]	[-XX]
14.	Interest payable and similar expenses	3.6., 7	[-XX]	[-XX]
	a) concerning affiliated undertakings	3.6., 7	[-XX]	[-XX]
	b) other interest and similar expenses	3.6., 7	[-XX]	[-XX]
15.	Tax on profit or loss	30	[-XX]	[-XX]
16.	Profit or loss after taxation		[XX]	[XX]
17.	Other taxes not shown under items 1 to 16	31	[-XX]	[-XX]
18.	Profit or loss for the financial year	17	[XX]	[XX]

The accompanying notes are an integral part of these annual accounts.

ABC Company S.A. [S.à r.l.]

Société Anonyme [*Société à responsabilité limitée*]

NOTES TO THE ANNUAL ACCOUNTS

Year/*period* ended 31 December 20XX

Art. Reference 65(1)

GUIDANCE:

The notes to the annual accounts must be presented in the same order as the items related to it in the balance sheet and the profit and loss account

Art. Reference 65

NOTE 1 - GENERAL

1.1. Corporate Matters

ABC Company S.A. [S.à r.l.] (hereafter the "Company") was incorporated on [DD Month YYYY] as a "Société Anonyme" ["Société à responsabilité limitée"] in accordance with the Luxembourg Law of 10 August 1915, as amended, on Commercial Companies for an unlimited period of time (*or: for a limited period of ...years*).

The Company is registered with the Trade and Companies Register of Luxembourg (RCS) with the number [B XXX XXX] and has its registered office at [address].

The Company is a [wholly] owned subsidiary of [to be completed], an entity incorporated under the Laws of [to be completed].

COMMENTARY:

Disclose the domicile and legal form of the Company, the country of incorporation, the registered number and office.

1.2. Nature of the Company's business

In accordance with its articles of incorporation, the object of the Company is to primarily [to be completed]

The main activity */ [activities]* of the Company consist of:
[to be completed]

The Company operates a branch / branches in [to be completed]

COMMENTARY:

- Describe the business activities and nature of operations of the Company as disclosed in its articles of association;
- Significant events of the year having an impact on the annual accounts may be disclosed if needed to improve the understanding of the annual accounts.

1.3. Annual accounts

The financial year of the Company is identical to the calendar year, from 1 January to 31 December of each year.

If applicable:

The first accounting period begins on the date of incorporation of the Company and terminates on the [31 December 20XX].

Art. Reference
1711-4
1711-7

ADDITIONAL POTENTIAL DISCLOSURES:

If the Company prepares consolidated accounts:

The Company also prepares consolidated accounts, which are published in accordance with the provisions of the Law. These consolidated accounts are also available at the registered office of the Company.

If the Company doesn't prepare consolidated accounts:

Based on the criteria defined by the Law, the Company is exempt from the obligation to prepare consolidated accounts.

Art. Reference
65(1) 15°

GUIDANCE:

If the annual accounts of the Company are included in the consolidated accounts of the parent company, disclose the following information as per Article 65 (1) 15° of the Accounting Law:

a) The name and registered office of the parent company that establishes consolidated accounts of the **biggest group** of which the Company is a subsidiary; [74]

b) The name and registered office of the parent company that establishes consolidated accounts of the **smallest group** of which the Company is a subsidiary (if different from a) above);

c) The place where the copies of the consolidated accounts referred to in points a) and b) above may be obtained.

The Company shall ensure that the consolidated accounts of the parent company and the auditor's report, are published in the form provided by Article 1770-1 of the Commercial Law of 10 August 1915.

[74] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)15°a).

In this case, disclose: [75]

The Company's accounts are included in the consolidated accounts of [XYZ] Group, representing the ***smallest*** entity of which the Company is a subsidiary, under the Laws of [legal reference]. These can be obtained from [e.g. name of the Company's parent + its address].

The Company's accounts are included in the consolidated accounts of [XYZ] Group, its ultimate parent, representing the ***biggest*** entity of which the Company is a subsidiary, incorporated under the Laws of [legal reference]. These can be obtained from [e.g. name of the Company's parent + its address].

NOTE 2 - BASIS OF PREPARATION

COMMENTARY:

The following are examples of the types of accounting policies that might be disclosed in this Company's accounts. Entities are required to disclose the measurement bases and other accounting policies applied that are relevant to an understanding of the annual accounts. An accounting policy may be significant because of the nature of the entity's activities even if amounts of the current and the prior period are immaterial. Management must consider whether the disclosure of a particular accounting policy would assist users in understanding how transactions, other events and conditions are reported in the annual accounts.

2.1. General principles

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

The accounting and valuation policies are determined by the Board of Directors [*Management / Board of Managers*] in compliance with the Law of 19 December 2002, as amended. These policies have been consistently applied to the annual periods presented.

[75] Additional guidance and examples are provided in the Q&A CNC 17/014.

Art. Reference
26(5) and 51(2)

GUIDANCE:

(2) Where in exceptional cases the application of a provision of this Law is incompatible with the obligation laid down in Article 26, paragraph (3), that provision shall be disapplied in order to give a true and fair view of the undertaking's assets, liabilities, financial position and profit or loss. The disapplication of any such provision shall be disclosed in the notes to the accounts together with an explanation of the reasons for it and of its effect on the undertaking's assets, liabilities, financial position and profit or loss.

ADDITIONAL POTENTIAL DISCLOSURES:

Indicate and substantiate departure from significant accounting policies, if justified, to present a true and fair view of the activity of the Company. The effects of the departure on the financial position and results of the Company must also be disclosed.

In this case, disclose:

Further to the application of Article 26 (5) of the Accounting Law, these annual accounts are presented with certain amendments to the legal provisions in order to give a true and fair view of the activities of the Company relating to (...). The effect on the assets is XX, on the liabilities is XX, on the financial position is XX and on the results of the Company is XX.

Where applicable

Lux GAAP with option to value financial instruments according to the IFRS

COMMENTARY:

When financial instruments cannot be valued based on the fair value model as permitted by **Article 64bis to 64nonies, Article 64bis(5bis)** provides an alternative and allows to value the financial instruments in accordance with the IFRS (as adopted by the European Union), provided that their measurement at fair value is authorised under IFRS (as adopted by the European Union). If this option is used, the disclosures must be made in accordance with the IFRS requirements.

Art. Reference
64bis(5bis)

GUIDANCE:

As per Article 64bis(5bis), by way of derogation of Article 64bis (3) and Article 64bis (4), in accordance with IFRS as adopted by the European Union, ***the measurement of financial instruments and compliance with the associated disclosure requirements provided for in the IFRS as adopted by the European Union, are permitted***.

As per Article 64bis (5), in respect of any assets and liabilities which qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, measurement at the specific amount required under the system, is permitted.

The Law of 18 December 2015 allows the Company to value financial instruments in accordance with IFRS. The Company has used this option for [to be tailored].

2.2. Critical accounting estimates

The preparation of the annual accounts and the application of the accounting policies and methods described below require critical accounting estimates that involve judgements and the use of assumptions. By their nature, the assessments necessary for drawing up the annual accounts require the formulation of hypotheses and carry risks and uncertainties as to their occurrence in the future.

Although the Board of Directors believes that it has taken all available information into account in determining these judgements and estimates, the actual future profits and losses from the operations concerned could differ from these estimates and therefore have a material impact on the annual accounts.

The use of estimates mainly concerns the following valuations:

- the determination of the fair value of financial instruments that do not have a quoted market price;
- the determination of the fair value of other assets measured at fair value (e.g. investment properties);
- the determination of the useful lives and the residual values of intangible assets and tangible assets;
- the estimation of the recoverable amount of impaired assets;
- the amount of deferred tax assets;
- assessment of provisions, including provisions related to employee benefits;
- to be tailored.

The use of critical judgements in applying accounting policies may comprise the following:

- income recognition;
- classification of financial instruments;
- the discount rate used for the supplemental defined benefit retirement plan;
- to be tailored.

2.3. Comparative figures

Art. Reference 29(2)

GUIDANCE:

In respect of each balance sheet and profit and loss account item, the figure relating to the corresponding item for the preceding financial year must be shown. Where the figures from one year are not comparable to figures from the next year and where the figures of the preceeding year have been adjusted, this must be disclosed in the notes to the accounts, with the relevant comments.

Art. Reference 29(2)

The presentation of the annual accounts has been modified when compared to the presentation used in respect of the financial year ended 31 December 20XX-1. As a consequence and in order to ensure adequate comparability across both financial years, certain comparative figures in respect of the financial year ended 31 December 20XX-1 have been reclassified.

[*To be tailored with the reclassification(s) made for the comparative figures*]

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

3.1. Foreign currency transactions

The Company maintains its accounting records in Currency ("CCY") and the annual accounts are expressed in this currency.

COMMENTARY:
Under LUX GAAP, the Law does not specifically address foreign currency translations rules.
This section mentions the most common practice and must be updated based on specific circumstances.

Transactions in foreign currencies are translated into CCY at the exchange rates prevailing at the date of the transactions / [*payments*].

Formation expenses, fixed assets in foreign currencies are kept at historical exchange rates at the Balance Sheet date.

Monetary assets and liabilities in foreign currencies are revalued at the exchange rate prevailing at the Balance Sheet date. Exchange gains and losses are recorded in the Profit and Loss account.

Other non-monetary assets and non-monetary liabilities in foreign currencies are kept at historical exchange rates or revalued at exchange rates prevailing at the Balance Sheet date, respectively if the latter rate is lower or higher. Accordingly, exchange losses are recognised immediately in the Profit and Loss account. Exchange gains are recorded in the Profit and Loss account at the moment of their realisation.

Or

Other non-monetary assets and non-monetary liabilities in foreign currencies are revalued at exchange rates prevailing at the Balance Sheet date. Accordingly, exchange losses on other non-monetary assets and non-monetary liabilities are recognised immediately in the Profit and Loss account.

Forward foreign exchange transactions are valued at the forward rate for the remaining term ruling on the balance sheet date. In case of unrealised gains, there are not recognised in the Profit and Loss account. In case of unrealised losses, a provision is recorded to cover the potential losses.

Where applicable

Where there is an economic link between an asset and a liability or a hedge relationship is established, they are valued in aggregate according to the principles described above.

COMMENTARY:

Hedging transactions are those which are entered into in order to reduce or eliminate the risk arising from variations in currency exchange rates to which an asset, liability or derivative or a homogenous group of such items is exposed. The general principle is that for hedged transactions the currency translation has no effect on the profit or loss for the part effectively covered.

Revenues and expenses in foreign currencies are translated into CCY at the exchange rates applicable at the date of the transaction. Exchange gains are included in “Other interest receivable and similar income” and exchange losses in “Other interest payable and similar charges”.

ADDITIONAL POTENTIAL DISCLOSURES:

Where the fair value option is selected as the accounting policy for investments and financial fixed assets, add the following:

Transferable securities and other financial instruments and financial fixed assets in foreign currencies which are measured at fair value are converted at the exchange rates effective at the Balance Sheet date. Foreign exchange differences on those fair valued assets are recognised in the Profit and Loss account (or revaluation reserves, if applicable) with the change in fair value.

3.2. Formation expenses

Formation expenses are capitalised and amortised on a straight line basis over [number of years/months].

Art. Reference
53(1) a)

GUIDANCE:

If capitalised, formation expenses must be written off within a maximum period of 5 years.

Art. Reference
53(3)

GUIDANCE:

Expenses relating to the creation or extension of an undertaking, of part of an undertaking or of a branch of business, as opposed to expenses resulting from ordinary business, may be entered under “Assets” as formation expenses.

OR

Formation expenses are charged to the Profit and Loss account in the year in which they are incurred.

3.3. Intangible assets

Art. Reference
55(1)
59(1)

Lux GAAP

Intangible assets are carried at purchase price including the expenses incidental thereto, or at production costs, less accumulated amortisation. Amortisation is recognised on a *straight-line* basis [or other method, such as declining method] over the estimated remaining useful life of the assets. The amortisation rate and methods applied are as follows:

		Amortisation Method OR [Rate of amortisation]	Depreciation method
Development costs	[XX] years	[..%]	
Patents, licenses, trademarks and similar rights and assets acquired	[XX] years	[..%]	
Goodwill acquired	[XX] years	[..%]	

COMMENTARY:

Only development costs can be capitalised (not the research costs).

Generally accepted depreciation methods are allowed in Lux GAAP.

Art. Reference 59(2)

GUIDANCE:

In exceptional cases where the useful life of goodwill and development costs cannot be reliably estimated, such assets shall be written off within a maximum period which shall not exceed 10 years. An explanation of the period over which goodwill is written off shall be provided within the notes to the annual accounts.

Art. Reference 55(1)c)dd)

GUIDANCE:

Measurement at the lower of the values provided for may not continue if the reasons for which the value adjustments were made have ceased to apply; this provision shall not apply to value adjustments made in respect of goodwill.

COMMENTARY:

Where the Company considers that intangible assets have suffered a durable decline in value in excess of the accumulated amortisation already recognised, an additional write-down is to be accounted for. Except for the goodwill acquired, these value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Where applicable

Art. Reference 55(4)

Interest on capital borrowed to finance the production of intangible assets has been included in the production costs to the extent to which it relates to the period of production.

Art. Reference 55(1)

3.4. Tangible assets

Lux GAAP

Tangible assets are carried at purchase price including the expenses incidental thereto, or at production costs, less accumulated amortisation. Amortisation is recognised on a *straight-line* basis [or other method, such as declining method] over the estimated remaining useful life of the assets. The amortisation rate and methods applied are as follows:

		Amortisation Method OR [Rate of amortisation]	Depreciation method
Buildings	[XX] years	[..%]	
Plant and machinery	[XX] years	[..%]	
Other fixtures and fittings, tools and equipment	From [XX] to [XX] years	[..%]	

Land is not amortised.

GUIDANCE:

Generally accepted depreciation methods are allowed in Lux GAAP.

Art. Reference 40

GUIDANCE:

Rights to immovable and other similar rights as defined by civil law must be shown under "Land and Buildings".

Art. Reference 59(2)

GUIDANCE:

In exceptional cases where the useful life of goodwill and development costs cannot be reliably estimated, such assets shall be written off within a maximum period which shall not exceed 10 years. An explanation of the period over which goodwill is written off shall be provided within the notes to the annual accounts.

COMMENTARY:

Where the Company considers that tangible assets have suffered a durable decline in value in excess of the accumulated depreciation recognised, an additional write-down is recorded to reflect this impairment. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Where applicable

Art. Reference 55(1)d)

GUIDANCE:

If fixed assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

Or

Lux GAAP with FV option

COMMENTARY:

The Q&A CNC 14/002 and Q&A CNC 16/007 defined the rule under Lux GAAP that outlines the revaluation model is not permitted under Lux GAAP, the revaluation model being different from the FV model. Consequently, the FV option is only allowed under Lux GAAP provided that the fair valuation is permitted under IFRS (as adopted by the European Union).

For intangible assets, IAS 38 gives the choice only between the cost model and the revaluation model. Consequently, the FV option is not permitted under Lux GAAP for intangible assets.

Under IFRS, tangible assets are considered as either Inventory under IAS 2, either Property Plant and Equipment (PPE) under IAS 16, either Investment Property under IAS 40 or Biological assets under IAS 41. Only IAS 40 for Investment Property and IAS 41 for Biological assets allow the fair valuation. Consequently, even if Lux GAAP does not make a distinction between the tangible assets, only such tangible assets could be considered for the FV option.

Tangible assets (to list the categories) are initially carried at purchase price including the expenses incidental thereto, or at production costs. They are subsequently measured at fair value based on the following basis (to describe the valuation method). The fair value changes on those fair valued assets are recognised in the Profit and Loss account (or revaluation reserves, if applicable) with the change in fair value.

Art. Reference 64sexies

GUIDANCE:

As per Article 64sexies, undertakings may also measure specified categories of assets other than financial instruments at amounts determined by reference to their fair value, provided their measurement at fair value is authorised under IFRS. In this case, the note should describe the categories.

Art. Reference 64septies

GUIDANCE:

As per 64septies, undertakings may, where an asset is measured in accordance with Article 64sexies, include the resulting change in the value in the profit and loss accounts.

Art. Reference 64octies

GUIDANCE:

As per Article 64octies, where certain categories of assets other than financial instruments have been measured at fair value, the notes to the accounts shall disclose:

a) the significant assumptions underlying the valuation models and techniques where fair value has not been determined by reference to a market value;

b) per category of assets other than financial instruments, the fair value at the balance sheet date and the changes in value which occurred during the financial year;

c) for each class of assets other than financial instruments, information about the significant terms and conditions that may affect the amount and certainty of future cash flows.

Where applicable

Art. Reference 55(4)

Interest on capital borrowed to finance the production of intangible assets has been included in the production costs to the extent to which it relates to the period of production.

Where applicable

Art. Reference 60

Tangible assets which are constantly being replaced and the overall value of which is secondary importance to the undertaking may be shown under "Assets" at a fixed quantity and value, if the quantity, value and composition thereof do not vary materially.

3.5. Payment on accounts and fixed assets under development

Tangible assets in the course of construction are carried at cost, less any recognised impairment loss.

The costs incurred on fixed assets under development by the Company itself are recorded in their respective profit and loss captions. Such costs are allocated to the appropriate Balance Sheet caption with as counterpart the income caption "Work performed by the undertaking for its own purposes and capitalised".

Such items are classified to the appropriate categories when completed and ready for their intended use.

3.6. Financial assets

Art. Reference 41

GUIDANCE:

"***Participating interest***" shall mean rights in the capital of other undertakings, whether or not represented by certificates, which, by creating a durable link with those undertakings, are intended to contribute to the undertaking's activities. The holding of part of the capital of another undertaking shall be presumed to constitute a participating interest where it exceeds 20%.

Art. Reference 1790-2

GUIDANCE:

Undertakings which are connected as described in Article 1711-1 (1) (as described below) and those undertakings which are similarly connected with one of the aforementioned undertakings, shall be "***affiliated undertakings***" for the purposes of the Title II of the Law.

Art. Reference 1711-1

(1) (Law of 10 December 2010) Each *société anonyme*, *société en commandite par actions* (Law of 10 August 2016) *société par actions simplifiée* or *société à responsabilité limitée* and (Law of 30 July 2013) each company referred to in Article 77, paragraph 2, items 2° and 3° of the amended Law of 19 December 2002 on the Trade and companies register and the accounting and annual accounts of undertakings (...) must draw up consolidated accounts and a consolidated management report if it:

a) has a majority of the shareholders' or members' voting rights in another undertaking; or

b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking and is at the same time a shareholder in or member of that undertaking; or

c) is a shareholder in or member of an undertaking, and controls alone, pursuant to an agreement with other shareholders in or members of that undertaking, a majority of shareholders' or members' voting rights in that undertaking.

(Law of 25 August 2006)

A *société européenne* (SE) having its registered office in the Grand-Duchy of Luxembourg shall be governed by the provisions applicable to *sociétés anonymes.*

Lux GAAP

Art. Reference
55 (1) a
55 (1) c bb)
55 (1) c dd)

Valuation at purchase price

Shares in affiliated undertakings/participating interests/amounts owed by such undertakings/securities and other financial instruments held as fixed assets/Loans and claims held as fixed assets/Own shares or own corporate units, are carried at purchase price including the expenses incidental thereto. Where the Company considers that fixed assets have suffered a durable decline in value, a value adjustment is recorded to reflect this impairment. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Art. Reference
55 (1) a
55 (1) c aa)

Valuation at the lower of cost or market value

Shares in affiliated undertakings/participating interests/amounts owed by such undertakings/securities and other financial instruments held as fixed assets/Loans and claims held as fixed assets/Own shares or own corporate units, are carried at the lower of the purchase price including the expenses incidental thereto, or market value.

The market value corresponds to:

- the last available quoted price in an active market for quoted securities;
- the fair value estimated with due care and in good faith by the Board of Directors *[Management / Board of Managers]* based on market and business assumptions.

Art. Reference
55(1) c cc)

GUIDANCE:

Article 55 (1) c cc) mentions the value adjustments referred to in Article 55 (1) c aa) and bb) must be charged to the profit and loss accounts and disclosed separately in the notes to the accounts if there are not shown separately in the profit and loss account.

Art. Reference
55(1)d)

GUIDANCE:

If fixed assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

Valuation at the net equity

Art. Reference
58

GUIDANCE:

Article 58 of the Accounting Law describes the optional accounting rules for the "Shares in affiliated undertakings" and the "Participating interests". As per Article 58 (1), the application of the net equity method is optional.

Shares in affiliated undertakings/participating interests are initially recognised at cost and adjusted thereafter to recognise the Company's share of the proportion of the capital and reserves of these undertakings.

Initial recognition

At the date of acquisition, the shares in affiliated undertakings/participating interests are recorded at cost. The difference between the cost and the amount corresponding to the proportion of the capital and reserves is disclosed in the notes. The proportion of the capital and reserves has been valued by the same accounting rules as those applied by the Company [if such revaluation has not been done, this must be disclosed- Art. 58(3)].

Or

At the date of acquisition, the shares in affiliated undertakings/participating interests are recorded at the amount corresponding to the proportion of the capital and reserves represented by the affiliated undertakings/ participating interests. The proportion of the capital and reserves have been valued according to the accounting rules applied by the Company [if such revaluation has not been done, this must be disclosed- Art. 58(3)]. If the difference calculated is not attributable to a category of assets or liabilities, it is then accounted for as goodwill and amortised over a period of maximum 10 years.

Subsequent measurement

Annually, the proportion of the net profit or loss attributable to the shares in affiliated undertakings/participating interests is shown in the profit and loss account under the caption: "Share of profits/losses of undertakings accounted for under the equity method". A reserve which is unavailable for distribution is booked in equity for the portion of the result above the amount of dividends already received.

Or

Annually, the proportion of the net profit or loss attributable to the shares in affiliated undertakings/participating interests is directly booked in equity under the caption "Revaluation reserves" except for the portion of dividends already received. These revaluation reserves are not available for distribution.

Or

Lux GAAP with an IFRS option

Art. Reference 64bis.

Shares in affiliated undertakings/participating interests[76]/amounts owed by such undertakings/securities and other financial instruments held as fixed assets/Loans and claims held as fixed assets, are carried at purchase price including the expenses incidental thereto. They are subsequently measured at fair value based on the following basis (to describe the valuation method). The fair value changes on those fair valued assets, with, if applicable, the appropriate deferred tax, are recognised in the Profit and Loss account under the item "Value adjustments and fair value adjustments on financial assets"/(or if applicable) in revaluation reserves.

Art. Reference 64bis.

GUIDANCE:

As per Article 64bis (1), subject to the conditions set out in Article 64bis (4), undertakings have the option to carry out a measurement at fair value of financial instruments, including derivatives. In this case, the note should describe the categories.

Article 64bis (3) permits financial instruments that are part of the liabilities to be measured at fair value only:

a) If they are held as part of the trading portfolio; or

b) If they are derivative instruments.

Article 64bis (4) prohibits the measurement at fair value for the following:

a) Non derivative financial instruments held to maturity;

b) Loans and receivables originated by the undertaking and not held-for-trading purposes; and

c) Interests in subsidiaries, associated undertakings, contracts for contingent consideration in a business combination as well as other financial instruments with such special characteristics that, according to what is generally accepted, should be accounted for differently from other financial instruments.

As per Article 64bis (5bis), by way of derogation of Article 64bis (3) and Article 64bis (4), in accordance with IFRS as adopted by the European Union, ***the measurement of financial instruments and compliance with the associated disclosures requirements provided for in the IFRS as adopted by the European Union, are permitted***.

[76] Article 64bis (4) c) does not allow the use of the fair value for shares in affiliated undertakings or participating interests. Consequently, fair valuation may be used based on the exception given by the article 64bis(5bis) and possible as IAS 27 and IAS 28 allow to value "Shares in subsidiaries", "Investment in associates" and "Joint ventures" at fair value in the separate financial statements. If this option is used, the disclosures must be made in accordance with the IFRS requirements

As per Article 64bis (5), in respect of any assets and liabilities which qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, measurement at the specific amount required under the system, is permitted.

Art. Reference
64ter.

GUIDANCE:

As per Article 64ter., the fair value method applied shall be determined by reference to:

- A market value, for those financial instruments for which a reliable market can be readily identified. Where a market value is not readily identifiable for an instrument but can be identified for its components or for a similar instrument, the market value may be derived from that of its components or from the similar instrument; or
- A value resulting from generally accepted valuation models and techniques, for those instruments for which a reliable market cannot be readily identified. Such valuation models and techniques shall ensure a reasonable approximation of the market value is achieved.
  [In this case, disclosure shall be made on the valuation techniques used].

Those financial instruments that cannot be measured reliably by any of the methods described above, shall be measured in accordance with Articles 53, 55, 56 and 59 to 64 (“Lux GAAP” accounting principles).

Art. Reference
64quater

As per Article 64quater:

(1) Notwithstanding Article 51, paragraph (1), item c), where a financial instrument is measured on a fair value basis, each change in the value shall be included in the profit and loss account. However, such a change shall be included directly in an equity account, in a fair value reserve, where:

a) the instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account; or

b) the change in value relates to an exchange difference arising on a monetary item that forms part of an undertaking's net investment in a foreign entity.

(2) A change in the value on an available-for-sale financial asset, other than a derivative financial instrument, may be included directly in the equity account, in the fair value reserve.

The fair value reserve shall be adjusted when amounts shown therein are no longer necessary for the implementation of paragraphs (1) and (2).

Art. Reference
64quinquies

As per Article 64quinquies:

Where financial instruments have been measured at fair value, the notes to the accounts shall disclose:

a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with Article 64ter, paragraph (1), item b);

b) per category of financial instruments, the fair value, the changes in value included directly in the profit and loss account as well as changes included in the fair value reserve;

c) for each class of derivative financial instruments, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and

d) a table showing movements in the fair value reserve during the financial year.

3.7. Stocks of raw materials and consumables

Art. Reference 61

Stocks of raw materials and consumables are valued at the lower of purchase price calculated on the basis of weighted average prices/the "first in, first out" (FIFO) method/the "last in, first out" (LIFO) method /*(or a method reflecting generally accepted best practices - to be disclosed)* or market value. Consequently, a value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Art. Reference 62

GUIDANCE:
The purchase price or production cost of stocks of goods of the same category and all fungible items including transferable securities may be calculated either on the basis of weighted average prices or by the "first in, first out" (FIFO) method, the "last in, first out" (LIFO) method, or a method reflecting generally best practices.

Art. Reference 61(1)d)

GUIDANCE:
If current assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

Where applicable

Art. Reference 60

Raw materials and consumables which are constantly being replaced and the overall value of which is of secondary importance to the undertaking may be shown under "Assets" at a fixed quantity and value, if the quantity, value and composition thereof do not vary materially.

3.8. Stocks of finished goods and work and contracts in progress

Art. Reference 61-62

Stocks of finished goods and work and contracts in progress are valued at the lower of production cost and net realisable value. The production cost, determined on the basis of weighted average prices/the "first in, first out" (FIFO) method/the "last in, first out" (LIFO) method /*(or a method reflecting generally accepted best practices - to be disclosed*), includes the purchase price of the raw materials and consumables, the costs directly attributable to the product/contract in question and a proportion of the costs indirectly related to the product/contract in question.

Net realisable value represents the estimated selling price of stocks less all estimated costs of completion and cost necessary to realise the sale.

Consequently, a value adjustment is recorded where the market value is below the production cost. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Art. Reference
62

GUIDANCE:

The purchase price or production cost of stocks of goods of the same category and all fungible items including transferable securities may be calculated either on the basis of weighted average prices or by the “first in, first out” (FIFO) method, the “last in, first out” (LIFO) method, or a method reflecting generally best practices.

Where applicable

Art. Reference
61(2) - 55(4)

Interest on capital borrowed to finance the production of current assets has been included in the production costs to the extent to which it relates to the period of production.

Art. Reference
61(1)d)

GUIDANCE:

If current assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

3.9. Debtors

Art. Reference
61(1)b)
61(1)c)

Debtors are carried at costs which generally correspond to their nominal value. A value adjustment is recorded when the estimated realisable value is lower than the nominal value. The realisable value is estimated on the basis of information available to the Board of Directors *[Management / Board of Managers]*. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Art. Reference
61(1)d)

GUIDANCE:

If current assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

3.10. Investments

Investments may include transferable securities, as well as other investments in shares and other securities equivalent to shares and in bonds or other forms of securitised debts.

COMMENTARY:
"Other investments" would mean those classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:

a) Shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;
b) Bonds or other forms of securitised debt, including depositary receipts in respect of such securities;
c) Any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures ("***Derivative financial instruments***").

Lux GAAP

Art. Reference
61(1)b)
61(1)c)
62

Valuation at the lower of cost or market value

Transferable securities and other investments are valued at the lower of cost, including expenses incidental thereto and calculated on the basis of weighted average prices/the FIFO method/the LIFO method (*or a method reflecting generally accepted best practices - to be disclosed*), or market value. A value adjustment is recorded where the market value is lower than the cost of purchase. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to:

- the last available quoted price in an active market for quoted securities;
- the fair value estimated with due care and in good faith by the Board of Directors *[Management / Board of Managers]* based on market and business assumptions.

Where applicable (in case of own shares or shares in affiliated undertakings or shares in undertakings with which the undertaking is linked by virtue of participating interests)

Investments may include own shares or corporate units, or shares in affiliated undertakings, or shares in undertakings with which the undertaking is linked by virtue of participating interests, which are not considered as fixed assets as not intended for use on a continuing basis. The accounting and valuation policies are similar as those applicable to other transferable securities or other investments.

In accordance with the Law, in case of acquisition of own shares or corporate units, an amount equal to the carrying amount is recorded in a non-distributable reserve for own shares or corporate units.

Where applicable (in case of use of derivative financial instruments)

COMMENTARY:

Other investments may also include derivative financial instruments such as options, futures or foreign exchange contracts.

Derivatives are initially stated at cost for derivatives purchased. Premiums paid are recorded under .... whereas premiums received are disclosed under ....

At year-end, when a value adjustment is deemed necessary, a provision is set up in respect of individual unrealised losses resulting from their revaluation.

Commitments on those derivative financial instruments are disclosed in the notes to the accounts.

(Optional) In case of hedging an asset and/or a liability that is not recorded at fair value, unrealised gains or losses are deferred until the recognition of the realised gains or losses on the hedged items.

Art. Reference 62

GUIDANCE:

The purchase price or production cost of stocks of goods of the same category and all fungible items including transferable securities may be calculated either on the basis of weighted average prices or by the "first in, first out" (FIFO) method, the "last in, first out" (LIFO) method, or a method reflecting generally best practices.

Art. Reference 61(1)d)

GUIDANCE:

If current assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

Or

Lux GAAP with FV Option

Transferable securities and other investments are initially recognised at purchase price including the expenses incidental thereto. They are subsequently measured at fair value at the end of each reporting period on the following basis (*to describe the valuation method*). The fair value changes on those fair valued assets, with, if applicable, the appropriate deferred tax, are recognised in the Profit and Loss account under the item "Value adjustments and fair value adjustments on financial assets"/(or if applicable) in revaluation reserves.

Derivatives are initially stated at cost for derivatives purchased. They are subsequently measured at fair value at the end of each reporting period on the following basis (*to describe the valuation method*). The fair value changes on derivatives, with, if applicable, the appropriate deferred tax, are recognised in the Profit and Loss account under the item "Value adjustments and fair value adjustments on financial assets", unless the derivative is designated as a hedging instrument. In case of hedging, the timing and recognition of the fair value changes in the Profit and Loss account depends on the nature of the hedge relationship, as only the unrealised losses of the hedge relationship is recognised in the Profit and Loss account.

Art. Reference
64bis

GUIDANCE:

As per Article 64bis (1), subject to the conditions set out in Article 64bis (4), undertakings have the option to carry out a measurement at fair value of financial instruments, including derivatives. In this case, the note should describe the categories.

Article 64bis (3) permits financial instruments that are part of the liabilities to be measured at fair value only:

a) If they are held as part of the trading portfolio; or

b) If they are derivative instruments.

Article 64bis (4) prohibits the measurement at fair value for the followings:

a) Non derivative financial instruments held to maturity;

b) Loans and receivables originated by the undertaking and hot held-for-trading purposes; and

c) Interests in subsidiaries, associated undertakings, contract for contingent consideration in a business combination as well as other financial instruments with such special characteristics that, according to what is generally accepted, should be accounted for differently from other financial instruments.

As per Article 64bis(5bis), by way of derogation of Article 64bis (3) and Article 64bis (4), in accordance with IFRS as adopted by the European Union, ***the measurement of financial instruments and compliance with the associated disclosures requirements provided for in the IFRS as adopted by the European Union, are permitted***.

As per Article 64bis (5), in respect of any assets and liabilities which qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, measurement at the specific amount required under the system, is permitted.

Art. Reference
64ter.

GUIDANCE:

As per Article 64ter., the fair value method applied shall be determined by reference to:

- A market value, for those financial instruments for which a reliable market can readily be identified. Where a market value is not readily identifiable for an instrument but can be identified for its components or for a similar instrument, the market value may be derived from that of its components or from the similar instrument; or
- A value resulting from generally accepted valuation models and techniques, for those instruments for which a reliable market cannot be readily identified. Such valuation models and techniques shall ensure a reasonable approximation of the market value is achieved.

[In this case, disclosure shall be made on the valuation techniques used].

Those financial instruments that cannot be measured reliably by any of the methods described above, shall be measured in accordance with Articles 53, 55, 56 and 59 to 64 ("Lux GAAP" accounting principles).

Art. Reference
64quater

As per Article 64quater:

(1) Notwithstanding Article 51, paragraph (1), item c), where a financial instrument is measured on a fair value basis, each change in the value shall be included in the profit and loss account. However, such a change shall be included directly in an equity account, in a fair value reserve, where:
   a) the instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account; or
   b) the change in value relates to an exchange difference arising on a monetary item that forms part of an undertaking's net investment in a foreign entity.

(2) A change in the value on an available-for-sale financial asset, other than a derivative financial instrument, may be included directly in the equity account, in the fair value reserve.

The fair value reserve shall be adjusted when amounts shown therein are no longer necessary for the implementation of paragraphs (1) and (2).

Art. Reference
64quinquies

As per Article 64quinquies:

Where financial instruments have been measured at fair value, the notes to the accounts shall disclose:

a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with Article 64ter, paragraph (1), item b);

b) per category of financial instruments, the fair value, the changes in value included directly in the profit and loss account as well as changes included in the fair value reserve;

c) for each class of derivative financial instruments, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and

d) a table showing movements in the fair value reserve during the financial year.

Art. Reference
42

3.11. Prepayments

Prepayments include expenditure paid during the financial year but relating to a subsequent financial year.

3.12. Capital investment subsidies

Subsidies received for investments in fixed assets are recorded under "Capital investment subsidies". They are recognised in the Profit and Loss account on a systematic basis over the amortisation period of the related investments.

COMMENTARY:

The capital investment subsidies can also be deducted directly from the purchase price or the production costs of the related investment.

3.13. Provisions

Art. Reference 44(1)

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which at the date of the Balance Sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Art. Reference 44(2)

Provisions may also be created to cover charges which have their origin in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the Balance Sheet date are either likely to be incurred, or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

COMMENTARY:

The captions Provisions should be used exclusively for balances that relates to obligations that are uncertain to occur or whose amount is uncertain.

These captions should therefore not include the following items (non exhaustive list) that are often wrongly reported as provisions:

- Estimated amount of the income tax charge
- Amounts for invoices to be received which should be under caption C. Creditors.

In general, you should expect to have very limited items recorded as provisions (notably litigations) while creditors should represent a larger category of liabilities.

Art. Reference 44(3)

GUIDANCE:

Provisions may not be used to adjust the values of assets.

Art. Reference 64

GUIDANCE:

At the balance sheet date, a provision shall represent the best estimate of the expenses likely to be incurred or, in the case of a liability, of the amount required to meet that liability.

Provisions for pensions and similar obligations

COMMENTARY:

The Law does not prescribe any method nor provide any guidance related to the provisions for pensions or similar obligations. The below accounting policies must be tailored to the specific circumstances of the undertaking.

A defined benefit plan and/or a defined contribution plan is set-up to the benefit of the staff.

Defined benefit plan

For defined benefit plans, the Company pays contributions to pension plans. The contributions are recognised as a complementary pension expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

A defined benefit plan defines the amount of pension benefits that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method (or *to describe the method*). The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the balance sheet date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited in the profit or loss in the period in which they arise. Past-service costs are recognised immediately in the profit or loss.

Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions paid are directly registered in the profit and loss account during the financial year they are paid. The commitment of the Company is limited to the contributions that the Company agreed to pay into the fund on behalf of its employees.

Provisions for taxation

COMMENTARY:

The captions Provisions should be used exclusively for balances that relates to obligations that are uncertain to occur or whose amount is uncertain.

- These captions should therefore not include estimated amount of the income tax charge which is very often wrongly reported as provisions.

Provision for taxation includes, if any, provision for tax litigation and deferred tax provision.

Deferred tax provision

Deferred tax liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the annual accounts. [The provisions for deferred taxation include mainly deferred income taxes linked to the revaluation of financial instruments and categories of assets that are accounted for at fair value.].

The deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised and recognised up to the amount of deferred tax liabilities [*if applicable*]. When appropriate, deferred taxation is provided on losses available for carry forward to offset against future taxable profits.

Net deferred tax provisions are recorded under the caption "Provisions for taxation".

Deferred taxes are measured at tax rates that are expected to apply when the asset is realised or the liability settled, based on tax rates that have been enacted at the date of the balance sheet.
Deferred taxes are recognised in the profit and loss account, except when they relate to items recognised directly in equity, in which case, the deferred taxes are also recognised in equity.

3.14. Creditors

Debts are recorded at their reimbursement value.

Art. Reference
63(1)
63(2)

GUIDANCE:

Where the amount repayable on account of any debt is greater than the amount received, the difference may be shown as an asset. It must be shown separately in the notes to the accounts.

The amount of this difference must be written off by reasonable yearly amounts and must be completely written off no later than the time of repayment of the debt.

Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method (or *in an actuarial method* or *to describe the method*).

Or

Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

3.15. Tax creditors

The Company is a fully taxable company and tax resident of Luxembourg. As such, the Company is liable for all taxes applicable to Luxemburgish companies. Taxes are accounted for on an accrual basis in the year to which they relate.

Tax creditors correspond to the difference between the tax liability estimated by the Company and the advance payments [*if applicable,* for the financial years for which the tax return has not yet been approved by the tax authority. For the financial years for which the tax return has been endorsed by the tax authority, the tax liability is recorded under “Tax debts”].

Advance payments exceeding the tax liability are shown in the assets of the balance sheet under the “Other debtors” item.

Or

Tax creditors correspond to the tax liability estimated by the Company and the advance payments [*if applicable,* for the financial years for which the tax return has not yet been approved by the tax authority. For the financial years for which the tax return has been endorsed by the tax authority, the tax liability is recorded under “Tax debts”]. Advance payments are shown in the assets of the balance sheet under the "Other receivables" item.

3.16. Deferred income

Art. Reference 45

Deferred income includes income received during the financial year but relating to a subsequent financial year.

3.17. Net turnover

Art. Reference 48

Net turnover comprises the amount derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover.

COMMENTARY:

The above accounting policies may be tailored to the specific circumstances of the undertaking.

3.18. Dividend

Dividend income from investments is recognised when the shareholder's right to receive the payment has been established.

3.19. Interest income and charges

Interest income and interest charges are accrued on a timely basis, by reference to the principal outstanding and at the nominal (or *effective*) interest rate applicable.

NOTE 4 - FORMATION EXPENSES

Art. Reference 53(1) a)

GUIDANCE:

If capitalised, formation expenses must be written off within a maximum period of 5 years.

Art. Reference 53(2)

GUIDANCE:

The amounts entered under "Formation expenses" must be commented upon in the notes to the accounts[77].

Art. Reference 53(3)

GUIDANCE:

Expenses relating to the creation or extension of an undertaking, of part of an undertaking or of a branch of business, as opposed to expenses resulting from ordinary business, may be entered under "Assets" as formation expenses.

Formation expenses comprise expenses relating to the creation/extension of the Company, in particular [*to be completed*].

[77] Article 66 and Article 67(2) - The Small-sized and Medium-sized undertakings as defined in Article 35 and Article 47 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 53(2).

Art. Reference
39(4)- 39(3)a)b)

GUIDANCE:

(3) a) (Law of 30 July 2013) Movements in the various fixed asset items shall be shown in the notes to the accounts. To this end there shall be shown separately for each fixed asset item, starting with the purchase price or production cost, on one hand, additions, disposals and transfers during the financial year and, on the other, cumulative value adjustments at the balance sheet date and the rectifications made during the financial year to the value adjustments of previous financial years. Value adjustments shall be shown in the notes to the accounts[78].

b) If, when annual accounts are drawn up in accordance with this Section for the first time, the purchase price or production cost of a fixed asset cannot be determined without undue expense or delay, the residual value at the beginning of the financial year may be treated as the purchase price or production cost. Any application of the present sub-paragraph b) must be disclosed in the notes to the accounts.

In CCY	Formation expenses
Gross book value at the beginning of the year/period	**[XX]**
Additions for the year/period	[XX]
Disposals for the year/period	[XX]
Gross book value at the end of the year/period	**[XX]**
Accumulated amortisation/depreciation at the beginning of the year/period	**[XX]**
Amortisation/depreciation for the year/period	[XX]
Reversals related to disposals for the year/period	[XX]
Accumulated amortisation/depreciation at the end of the year/period	**[XX]**
Net book value:	
At 31 December 20XX	**[XX]**
At 31 December 20XX-1	**[XX]**

[78] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 39(3a).

NOTE 5 - INTANGIBLE ASSETS

LUX GAAP

Art. Reference
39(3)a)b)

GUIDANCE:

(3) a) (Law of 30 July 2013) Movements in the various fixed asset items shall be shown in the notes to the accounts. To this end there shall be shown separately for each fixed asset item, starting with the purchase price or production cost, on one hand, additions, disposals and transfers during the financial year and, on the other, cumulative value adjustments at the balance sheet date and the rectifications made during the financial year to the value adjustments of previous financial years. Value adjustments shall be shown in the notes to the accounts.

b) If, when annual accounts are drawn up in accordance with this Section for the first time, the purchase price or production cost of a fixed asset cannot be determined without undue expense or delay, the residual value at the beginning of the financial year may be treated as the purchase price or production cost. Any application of the present sub-paragraph b) must be disclosed in the notes to the accounts.

In CCY	Development costs	Concessions, patents, licenses, trademarks and similar rights and assets	Goodwill to the extent that it was acquired for valuable consideration	Payment on account and intangible assets under development	Total
Gross book value at the beginning of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Additions for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Disposals for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Gross book value at the end of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Accumulated amortisation/depreciation at the beginning of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Amortisation/depreciation for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Reversals related to disposals for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Reversals related to transfers for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Accumulated amortisation/depreciation at the end of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Net book value:					
At 31 December 20XX	[XX]	[XX]	[XX]	[XX]	[XX]
At 31 December 20XX-1	[XX]	[XX]	[XX]	[XX]	[XX]

Where applicable

Art. Reference 55(1)d)

GUIDANCE:

If fixed assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

Where applicable

Art. Reference 55(4)

GUIDANCE:

Interest on capital borrowed to finance the production of fixed assets may be included in the production costs to the extent to which it relates to the period of production.

In that event, the inclusion of such interest under "Assets" must be disclosed in the notes to the accounts.

Interest on capital borrowed to finance the production of intangible assets has been included in the production costs to the extent to which it relates to the period of production. During the year, the Company capitalised interests for a total amount of CCY [XX] (20XX-1: CCY [XX]).

NOTE 6 - TANGIBLE ASSETS

LUX GAAP

The movements for the year/period are as follows:

Art. Reference 39(3)a)b)

GUIDANCE:

(3) a) (Law of 30 July 2013) Movements in the various fixed asset items shall be shown in the notes to the accounts. To this end there shall be shown separately for each fixed asset item, starting with the purchase price or production cost, on one hand, additions, disposals and transfers during the financial year and, on the other, cumulative value adjustments at the balance sheet date and the rectifications made during the financial year to the value adjustments of previous financial years. Value adjustments shall be shown in the notes to the accounts.[79]

b) If, when annual accounts are drawn up in accordance with this Section for the first time, the purchase price or production cost of a fixed asset cannot be determined without undue expense or delay, the residual value at the beginning of the financial year may be treated as the purchase price or production cost. Any application of the present sub-paragraph b) must be disclosed in the notes to the accounts.

[79] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 39(3a).

In CCY	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and tangible assets under development	Total
Cost at the beginning of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Additions for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Disposals/transfers for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Cost at the end of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Accumulated amortisation/depreciation at the beginning of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Amortisation/depreciation for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Reversals for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Amortisation/depreciation related to disposals/transfers for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Accumulated amortisation/depreciation at the end of the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Net book value:					
At 31 December 20XX	[XX]	[XX]	[XX]	[XX]	[XX]
At 31 December 20XX-1	[XX]	[XX]	[XX]	[XX]	[XX]

Where applicable

Art. Reference
55(1)d)

GUIDANCE:

If fixed assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

Or

Lux GAAP with FV option

Art. Reference
64sexies
64septies

GUIDANCE:

As per Article 64sexies, undertakings may also measure specified categories of assets other than financial instruments at amounts determined by reference to their fair value, provided their measurement at fair value is authorised under IFRS. In this case, the note should describe the categories.

As per 64septies, undertakings may, where an asset is measured in accordance with Article 64sexies, include the resulting change in the value in the profit and loss accounts.

COMMENTARY:

The Q&A CNC 14/002 and Q&A CNC 16/007 defined the rule under Lux GAAP that revaluation model is not permitted under Lux GAAP, the revaluation model being different from the FV model. Consequently, the FV option is only allowed under Lux GAAP provided that the fair valuation is permitted under IFRS (as adopted by the European Union).

For intangible assets, IAS 38 gives the choice only between the cost model and the revaluation model. Consequently, the FV option is not permitted under Lux GAAP for intangible assets.

Under IFRS, tangible assets are considered as either Inventory under IAS 2, either Property Plant and Equipment (PPE) under IAS 16, either Investment Property under IAS 40 or Biological assets under IAS 41. Only IAS 40 for Investment Property and IAS 41 for Biological assets allow the fair valuation. Consequently, even if Lux GAAP does not make a distinction between the tangible assets, only such tangible assets could be considered for the FV option.

The following tangible assets have been valued at fair value: [*be completed*]

The movements for the year/period are as follows:

Art. Reference 39(3)c)

c) Where Article 54 is applied, the movements in the various fixed asset items referred to in sub-paragraph a) of this paragraph shall be shown starting with the purchase price or production cost resulting from revaluation.

In CCY	*Category of tangible assets*	
	[*to be completed*]	[*to be completed*]
Acquisition cost - opening balance	**[XX]**	**[XX]**
Additions for the year/period	[XX]	[XX]
Disposals for the year/period	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]
Acquisition cost - closing balance	**[XX]**	**[XX]**
Accumulated fair value adjustments - opening balance	**[XX]**	**[XX]**
Fair value adjustments for the year/period	[XX]	[XX]
Accumulated fair value adjustments - closing balance	**[XX]**	**[XX]**
Fair value - closing balance	**[XX]**	**[XX]**
Fair value - opening balance	**[XX]**	**[XX]**

Art. Reference 64octies

GUIDANCE:

As per Article 64octies, where certain categories of assets other than financial instruments have been measured at fair value, the notes to the accounts shall disclose:

a) the significant assumptions underlying the valuation models and techniques where fair value has not been determined by reference to a market value;

b) per category of assets other than financial instruments, the fair value at the balance sheet date and the changes in value which occurred during the financial year;

c) for each class of assets other than financial instruments, information about the significant terms and conditions that may affect the amount and certainty of future cash flows.

The following terms and conditions may affect the amount and certainty of future cash flows: [*to be completed*].

(If applicable) The fair value of [*to be completed*] has not been determined by reference to a market value. The valuation models used to measure the fair value have included the following assumptions: [*to be completed*]

Where applicable

Art. Reference
55(4)

GUIDANCE:
Interest on capital borrowed to finance the production of fixed assets may be included in the production costs to the extent to which it relates to the period of production.
In that event, the inclusion of such interest under "Assets" must be disclosed in the notes to the accounts.

Interest on capital borrowed to finance the production of tangible assets has been included in the production costs to the extent to which it relates to the period of production. During the year, the Company capitalised interest for a total amount of CCY [XX] (20XX-1: CCY [XX]).

NOTE 7 - FINANCIAL ASSETS

LUX GAAP

Art. Reference
39(3)a)b)

GUIDANCE:

(3) a) (Law of 30 July 2013) Movements in the various fixed asset items shall be shown in the notes to the accounts. To this end there shall be shown separately for each fixed asset item, starting with the purchase price or production cost, on one hand, additions, disposals and transfers during the financial year and, on the other, cumulative value adjustments at the balance sheet date and the rectifications made during the financial year to the value adjustments of previous financial years. Value adjustments shall be shown in the notes to the accounts.[80]

b) If, when annual accounts are drawn up in accordance with this Section for the first time, the purchase price or production cost of a fixed asset cannot be determined without undue expense or delay, the residual value at the beginning of the financial year may be treated as the purchase price or production cost. Any application of the present sub-paragraph b) must be disclosed in the notes to the accounts.

Art. Reference
37(2)

GUIDANCE:
Own shares and own corporate units and investments in affiliated undertakings may be shown only under the items prescribed for that purpose.

[80] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 39(3a).

The movements for the year/period are as follows:

In CCY	Affiliated undertakings	
	Shares	Loans
Gross book value - opening balance	**[XX]**	**[XX]**
Additions for the year/period	[XX]	[XX]
Disposals for the year/period	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]
Gross book value - closing balance	**[XX]**	**[XX]**
Accumulated value adjustments - opening balance	**[XX]**	**[XX]**
Allocations for the year/period		
Reversals for the year/period		
Transfers for the year/period	[XX]	[XX]
Accumulated value adjustments - closing balance	**[XX]**	**[XX]**
Net book value - closing balance	**[XX]**	**[XX]**
Net book value - opening balance	**[XX]**	**[XX]**

In CCY	Undertakings with which the Undertaking is linked by virtue of participating interests Shares	Loans	Investment held as fixed assets	Other loans	Total
Gross book value - opening balance	[XX]	[XX]	[XX]	[XX]	[XX]
Additions for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Disposals for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Gross book value - closing balance	[XX]	[XX]	[XX]	[XX]	[XX]
Accumulated value adjustments - opening balance	[XX]	[XX]	[XX]	[XX]	[XX]
Allocations for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Reversals for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]	[XX]	[XX]	[XX]
Accumulated value adjustments - closing balance	[XX]	[XX]	[XX]	[XX]	[XX]
Net book value - closing balance	[XX]	[XX]	[XX]	[XX]	[XX]
Net book value - opening balance	[XX]	[XX]	[XX]	[XX]	[XX]

Art. Reference
55(1) c cc)

GUIDANCE:

Article 55 (1) c cc) mentions the value adjustments referred to in Article 55 (1) c aa) (valuation at lower of cost or market value) and bb) (permanent reduction of value) must be charged to the profit and loss accounts and disclosed separately in the notes to the accounts if they are not shown separately in the profit and loss account.

Art. Reference
55(1)d)

GUIDANCE:

If fixed assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

Valuation at the net equity

Art. Reference
58

GUIDANCE:

Article 58 of the Law describes the detailed accounting rules for the "Shares in affiliated undertakings" and the "Participating interests", in case the optional equity method is applied as per Article 58 (1).

The following financial fixed assets have been valued at the net equity: [*to be completed*]

The movements for the year/period are as follows:

In CCY	Shares in affiliated undertakings	Shares in participating interest
Gross book value - opening balance	[XX]	[XX]
Additions for the year/period	[XX]	[XX]
Disposals for the year/period	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]
Gross book value - closing balance	[XX]	[XX]
Share of profits/losses (or Revaluation reserves) - opening balance	[XX]	[XX]
Allocations for the year/period	[XX]	[XX]
Reversals for the year/period	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]
Share of profits/losses (or Revaluation reserves) - closing balance	[XX]	[XX]
Net book value - closing balance	[XX]	[XX]
Net book value - opening balance	[XX]	[XX]

Where applicable

At the date of acquisition, the shares in affiliated undertakings/participating interests are recorded at cost. The difference between the proportion of the capital and reserves and the cost amounts to [*to complete*]. The proportion of the capital and reserves have been valued according to the accounting rules applied by the Company [if such revaluation has not been done, this must be disclosed].

Or

At the date of acquisition, the shares in affiliated undertakings/participating interests are recorded at the amount corresponding to the proportion of the capital and reserves represented by the affiliated undertakings/participating interests. The proportion of the capital and reserves has been valued according to the accounting rules applied by the Company [*if such revaluation has not been done, this must be disclosed*]. The difference within the costs have been attributed to specific assets or liabilities for an amount of [*to complete*], and the remaining difference has been accounted for as goodwill for an amount of [*to complete*] and amortised over a period of [*to complete*] years.

Or

Lux GAAP with an IFRS option

For financial assets following the fair value model

Art. Reference
64bis

GUIDANCE:

As per Article 64bis (1), subject to the conditions set out in Article 64bis (4), undertakings have the option to carry out a measurement at fair value of financial instruments, including derivatives. In this case, the note should describe the categories.

Article 64bis (3) permits financial instruments that are part of the liabilities to be measured at fair value only:

a) If they are held as part of the trading portfolio; or

b) If they are derivative instruments.

Article 64bis (4) prohibits the measurement at fair value for the followings:

a) Non derivative financial instruments held to maturity;

b) Loans and receivables originated by the undertaking and not held-for-trading purposes; and

c) Interests in subsidiaries, associated undertakings, contract for contingent consideration in a business combination as well as other financial instruments with such special characteristics that, according to what is generally accepted, should be accounted for differently from other financial instruments.

As per Article 64bis(5bis), by way of derogation of Article 64bis (3) and Article 64bis (4), in accordance with IFRS as adopted by the European Union, ***the measurement of financial instruments and compliance with the associated disclosure requirements provided for in the IFRS as adopted by the European Union, are permitted***.

As per Article 64bis (5), in respect of any assets and liabilities which qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, measurement at the specific amount required under the system, is permitted.

The following financial assets have been valued at fair value: [*be completed*]

In CCY	Category of financial assets	
	[*to be completed*]	[*to be completed*]
Acquisition cost - opening balance	**[XX]**	**[XX]**
Additions for the year/period	[XX]	[XX]
Disposals for the year/period	[XX]	[XX]
Transfers for the year/period	[XX]	[XX]
Acquisition cost - closing balance	**[XX]**	**[XX]**
Accumulated value adjustments - opening balance	**[XX]**	**[XX]**
Fair value adjustments for the year/period	[XX]	[XX]
Accumulated fair value adjustments - closing balance	**[XX]**	**[XX]**
Fair value - closing balance	**[XX]**	**[XX]**
Fair value - opening balance	**[XX]**	**[XX]**

Art. Reference 64ter.

GUIDANCE:

As per Article 64ter, the fair value shall be determined by reference to:

- A market value, for those financial instruments for which a reliable market can readily be identified. Where a market value is not readily identifiable for an instrument but can be identified for its components or for a similar instrument, the market value may be derived from that of its components or from the similar instrument; **or**
- A value resulting from generally accepted valuation models and techniques, for those instruments for which a reliable market cannot be readily identified. Such valuation models and techniques shall ensure a reasonable approximation of the market value is achieved.

[In this case, disclosure shall be made on the valuation techniques used].

Those financial instruments that cannot be measured reliably by any of the methods described above, shall be measured in accordance with Articles 53, 55, 56 and 59 to 64 ("Lux GAAP" accounting principles).

Art. Reference 64quinquies

As per Article 64quinquies:

Where financial instruments have been measured at fair value, the notes to the accounts shall disclose:

a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with Article 64ter, paragraph (1), item b);

b) per category of financial instruments, the fair value, the changes in value included directly in the profit and loss account as well as changes included in the fair value reserve;

c) for each class of derivative financial instruments, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and

d) a table showing movements in the fair value reserve during the financial year.

For financial assets not following the fair value model

Art. Reference
65(1)17°b)

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

17° Where valuation at fair value of financial instruments has not been applied in accordance with Section 7bis:

...

b) for financial fixed assets covered by Article 64bis, carried at an amount in excess of their fair value and without use being made of the option to make a value adjustment in accordance with Article 35(1), point c) aa):

i) the book value and the fair value of either the individual assets or appropriate groupings of those individual assets;

ii) the reasons for not reducing the book value, including the nature of the evidence that provides the basis for the belief that the book value will be recovered.

Financial assets that are not fair valued and that are accounted for at an amount above their fair value can be summarised as follows:

In CCY

Category of financial assets	Book value	Fair value
(*Describe category*)	[XX]	[XX]

The Board of Directors (*Management* / *Board of Managers*) has assessed that the decrease in market value is not permanent... (*explain the reasons*) and therefore no value adjustment is recorded on those financial assets in the annual accounts of the Company.

And

Lux GAAP - Lux GAAP with FV option

Art. Reference
65(1)2°

GUIDANCE:[81]

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

2° (i) the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in its own name but on "the undertaking's" behalf, holds at least 20% of the capital, showing the proportion of the capital held, as well as the amount of capital and reserves and the profit or loss for the latest financial year of the undertaking concerned for which the accounts have been approved. This information may be omitted where for the purposes of Article 26(3) it is "immaterial". The information concerning capital and reserves and the profit or loss may also be omitted where the undertaking concerned does not publish its balance sheet and less than 50% of its capital is held, directly or indirectly, by "the undertaking";

(ii) the name, registered office and the legal form of each undertaking of which "the undertaking" is the member having unlimited liability. This information may be omitted when, for the purposes of Article 26(3), it is "immaterial".

Art. Reference
67(3)

GUIDANCE:

The information referred to in Article 65(1) 2° first sentence concerning the amount of capital and reserves and profits and losses for the last financial year for which the accounts have been drawn up may be omitted:

a) where the undertakings concerned are included in consolidated accounts drawn up by the parent company or in the consolidated accounts of a larger body of undertakings as referred to in Article 1711-5 paragraph (2) of the amended Law of 1915 on commercial companies; or

b) where the holdings in their capital have been dealt with by the parent company in its annual accounts in accordance with Article 58 or in the consolidated accounts drawn up by that parent company in accordance with Article 1712-18 of the amended Law of 1915 on commercial companies.

Undertakings in which the Company holds at least 20% of the share capital or in which it is a general partner are as follows:

Name of undertaking	Registered office	Ownership	Latest balance sheet date	Net equity at the balance sheet date of the company concerned	Profit or loss for the latest financial year

[81] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)2°. However in accordance with Article 26 (4) and (5), the information required in Article 65(1)2° may not be omitted where it is material for the purposes of the true and fair view referred to in Article 26(3).

			(CCY)	(CCY)
(*to complete*) (legal form)	%	[XX]	[XX]	[XX]
(to complete) (legal form)	%	[XX]	[XX]	[XX]

Art. Reference
67(1)a)
67(1)b)

GUIDANCE:

(1) The information prescribed in Article 65(1)2°:

a) may take the form of a statement deposited in accordance with the Article 100-13 §3[82] of the Law of 1915 on commercial companies and the provisions of Chapter Vbis of Title I of the Law[83]; this must be disclosed in the notes to the accounts;

b) may be omitted when their nature is such that it would be seriously prejudicial to any of the undertakings to which Article 65(1)2° relates.

The omission of such information must be disclosed in the notes to the accounts.

Or

The information prescribed in Article 65(1)2° has been included in a separate statement filed in accordance with Article 100-13 §3 of the Law of 10 August 1915 (the Company Law) on commercial companies, as amended.

And/or

The information prescribed by Article 65(1)2° relating to one/certain/all undertaking(s) in which the Company holds at least 20% of the share capital has been omitted, as its nature is such that it would be seriously prejudicial to this/these undertaking(s).

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82 See footnote under the Article 100-13 §3 of the Law of 1915 as follows:
Information which is required by law to be published on the *Recueil électronique des sociétés et associations* shall be filed and published either in full, or by way of an extract, or by way of a reference to the filing, according to what the law requires.
Publication in full corresponds to the full reproduction of the deed or document.
Publication by way of extract corresponds to publication of the information required by law.
Publication by way of a reference to the filing corresponds to publication of the subject and date of the deed or document filed.

83 See footnote under the Article 100-13 of the Law of 1915 as follows:
Chapter Vbis. - Publications on the *Recueil électronique des sociétés et associations*
Art. 19-1 Deeds, extracts therefrom and information, the publication of which is provided for by law, shall be filed by electronic means with the register of commerce and companies within one month after the date of the finalised deed.
Art. 19-2. (1) The publication provided for by law and relating to the persons referred to in Article 1, except for state and municipal public institutions, shall be carried out by electronic means on a central electronic platform for official publications designated as the *Recueil électronique des sociétés et associations*. The publication on the *Recueil électronique des sociétés et associations* shall solely contain information which is required to be published by law, as well as deeds amending information which is required by law to be filed and published. In any legal or regulatory provision or in any deed or document, references to the *Recueil électronique des sociétés et associations* may be made by using its abbreviated form: "RESA".

And/or

The information prescribed by Article 65(1)2° relating to one/certain/all undertaking(s) in which the Company holds at least 20% of the share capital has been omitted, as the undertaking is included in consolidated accounts drawn up by (*to complete*) which meets the conditions of Article 1711-5 (2) of the Law of 10 August 1915 (the Company Law) on commercial companies, as amended.

And/or

The information prescribed by Article 65(1)2° relating to one/certain/all undertaking(s) in which the Company holds at least 20% of the share capital has been omitted, as the parent company (*to complete*) have recorded these holdings, using the equity method, in its annual accounts in accordance with Article 58 or in its consolidated accounts in accordance with Article 1712-18 of the Law of 10 August 1915 (the Company Law) on commercial companies, as amended.

NOTE 8 - STOCKS

In CCY

	20XX	20XX-1
Raw materials and consumables	[XX]	[XX]
Work and contracts in progress	[XX]	[XX]
Finished goods and merchandise	[XX]	[XX]
Payments on account	[XX]	[XX]
Total	**[XX]**	**[XX]**

Art. Reference *Where applicable*
61(2) - 55(4)

Interest on capital borrowed to finance the production of stocks has been included, for a total amount of [*to complete*], in the production costs to the extent to which it relates to the period of production.

Art. Reference
61(1)d)

GUIDANCE:

If current assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

NOTE 9 - DEBTORS

Art. Reference
65(1)14°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

14° information concerning the income (charges) in respect of the financial year, which is receivable (are payable) after the end of the financial year and are shown under "Debtors" ("Creditors"), where such income (charges) is or are material.

In CCY	20XX	20XX-1
Trade debtors		
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
Amounts owed by affiliated undertakings	**[XX]**	**[XX]**
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
Amounts owed by undertakings with which the undertaking is linked by virtue of participating interest	**[XX]**	**[XX]**
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
Other debtors		
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
- [*to give detail*]	[XX]	[XX]
Total debtors	**[XX]**	**[XX]**

Art. Reference
61(1) b)

GUIDANCE:

Current assets are subject to value adjustment with a view to showing them at the lower market value or, in particular circumstances, another lower value to be attributed to them at the balance sheet.

Where a provision is raised for bad debts, disclose the following:

As at 31 December 20XX, the Company has booked a provision for an amount of CCY (to be completed) in relation to bad debts (20XX-1: to be completed).

Art. Reference 61(1)d)

GUIDANCE:

If current assets are subject to exceptional value adjustments for taxation purposes alone, the amount of the adjustments and the reasons for making them shall be indicated in the notes to the accounts.

NOTE 10 - INVESTMENTS

Art. Reference 37(2)

GUIDANCE:

Own shares and own corporate units and investments in affiliated undertakings may be shown only under the items prescribed for that purposes.

10.1. Shares in affiliated undertakings or shares in undertakings with which the undertaking is linked by virtue of participating interests

Art. Reference 61(1)b)c)

As at 31 December 20XX, the shares in affiliated undertakings or shares in undertakings with which the undertaking is linked by virtue of participating interests, classified as current assets are as follows:

In CCY	20XX Lower of cost or market value	20XX-1 Lower of cost or market value
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total	[XX]	[XX]

Or

Lux GAAP with FV option

GUIDANCE:

Similar rules may apply for "Shares in affiliated undertakings or shares in undertakings with which the undertaking is linked by virtue of participating interests" when classified as Financial fixed assets as well as classified under current assets. We refer to Note X - Financial fixed assets above, but we do not describe all such rules as in practice, this case would be unusual.

And

Lux GAAP - Lux GAAP with FV option

Art. Reference
65 (1) 2°

GUIDANCE:

The notes to the accounts must include:[84]

- Information on the names and registered offices of the undertakings if shareholding is > 20% or if the Company has unlimited liability on the undertakings;
- In addition, information on the proportion of capital held, amount of capital and reserves and the profit or loss for the latest financial year.

HOWEVER: This information may not be omitted where it's material for the purposes of the true and fair view.

Art. Reference
65(1)2°

GUIDANCE:[85]

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

2° (i) the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in its own name but on "the undertaking's" behalf, holds at least twenty per cent of the capital, showing the proportion of the capital held, as well as the amount of capital and reserves and the profit or loss for the latest financial year of the undertaking concerned for which the accounts have been approved. This information may be omitted where for the purposes of Article 26(3) it is "immaterial". The information concerning capital and reserves and the profit or loss may also be omitted where the undertaking concerned does not publish its balance sheet and less than fifty per cent of its capital is held, directly or indirectly, by "the undertaking";

(ii) the name, registered office and the legal form of each undertaking of which "the undertaking" is the member having unlimited liability. This information may be omitted when, for the purposes of Article 26(3), it is "immaterial".

Art. Reference
67(3)

GUIDANCE:

The information referred to in Article 65(1) 2° first sentence concerning the amount of capital and reserves and profit and loss for the last financial year for which the accounts have been drawn up may be omitted:

84 Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)2°.

85 Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)2°.

a) where the undertakings concerned are included in consolidated accounts drawn up by the parent company or in the consolidated accounts of a larger body of undertakings as referred to in Article 1711-5 paragraph (2) of the amended Law of 1915 on commercial companies; or

b) where the holdings in their capital have been dealt with by the parent company in its annual accounts in accordance with Article 58 or in the consolidated accounts drawn up by that parent company in accordance with Article 1712-18 of the amended Law of 1915 on commercial companies.

Undertakings in which the Company holds at least 20% of the share capital or in which it is a general partner are as follows:

Name of undertaking	Registered office	Ownership	Latest balance sheet date	Net equity at the balance sheet date of the company concerned (CCY)	Profit or loss for the latest financial year (CCY)
(*to complete*) (legal form)		%	[XX]	[XX]	[XX]

Art. Reference
67(1)a)
67(1)b)

GUIDANCE:

(1) The information prescribed in Article 65(1)2°:

a) may take the form of a statement deposited in accordance with the Article 100-13 §3[86] of the Law of 1915 on commercial companies and the provisions of Chapter Vbis of Title I of the Law[87]; this must be disclosed in the notes to the accounts;

b) may be omitted when their nature is such that it would be seriously prejudicial to any of the undertakings to which Article 65(1)2° relates.

The omission of such information must be disclosed in the notes to the accounts.

[86] See footnote under the Article 100-13 §3 of the Law of 1915 as follows:
Information which is required by law to be published on the *Recueil électronique des sociétés et associations* shall be filed and published either in full, or by way of an extract, or by way of a reference to the filing, according to what the law requires.
Publication in full corresponds to the full reproduction of the deed or document.
Publication by way of extract corresponds to publication of the information required by law.
Publication by way of a reference to the filing corresponds to publication of the subject and date of the deed or document filed.

[87] See footnote under the Article 100-13 of the Law of 1915 as follows:
Chapter Vbis. - Publications on the *Recueil électronique des sociétés et associations*
Art. 19-1 Deeds, extracts therefrom and information the publication of which is provided for by law shall be filed by electronic means with the register of commerce and companies within one month after the date of the finalised deed.
Art. 19-2. (1) The publication provided for by law and relating to the persons referred to in Article 1, except for state and municipal public institutions, shall be carried out by electronic means on a central electronic platform for official publications designated as the *Recueil électronique des sociétés et associations*. The publication on the *Recueil électronique des sociétés et associations* shall solely contain information which is required to be published by law, as well as deeds amending information which is required by law to be filed and published. In any legal or regulatory provision or in any deed or document, references to the *Recueil électronique des sociétés et associations* may be made by using its abbreviated form: "RESA".

Or

The information prescribed in Article 65(1)2° has been included in a separate statement filed in accordance with Article 100-13 §3 of the Law of 10 August 1915 (the Company Law) on commercial companies, as amended.

And/or

The information prescribed by Article 65(1)2° relating to one/certain/all undertaking(s) in which the Company holds at least 20% of the share capital has been omitted, as its nature is such that it would be seriously prejudicial to this/these undertaking(s).

And/or

The information prescribed by Article 65(1)2° relating to one/certain/all undertaking(s) in which the Company holds at least 20% of the share capital has been omitted, as the undertaking is included in consolidated accounts drawn up by (*to complete*) which meets the conditions of Article 1711-5 (2) of the Law of 10 August 1915 (the Company Law) on commercial companies, as amended.

And/or

The information prescribed by Article 65(1)2° relating to one/certain/all undertaking(s) in which the Company holds at least 20% of the share capital has been omitted, as the parent company (*to complete*) has recorded these holdings, using the equity method, in its annual accounts in accordance with Article 58 or in its consolidated accounts in accordance with Article 1712-18 of the Law of 10 August 1915 (the Company Law) on commercial companies, as amended.

10.2. Own shares

The movements for the year/period are as follows:

In CCY	Own shares or corporate units
Gross book value - opening balance	**[XX]**
Additions for the year/period	[XX]
Disposals for the year/period	[XX]
Gross book value - closing balance	**[XX]**
Accumulated value adjustments - opening balance	**[XX]**
Allocations for the year/period	

Reversals for the year/period	[XX]
Accumulated value adjustments - closing balance	**[XX]**
Net book value - closing balance	**[XX]**
Net book value - opening balance	**[XX]**

As at 31 December 20XX, the Company acquired and sold [*numbers to be completed*] own shares a total amount of CCY XX.

10.3. Other transferable securities

Lux GAAP

Art. Reference 61(1)b)c)

As at 31 December 20XX, the other transferable securities, classified as current assets, are as follows:

In CCY	20XX Lower of cost or market value	20XX-1 Lower of cost or market value
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total	[XX]	[XX]

Or

Lux GAAP with FV option

Art. Reference 64bis

GUIDANCE:

As per Article 64bis (1), subject to the conditions set out in Article 64bis (4), undertakings have the option to carry out a measurement at fair value of financial instruments, including derivatives. In this case, the notes should describe the categories.

Article 64bis (3) permits financial instruments that are part of the liabilities to be measured at fair value only:

a) If they are held as part of the trading portfolio; or

b) If they are derivative instruments.

Article 64bis (4) prohibits the measurement at fair value for the followings:

a) Non derivative financial instruments held to maturity;

b) Loans and receivables originated by the undertaking and hot held-for-trading purposes; and

c) Interests in subsidiaries, associated undertakings, contract for contingent consideration in a business combination as well as other financial instruments with such special characteristics that, according to what is generally accepted, should be accounted for differently from other financial instruments.

As per Article 64bis (5bis), by way of derogation of Article 64bis (3) and Article 64bis (4), in accordance with IFRS as adopted by the European Union, ***the measurement of financial instruments and compliance with the associated disclosure requirements provided for in the IFRS as adopted by the European Union, are permitted***.

As per Article 64bis (5), in respect of any assets and liabilities which qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, measurement at the specific amount required under the system, is permitted.

The following other transferable securities, classified as current assets, have been valued at fair value: [*to be completed*].

The movements for the year/period are as follows:

In CCY	Category of financial fixed assets	
	20XX	20XX-1
Acquisition cost - opening balance	[XX]	[XX]
Additions for the year/period	[XX]	[XX]
Disposals for the year/period	[XX]	[XX]
Acquisition cost - closing balance	[XX]	[XX]
Accumulated value adjustments - opening balance	[XX]	[XX]
Fair value adjustments for the year/period	[XX]	[XX]
Accumulated fair value adjustments - closing balance	[XX]	[XX]
Fair value - closing balance	[XX]	[XX]
Fair value - opening balance	[XX]	[XX]

Art. Reference 64ter.

GUIDANCE:

As per Article 64ter, the fair value method applied shall be determined by reference to:

- A market value, for those financial instruments for which a reliable market can readily be identified. Where a market value is not readily identifiable for an instrument but can be identified for its components or for a similar instrument, the market value may be derived from that of its components or from the similar instrument; **or**

- A value resulting from generally accepted valuation models and techniques, for those instruments for which a reliable market cannot be readily identified. Such valuation models and techniques shall ensure a reasonable approximation of the market value is achieved.
  [In this case, disclosure shall be made on the valuation techniques used].

Those financial instruments that cannot be measured reliably by any of the methods described above, shall be measured in accordance with Articles 53, 55, 56 and 59 to 64 ("Lux GAAP" accounting principles).

Art. Reference
64quinquies

As per Article 64quinquies:

Where financial instruments have been measured at fair value, the notes to the accounts shall disclose:

a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with Article 64ter, paragraph (1), item b);

b) per category of financial instruments, the fair value, the changes in value included directly in the profit and loss account as well as changes included in the fair value reserve;

c) for each class of derivative financial instruments, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and

d) a table showing movements in the fair value reserve during the financial year.

10.4. Derivative financial instruments

Art. Reference *Lux GAAP*
61(1)b)c)

On 31 December 20XX, the Company entered into foreign exchange contracts as detailed below:

Currency	Amount purchased	Currency	Amount sold	Maturity date	Fair value	Unrealised losses recorded in profit and loss account	Unrealised gains not recorded in profit and loss account
					CCY	CCY	CCY
(*to complete*)							
					[XX]	[XX]	[XX]
					[XX]	[XX]	[XX]
Total					[XX]	[XX]	[XX]

On 31 December 20XX, the Company has purchased option contracts as detailed below:

Type of options	Number of options	Exercise Price	Exercise/ period/ Maturity date	Purchase price	Fair value	Unrealised losses recorded in profit and loss account	Unrealised gains not recorded in the profit and loss account
		CCY		CCY	CCY	CCY	CCY
(*to complete*)							
		[XX]		[XX]	[XX]	[XX]	[XX]
Total		[XX]		[XX]	[XX]	[XX]	[XX]

On 31 December 20XX, the Company has entered into interest rate swaps as detailed below:

Maturity date	Currency	Notional amount	Interest rate received	Interest rate paid	Fair value	Unrealised losses recorded in profit and loss account	Unrealised gains not recorded in profit and loss account
		CCY	%	%	CCY	CCY	CCY
(*to complete*)							
		[XX]			[XX]	[XX]	[XX]
Total		[XX]			[XX]	[XX]	[XX]

Where hedging applicable

The Company has used some derivative financial instruments as hedging *(to detail or to indicate: defined with an *).* In this case, the unrealised losses are deferred until the recognition of the realised gains on the hedged items.

Or

Lux GAAP with FV option

For derivative financial instruments following the fair value model

Art. Reference
64bis (1) (3)

GUIDANCE:

As per Article 64bis (1), subject to the conditions set out in Article 64bis (4), undertakings have the option to carry out a measurement at fair value of financial instruments, including derivatives. In this case, the note should describe the categories.

Article 64bis (3) permits financial instruments that are part of the liabilities to be measured at fair value only:

a) ..

b) If they are derivative instruments.

Art. Reference 64ter.

GUIDANCE:

As per Article 64ter, the fair value method applied shall be determined by reference to:

- A market value, for those financial instruments for which a reliable market can readily be identified. Where a market value is not readily identifiable for an instrument but can be identified for its components or for a similar instrument, the market value may be derived from that of its components or from the similar instrument; **or**
- A value resulting from generally accepted valuation models and techniques, for those instruments for which a reliable market cannot be readily identified. Such valuation models and techniques shall ensure a reasonable approximation of the market value is achieved.

  [In this case, disclosure shall be made on the valuation techniques used].

Those financial instruments that cannot be measured reliably by any of the methods described above, shall be measured in accordance with Articles 53, 55, 56 and 59 to 64 ("Lux GAAP" accounting principles).

Art. Reference 64quater

As per Article 64quater:

(1) Notwithstanding Article 51, paragraph (1), item c), where a financial instrument is measured on a fair value basis, each change in the value shall be included in the profit and loss account. However, such a change shall be included directly in an equity account, in a fair value reserve, where:

a) the instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account; or

b) the change in value relates to an exchange difference arising on a monetary item that forms part of an undertaking's net investment in a foreign entity.

(2) A change in the value on an available-for-sale financial asset, other than a derivative financial instrument, may be included directly in the equity account, in the fair value reserve.

(3) The fair value reserve shall be adjusted when amounts shown therein are no longer necessary for the implementation of paragraphs (1) and (2).

On 31 December 20XX, the Company entered into foreign exchange contracts as detailed below:

Currency	Amount purchased	Currency	Amount sold	Maturity date	Fair value	Variation recorded in profit and loss account	Variation recorded in the fair value reserve
					CCY	CCY	CCY
(*to complete*)							
					[XX]	[XX]	[XX]
					[XX]	[XX]	[XX]
Total					[XX]	[XX]	[XX]

On 31 December 20XX, the Company has purchased option contracts as detailed below:

Type of options	Number of options	Exercise Price	Exercise period/ Maturity date	Purchase price	Fair value	Variation recorded in profit and loss account	Variation recorded in the revaluation reserve
		CCY		CCY	CCY	CCY	CCY
(*to complete*)							
		[XX]		[XX]	[XX]	[XX]	[XX]
Total		[XX]		[XX]	[XX]	[XX]	[XX]

On 31 December 20XX, the Company has entered into interest rate swaps as detailed below:

Maturity date	Currency	Nominal amount	Interest rate received	Interest rate paid	Fair value	Variation recorded in profit and loss account	Variation recorded in the fair value reserve
		CCY	%	%	CCY	CCY	CCY
(*to complete*)							
		[XX]			[XX]	[XX]	[XX]
Total		[XX]			[XX]	[XX]	[XX]

Art. Reference
64quinquies

As per Article 64quinquies:

Where financial instruments have been measured at fair value, the notes to the accounts shall disclose:

a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with Article 64ter, paragraph (1), item b);

b) per category of financial instruments, the fair value, the changes in value included directly in the profit and loss account as well as changes included in the fair value reserve;

c) for each class of derivative financial instruments, information about the extent and the nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and

d) a table showing movements in the fair value reserve during the financial year.

Fair value has been obtained based on the following model and technique: (provide details on methods and techniques used).

The main assumptions underlying those techniques are summarised below: (provide details).

For derivative financial instruments not following the fair value model

Art. Reference
65(1)17°a)

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

17° Where valuation at fair value of financial instruments has not been applied in accordance with Section 7bis:

a) for each class of derivative financial instruments:

i) the fair value of the instruments, if such fair value can be determined by any of the methods prescribed in Article 64*ter* (1);

ii) informations about the extend and the nature of the instruments;

...

Derivative financial instruments that are not fair valued can be summarised as follows:

On 31 December 20XX, the Company entered into foreign exchange contracts as detailed below:

Currency	Amount purchased	Currency	Amount sold	Maturity date	Fair value	Unrealised gains not recorded in profit and loss account	Unrealised losses recorded in profit and loss account
					CCY	CCY	CCY
(*to complete*)							
					[XX]	[XX]	[XX]
					[XX]	[XX]	[XX]
Total					[XX]	[XX]	[XX]

On 31 December 20XX, the Company has purchased option contracts as detailed below:

Type of options	Number of options	Exercise Price	Exercise period/ Maturity date	Purchase price	Fair value	Unrealised gains not recorded in the profit and loss account	Unrealised losses recorded in profit and loss account
		CCY		CCY	CCY	CCY	CCY
(*to complete*)							
		[XX]		[XX]	[XX]	[XX]	[XX]
Total		[XX]		[XX]	[XX]	[XX]	[XX]

On 31 December 20XX, the Company has entered into interest rate swaps as detailed below:

Maturity date	Currency	Nominal amount	Interest rate received	Interest rate paid	Fair value	Unrealised gains not recorded in profit and loss account	Unrealised losses recorded in profit and loss account
		CCY	%	%	CCY	CCY	CCY
(*to complete*)							
		[XX]			[XX]	[XX]	[XX]
Total		[XX]			[XX]	[XX]	[XX]

The object of these derivative financial instruments is (*to complete*).

And

The Board of Directors (*Management / Board of Managers*) has assessed that the increase in market value is not to be accounted for on the basis of the prudence principle.

NOTE 11 - PREPAYMENTS

Art. Reference 42

GUIDANCE:

Expenditure incurred during a financial year but relating to a subsequent financial year must be shown under the asset item "prepayments".

Prepayments are mainly composed of (*to complete*).

NOTE 12 - SUBSCRIBED CAPITAL

Art. Reference
65(1) 3°
65(1) 4°
65(1) 5°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

3° the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed for during the financial year within the limits of an authorised capital;[88]

4° where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting par value of each class;[89]

5° the existence of any founders' shares, convertible bonds, warrants, options or similar securities or rights, with an indication of their number and the rights they confer.[90]

Art. Reference
430-12

GUIDANCE:

A statement regarding the capital of the company shall be published once each year, at the end of the balance sheet.

"It shall comprise:

- the number of shares subscribed for;
- the amounts paid-up;
- a list of the shareholders who have not yet paid-up their shares, specifying the sums remaining due from them."

The publication of this list shall, as regards the changes of the shareholders recorded therein, have the same effect as a publication made in accordance with Article 100-13.

In the event of an increase of capital, the statement shall indicate a mention of the portion of the capital which shall not yet have been subscribed for.

Art. Reference
710-6

GUIDANCE:

(1) The incorporation of a *société à responsabilité limitée* requires:

1° that the capital be subscribed for in full;

[88] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)3°.

[89] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)4°.

[90] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)5°.

2° that the corporate units be fully paid-up at the time of incorporation of the company. Where a share premium is provided for, the amount thereof must be fully paid up.

The subscribers to the constitutive instrument shall be deemed to be founders of the company. However, the constitutive instrument may designate as founder(s) one or more subscribers who together hold at least one third of the capital of the company. In such case, the other parties to the instrument who merely subscribe for corporate units for cash without directly or indirectly receiving any specific advantage shall be regarded as mere subscribers.

The authorised capital amounts to CCY [XX], divided into [[XX] class A shares / corporate units with a nominal value of CCY [XX] each / without par value] and into [[XX] class B shares / corporate units with a nominal value of CCY [XX] each / without par value].

As at 31 December 20XX, the subscribed capital amounts to CCY [XX], divided into [[XX] class A shares / corporate units with a nominal value of CCY [XX] each / without par value] and into [[XX] class B shares / corporate units with a nominal value of CCY [XX] each / without par value].

If applicable

As at 31 December 20XX, the subscribed capital unpaid is recorded in the assets and amounts to CCY [XX], divided into [[XX] class A shares / corporate units with a nominal value of CCY [XX] each / without par value] and into [[XX] class B shares / corporate units with a nominal value of CCY [XX] each / without par value].

The movement for the year/period on the subscribed capital is as follows:

20XX		Number of class A Shares/ Corporate units	Number of class B Shares/ Corporate units	Number of Shares/ Corporate units Total
Subscribed capital - opening balance		[XX]	[XX]	[XX]
New shares issued for the year/period		[XX]	[XX]	[XX]
Shares redeemed or cancelled for the year/period		[XX]	[XX]	[XX]
Subscribed capital - closing balance		[XX]	[XX]	[XX]

	20XX CCY	Class A Shares/ Corporate units	Class B Shares/ Corporate units	Shares/ Corporate units Total
Subscribed capital - opening balance	[XX]	[XX]	[XX]	[XX]
New shares issued for the year/period	[XX]	[XX]	[XX]	[XX]
Shares redeemed or cancelled for the year/period	[XX]	[XX]	[XX]	[XX]
Subscribed capital - closing balance	[XX]	[XX]	[XX]	[XX]

The movement for the year/period on the subscribed capital are due to (*to complete*: increase of capital, redemption, etc.) following the decision made by the Extraordinary General Meeting (*Board of Directors / Board of Managers*) dated (*to complete*).

As at 31 December 20XX, there are X founder's shares, Y convertible bonds and Z securities or similar securities or rights. They entitle their holders to (*to complete*).

The Company has also issued X preference shares/units that give entitlement to a preferred dividend of X% per annum, calculated on the nominal value of the shares/units and allocated by priority compared to the distribution to the ordinary shares/units. The cumulated dividends not paid at the balance sheet date amount to CCY [XX].

NOTE 13 - SHARE PREMIUM

The movement for the year/period on the share premiums is as follows:

	Share premium 20XX CCY
Share premium - Opening balance	**[XX]**
Increase for the year/period	[XX]
Decrease for the year/period	[XX]
Share premium - Closing balance	**[XX]**

The movement for the year/period on the share premiums are due to (*to complete*: increase of capital, redemption, etc.) following the decision made by the Extraordinary General Meeting (*Board of Directors / Board of Managers*) dated (*to complete*).

NOTE 14 - REVALUATION RESERVE

Lux GAAP with an IFRS option

Art. Reference 64quater

As per Article 64quater:

(1) Notwithstanding Article 51, paragraph (1), item c), where a financial instrument is measured on a fair value basis, each change in the value shall be included in the profit and loss account. However, such a change shall be included directly in an equity account, in a fair value reserve, where:

a) the instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account; or

b) the change in value relates to an exchange difference arising on a monetary item that forms part of an undertaking's net investment in a foreign entity.

(2) A change in the value on an available-for-sale financial asset, other than a derivative financial instrument, may be included directly in the equity account, in the fair value reserve.

The fair value reserve shall be adjusted when amounts shown therein are no longer necessary for the implementation of paragraphs (1) and (2).

COMMENTARY:

The deferred taxes which relate to fair value adjustments recorded in the revaluation reserves are also booked in the revaluation reserves.

The movements on the revaluation reserves during the year/period are as follows:

	Opening balance	Variations	Closing balance
	20XX	20XX	20XX
	CCY	CCY	CCY
Describe category	[XX]	[XX]	[XX]
Total (net of deferred tax)	[XX]	[XX]	[XX]

Under the Luxembourg Accounting and Commercial Law of 30 July 2013, the unrealised profits resulting from the application of the fair value option should be allocated to the revaluation reserve, which is a non-distributable reserve. As of 31 December 20XX, the revaluation reserve amounted to CCY XX (20XX-1: XX). As of 31 December 20XX, the profit for the financial year of the Company includes an amount of CCY XX, composed of the current fair value adjustment (Note X), net of deferred taxes (Note X), which will be proposed for allocation to the revaluation reserve in 20XX+1.

NOTE 15 - RESERVES

15.1. Legal reserve

Art. Reference
Art. 461-1 (S.A.) & 710-23 (S.à r.l.)

72ter(2)(b)

GUIDANCE:

Each year at least one-twentieth of the net profits shall be allocated to the creation of a reserve; this allocation shall cease to be compulsory when the reserve has reached an amount equal to one-tenth of the corporate capital, but shall again be compulsory if the reserve falls below such one-tenth.

In accordance with Articles 461-1 (S.A.) and 710-23 (S.à r.l.) of the Company Law, the Company must allocate a minimum of 5% of the net profit to the legal reserve, until such reserve reaches 10% of the share capital. Distribution of the legal reserve is restricted.

ADDITIONAL POTENTIAL DISCLOSURES:

- If the 10% limit has been reached, add the sentence below:
  No allocation was made to the legal reserve in the current year as the 10% maximum has already been reached.
- If the Company has incurred a loss for the financial year, add the sentence below: For the year ended 31 December 20XX, no allocation was made to the legal reserve as the Company has reported a loss for the financial year.

15.2. Reserve for own shares [own corporate units]

Art. Reference
430-18 (1)2°

GUIDANCE:

If the said shares are included among the assets shown within the balance sheet, a non-distributable reserve of the same amount shall be created among the liabilities.

Art. Reference
430-19(1)3°

GUIDANCE:

The aggregate financial assistance granted to third parties shall at no time result in the reduction of the net assets below the amount specified in paragraph (1) and (2) of Article 461-2, taking into account also any reduction of the net assets that may have occurred through the acquisition, by the company or on behalf of the company, of its own shares in accordance with Article 430-15 paragraph (1). The company shall include, among the liabilities in the balance sheet, a reserve, unavailable for distribution, of the amount of the aggregate financial assistance.

Art. Reference
430-22-5

GUIDANCE:

An amount equal to the nominal value, or, in the absence thereof, the accounting par value, of all the shares redeemed must be included in a reserve which cannot be distributed to the shareholders except in the event of a reduction in the subscribed capital; the reserve may only be used to increase the subscribed capital by capitalisation of reserves.

[If applicable to the Company]

The Company holds own shares [own corporate units] for an amount of CCY [XX]. In accordance with Luxembourg law, the Company has created a non-distributable reserve for the same amount.

15.3. Reserves provided for by the articles of association

[If applicable to the Company]

As described in the articles of association, the Company has created a dedicated reserve for an amount of CCY [XX], corresponding to (*to complete*).

15.4. Other reserves

[If applicable to the Company]

A special Net Wealth Tax reserve has been created in order to reduce the Net Wealth Tax of the Company. This special reserve amounts to five times the envisaged Net Wealth Tax credit. This special Net Wealth Tax reserve has to remain unavailable for distribution for five years, to take advantage of the reduction in Net Wealth Tax liability.

NOTE 16 - INTERIM DIVIDENDS

Art. Reference

461-3

710-25

[*If applicable to the Company*]

The Board of Directors [Managers, if S.à r.l.] resolved to pay an interim dividend of CCY XXX at a meeting held on [date] on the basis of an interim financial position as at [date].

NOTE 17 - MOVEMENTS FOR THE YEAR/PERIOD ON THE RESERVES AND PROFIT AND LOSS

The movements on the reserves and profit and loss accounts during the year/period are as follows:

	Revaluation reserve	Legal reserve	Reserve for own shares / own corporate units	Reserves provided for by the articles of association	Other reserves	Results brought forward	Results for the financial year/period	Interim dividends
	CCY	CCY	CCY	CCY	CCY	CCY	CCY	CCY
As at 31 December 20XX-1	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Movements for the year/period								
• Allocation of previous year's profit or loss								
• Dividend								
• Profit or loss for the year/period								
• Other movements (explain)								
As at 31 December 20XX	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]

Art. Reference
64nonies

GUIDANCE:

When measurement at fair value has been applied in accordance with section 7bis (*rules applicable to fair value measurement*), the provisions of *Article 72ter* shall apply (*rules applicable to limitation of distribution of realised or "quasi" realised gains*).

If applicable

The result for the financial year/period included undistributable amounts for an amount of CCY [XX], corresponding to the fair value measurement of items accounted for at fair value.

NOTE 18 - CAPITAL INVESTMENT SUBSIDIES

The capital investment subsidies are related to the following assets:

	Gross book value 20XX	Depreciation 20XX	Net book value 20XX	Net book value 20XX-1
	CCY	CCY	CCY	CCY
Development costs	[XX]	[XX]	[XX]	[XX]

Concessions, patents, licences, trademarks and similar rights and assets	[XX]	[XX]	[XX]	[XX]
Land and buildings	[XX]	[XX]	[XX]	[XX]
Plant and machinery	[XX]	[XX]	[XX]	[XX]
Other fixtures and fittings, tools and equipment	[XX]	[XX]	[XX]	[XX]
Total	**[XX]**	**[XX]**	**[XX]**	**[XX]**

COMMENTARY:

The capital investment subsidies might also be deducted directly form the subsidised assets. In this case, disclosures should be added in the related notes of the subsidised assets detailing the amount received and remaining carrying amount at the end of the year/period.

NOTE 19 - PROVISIONS

Art. Reference 64

GUIDANCE:

At the balance sheet date, a provision shall represent the best estimate of the expenses likely to be incurred or, in the case of a liability, of the amount required to meet that liability.

Provisions include the following:

19.1. Provisions for pensions and similar obligations

[*If applicable to the Company - to be tailored*]

The Company has set up a defined benefit pension plan for its employees. The reserve created at the end of the year amounts to CCY [XX] (20XX-1: CCY [XX]).

The contributions for the year/period recorded in the profit and loss accounts amount to CCY [XX] (20XX-1: CCY [XX])[91].

19.2. Provisions for taxation

Provision for taxation includes a provision for tax litigation amounting to CCY [XX] (20XX-1: CCY [XX]) and deferred tax provision amounting to CCY [XX] (20XX-1: CCY [XX]).

91 A reference to the note on the commitment (part on pension obligations) can be added.

Art. Reference

65(1)11°

GUIDANCE:[92]

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

11° (Law of 30 July 2013) a) the difference between the tax charged for the financial year and for earlier financial years and the amount of tax already paid or payable in respect of those years, to the extent that this difference is material for purposes of future taxation.

a) This amount may also be disclosed in the balance sheet as a cumulative amount;

b) Where valuation at fair value has been applied in accordance with Section 7bis, undertakings shall show, as the case may be, deferred tax liabilities in the balance sheet as a cumulative amount.

(Law of 18 December 2015)

c) where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year.

Provisions for taxation are made up as follows:

	Deferred tax provision	Other tax provision	TOTAL
	CCY	CCY	CCY
Tax provisions at 31 December 20XX-1	**[XX]**	**[XX]**	**[XX]**
Tax charges (see note XX)	[XX]	[XX]	[XX]
Payment	[XX]	[XX]	[XX]
Transfers/write back	[XX]	[XX]	[XX]
Tax provisions at 31 December 20XX	**[XX]**	**[XX]**	**[XX]**

Deferred tax provision consists of:

	20XX	20XX-1
	CCY	CCY

92 Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)11°. However, where the fair value measurement has been applied in accordance with Section 7bis, the Small-sized undertakings shall not be exempted from the application of the provision of Article 65(1)11°b) and c).

(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Deferred tax provisions at 31 December 20XX	[XX]	[XX]

19.3. Other provisions

Other provisions may be broken down as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Others	[XX]	[XX]
TOTAL	[XX]	[XX]

NOTE 20 - CREDITORS

Art. Reference GUIDANCE:

65(1)14°

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

…

14° information concerning the income (charges) in respect of the financial year, which is receivable (are payable) after the end of the financial year and are shown under “Debtors” (“Creditors”), where such income (charges) is or are material.

The amounts due and payable for the debts are as follows:

	Within one year	After one year and within five years	After more than five years	Total 20XX	Total 20XX-1	Subordinated share
	CCY	CCY	CCY	CCY	CCY	CCY
. Convertible loans	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Non-convertible loans	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Amounts owed to credit institutions	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Trade creditors	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Bills of exchange payable	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Amounts owed to affiliated undertakings	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Tax authorities	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Social security authorities	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
. Other creditors	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]
Total	[XX]	[XX]	[XX]	[XX]	[XX]	[XX]

Art. Reference
65(1) 5°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

5° the existence of any founders' shares, convertible bonds, warrants, options or similar securities or rights, with an indication of their number and the rights they confer.[93]

[93] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)5°.

Tax authorities creditors booked in the balance sheet are made up as follows:

	Current tax	Other tax debts	TOTAL
	CCY	CCY	CCY
Tax provisions at 31 December 20XX-1	**[XX]**	**[XX]**	**[XX]**
Tax charges (see note XX)	[XX]	[XX]	[XX]
Payment	[XX]	[XX]	[XX]
Transfers/Write back	[XX]	[XX]	[XX]
Tax provisions at 31 December 20XX	**[XX]**	**[XX]**	**[XX]**

Current tax debts consist of:

	20XX	20XX-1
	CCY	CCY
Corporate Income Tax	[XX]	[XX]
Municipal Income Tax	[XX]	[XX]
Net Wealth Tax	[XX]	[XX]
Current tax debts at 31 December 20XX	**[XX]**	**[XX]**

Where applicable

The convertible loans are as follows:

In CCY	Nominal	Interest rate	Term	20XX	20XX-1
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
Total	[XX]	[XX]	[XX]	[XX]	[XX]

The Company has issued those convertible loan(s) with the following specifications:
(*specify the date of payment, conversion terms and other terms*).

The total interest payable on (to complete) amounts to CCY [XX] for the year (20XX-1: CCY [XX]). The accrued interest payable as at 31 December 20XX amounts to CCY [XX] (20XX-1: CCY [XX]).

Where applicable

The non-convertible loans are as follows:

In CCY	Nominal	Interest rate	Term	20XX	20XX-1
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
Total	[XX]	[XX]	[XX]	[XX]	[XX]

The total interest payable on (to complete) amounts to CCY [XX] for the year (20XX-1: CCY [XX]). The accrued interest payable as at 31 December 20XX amounts to CCY [XX] (20XX-1: CCY [XX]).

The amounts due to credit institutions are as follows:

In CCY	Nominal	Interest rate	Term	20XX	20XX-1
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
Total	[XX]	[XX]	[XX]	[XX]	[XX]

The total interest payable on (to complete) amounts to CCY [XX] for the year (20XX-1: CCY [XX]). The accrued interest payable as at 31 December 20XX amounts to CCY [XX] (20XX-1: CCY [XX]).

The amounts due to trade creditors are as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total	[XX]	[XX]

The amounts owed to affiliated undertakings are as follows:

In CCY	Nominal	Interest rate	Term	20XX	20XX-1
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
Total	[XX]	[XX]	[XX]	[XX]	[XX]

The total interest payable on (to complete) amounts to CCY [XX] for the year (20XX-1: CCY [XX]). The accrued interest payable as at 31 December 20XX amounts to CCY [XX] (20XX-1: CCY [XX]).

The amounts owed to undertakings with which the undertaking is linked by virtue of participating interests are as follows:

In CCY	Nominal	Interest rate	Term	20XX	20XX-1
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
(*Describe category*)	[XX]	[XX]	[XX]	[XX]	[XX]
Total	[XX]	[XX]	[XX]	[XX]	[XX]

The total interest payable on (to complete) amounts to CCY [XX] for the year (20XX-1: CCY [XX]). The accrued interest payable as at 31 December 20XX amounts to CCY [XX] (20XX-1: CCY [XX]).

The amounts due to other creditors are as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total	[XX]	[XX]

The (to complete) are as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total	[XX]	[XX]

Art. Reference
65(1)6°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

6° amounts owed by the undertaking becoming due and payable after more than five years as well as the undertaking's entire debts secured by collateral on assets furnished by "the undertaking" with an indication of the nature and form of the collateral. This information must be disclosed separately for each creditor's item, as provided for in the layouts prescribed in *Article 34 (Layout of the balance sheet)*;

Where applicable

An amount of CCY [XX] is secured by collateral on assets as at 31 December 20XX. The collateral consists of (*describe its nature and form*).

Where applicable

An amount of CCY [XX], classified under [to complete], is subordinated to the repayment of the other debts as at 31 December 20XX.

NOTE 21 - DEFERRED INCOME

Art. Reference
45

GUIDANCE:

Income received before the balance sheet date, but relating to a subsequent financial year must be shown under the liabilities item "Regularisation accounts/accruals and deferred income".

Deferred income is mainly composed of (*to complete*).

NOTE 22 - NET TURNOVER[94]

Art. Reference
65(1)8°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

8° the net turnover within the meaning of Article 48, broken down by categories of activity and into geographical markets insofar as, taking account of the manner in which the sale of products and the provision of services falling within the undertaking's ordinary activities are organised, these categories and markets differ substantially from one another;

Art. Reference
67(1)b)and(2)

GUIDANCE:

(1) b) may be omitted when their nature is such that it would be seriously prejudicial to any of the undertakings to which Article 65 (...) relates.

The omission of such information must be disclosed in the notes to the accounts.

(2) Paragraph (1) b) shall also apply to the information prescribed in Article 65(1) 8°.

	20XX	20XX-1
	CCY	CCY
Categories of activity		
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total	[XX]	[XX]
Geographical markets		
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total	[XX]	[XX]

[94] Article 66 - The Small-sized and Medium-sized undertakings as defined in Article 35 and Article 47 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)8°.

Or

A breakdown of the net turnover by category of activity and geographical markets is omitted because its nature is such that it would be seriously prejudicial to the Company.

NOTE 23 - FIXED ASSETS UNDER DEVELOPMENT - WORK PERFORMED BY THE COMPANY FOR ITS OWN PURPOSES AND CAPITALISED

During the financial year, the Company has developed for itself (*describe the assets*) for an amount of CCY [XX] (20XX-1: CCY [XX]). These assets are recorded in the balance sheet under the corresponding item.

If applicable

The amount of interest for the year in relation to the financing of those assets has been capitalised to the amount of CCY [XX] (20XX-1: CCY [XX]).

NOTE 24 - OTHER OPERATING INCOME

Art. Reference
49

GUIDANCE:
The amount and nature of items of income or charges with an extraordinary size or impact shall be shown in the notes to the accounts.

The other operating income are as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Others	[XX]	[XX]
Total	[XX]	[XX]

NOTE 25 - OTHER EXTERNAL EXPENSES

Art. Reference
49

GUIDANCE:
The amount and nature of items of income or charges with an extraordinary size or impact shall be shown in the notes to the accounts.

The other external expenses are as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Others	[XX]	[XX]
Total	[XX]	[XX]

NOTE 26 - STAFF COSTS

Art. Reference

GUIDANCE:

65(1)9°

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

9° the average number of staff employed during the financial year, broken down by categories;

The average number of staff employed by the Company during the year is as follows:

	20XX	20XX-1
Management	[XX]	[XX]
Employees	[XX]	[XX]
Other staff [*Please specify*]	[XX]	[XX]
Total	[XX]	[XX]

NOTE 27 - EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS ARISING OR ENTERED IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES[95]

[95] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)12°.

Art. Reference
65(1)12°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

12° the amount of the emoluments granted in respect of the financial year to the members of the management and supervisory bodies in that capacity and any commitments arising or entered into in respect of retirement pensions for former members of those bodies. This information must be given as a total for each category;

The emoluments paid to members of the management and/or supervisory bodies in that capacity of the Company are as follows:

	20XX	20XX-1
Management	[XX]	[XX]
Supervisory bodies	[XX]	[XX]
Total	[XX]	[XX]

OR

Art. Reference
65(1)18°(2)

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

18° The nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or in the balance sheet.

(2) The information provided for in paragraph (1) 12° may be omitted if it allows to identify the position[96] of a specific member of such bodies.

The emoluments paid to members of the management and/or supervisory bodies in that capacity of the Company have been omitted in compliance with the Article 65(1)18°(2) of the Company Law.

[96] Directive 2013/34/EU speaks of the "financial position".

Art. Reference
65(1)12°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

12° the amount of the emoluments granted in respect of the financial year to the members of the management and supervisory bodies in that capacity and any commitments arising or entered into in respect of retirement pensions for former members of those bodies. This information must be given as a total for each category;

The commitments arising or entered in respect of retirement pensions for former members of the management and/or supervisory bodies in that capacity of the Company are as follows:

	20XX	20XX-1
Former members of the management	[XX]	[XX]
Former members of the supervisory bodies	[XX]	[XX]
Total	[XX]	[XX]

OR

There is no commitment arising or entered into in respect of retirement pensions for former members of the management and/or supervisory bodies in that capacity of the Company.

OR

Art. Reference
65(1)18°(2)

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

18° The nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or in the balance sheet.

(2) The information provided for in paragraph (1) 12° may be omitted if it allows to identify the position[97] of a specific member of such bodies.

[97] Directive 2013/34/EU speaks of the "financial position".

The commitments arising or entered into in respect of retirement pensions for former members of the management and/or supervisory bodies in that capacity of the Company have been omitted in compliance with the Article 65(1)18°(2) of the Company Law.

NOTE 28 - ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS ENTERED INTO ON THEIR BEHALF BY WAY OF GUARANTEES OF ANY KIND

Art. Reference

GUIDANCE:

65(1)13°

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

13° the amount of advances and loans granted to the members of the management and supervisory bodies, with indications of the interest rates, main conditions and the amounts which may have been repaid, as well as the commitments entered into on their behalf by way of guarantees of any kind. This information must be given as a total for each category.

The advances and loans granted to members of the management and/or supervisory bodies in that capacity of the Company are as follows:

	20XX	20XX-1
Management	[XX]	[XX]
Supervisory bodies	[XX]	[XX]
Total	[XX]	[XX]

These advances and loans have been made with the following terms: (to complete with the indications of the interest rates and the main conditions). The amounts repaid during the financial year/period amounts to CCY [XX] (20XX-1: CCY [XX]).

OR

There are no advances and loans granted to members of the management and/or supervisory bodies in that capacity of the Company.

The commitments entered into on their behalf by way of guarantees of any kind for members of the management and/or supervisory bodies in that capacity of the Company are as follows:

	20XX	20XX-1
Management	[XX]	[XX]
Supervisory bodies	[XX]	[XX]
Total	[XX]	[XX]

These commitments are related to (*to complete*).

OR

There is no commitment entered into on their behalf by way of guarantees of any kind for members of the management and/or supervisory bodies in that capacity of the Company.

NOTE 29 - OTHER OPERATING EXPENSES

Art. Reference
49

GUIDANCE:

The amount and nature of items of income or charges with an extraordinary size or impact shall be shown in the notes to the accounts.

The other operating expenses are as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Others	[XX]	[XX]
Total	[XX]	[XX]

NOTE 30 - TAX ON PROFIT OR LOSS

Art. Reference
65(1) 11°

GUIDANCE:[98]

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

11°a) the difference between the tax charged for the financial year and for earlier financial years and the amount of tax already paid or payable in respect of those years, to the extent that this difference is material for purposes of future taxation.

a) This amount may also be disclosed within the balance sheet as a cumulative amount;

b) Where valuation at fair value has been applied in accordance with section 7bis, undertakings shall show, as the case may be, deferred tax liabilities in the balance sheet as a cumulative amount.

c) Where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year.

The current tax charge for the year/period is as follows:

In CCY	20XX	20XX-1
Corporate Income Tax	[XX]	[XX]
Municipal Business Tax	[XX]	[XX]
Total current tax charge	**[XX]**	**[XX]**

98 Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)11°. However, where the fair value measurement has been applied in accordance with Section 7bis, the Small-sized undertakings shall not be exempted from the application of the provision of Article 65(1)11°b) and c).

The deferred tax charge for the year/period is as follows:

In CCY	20XX	20XX-1
(*Describe category*)	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Total deferred tax charge	[XX]	[XX]

Where applicable

In addition, the Company has received the approval of the Luxembourg tax authorities to consolidate with (name of the companies included in the scope of the tax consolidation) their respective income tax liabilities. Tax amounts relating to the Municipal Business Tax and to the Corporate Income Tax are computed on the basis of the consolidated result of the entities included in the scope of the tax consolidation.

NOTE 31 - OTHER TAXES

The other taxes for the year are as follows[99]:

In CCY	20XX	20XX-1
Net Wealth Tax	[XX]	[XX]
(*Describe category*)	[XX]	[XX]
Other taxes	[XX]	[XX]
Total other taxes	[XX]	[XX]

NOTE 32 - RELATED PARTIES TRANSACTIONS

Art. Reference
65(1)7ter

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

[99] Common example of categories could be: non-deductible VAT. Registration duties or stamp duties.

7*ter* transactions which have been entered into by the undertaking with related parties, including the amount of such transactions, the nature of the related party relationship and all other information about the transactions necessary for an understanding of the financial position of the undertaking. Information about individual transactions may be aggregated according to their nature except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the undertaking.

Undertakings have the option to only disclose in the notes to the accounts the transactions entered into with related parties which have not been concluded under normal market conditions. Transactions which have been entered into between one or more members of a group are exempted provided that the subsidiaries which are party to the transaction are wholly owned by such a member.

Undertakings which do not exceed at least two of the three limits laid down in Article 47 (*Medium-sized undertakings*) for two consecutive financial years are allowed to limit the disclosure of transactions with related parties to transactions entered into with:

(i) owners holding a participating interest in the undertaking;

(ii) undertakings in which the undertaking itself has a participating interest; and

(iii) members of the administrative, management or supervisory bodies of the undertaking.

This option does however not apply to undertakings whose securities are admitted to trading on a regulated market of any Member State of the European Union within the meaning of Article 1, item 11 of the Law of 13 July 2007 on markets in financial instruments.

"Related party" has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The nature of the related parties relationships are as follows (***describe***):

Transactions with those related parties for the years ended 31 December 20XX and 20XX-1 are as follows (***provide details of transactions during the year***):

As at 31 December 20XX, amounts owed to affiliated undertakings and/or other group companies are CCY [XX] (20XX-1: CCY [XX]).

NOTE 33 - AUDIT AND NON-AUDIT SERVICES[100, 101,]

Art. Reference
65(1)16°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

16° the total fees for the financial year received by each[102] *réviseur d'entreprises agréé* [approved statutory auditor] or the *cabinet de révision agréé* [approved audit firm] for the statutory audit of the annual accounts and, the total fees received by each *réviseur d'entreprises agréé* [approved statutory auditor] or *cabinet de révision agréé* [approved audit firm] for other assurance services, for tax advisory services and for other non-audit services.

For the financial year/period, fees paid by the Company to the *réviseur d'entreprises agréé* were as follows:

	20XX CCY	20XX-1 CCY
Audit fees	[XX]	[XX]
Audit related fees	[XX]	[XX]
Tax fees	[XX]	[XX]
Other fees related to permissible NAS	[XX]	[XX]
Total	**[XX]**	**[XX]**

Reference
EU Regulation
537/2014°

GUIDANCE:

In addition to the information required under Art 65(1)16 above, the financial statements of public interest entities services shall indicate any services, in addition to the audit, which were provided by the approved statutory auditor or the approved audit firm to the audited entity and its controlled undertakings.

If those have not been disclosed in the financial statements or the management report, they shall be reported in the auditor's report

The best practice would be to have such services described in a note to the annual accounts, with no mandatory mention of the amount of fees that might have been accounted for by the entity.

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100 Article 66 and Article 67(2) - The Small-sized and Medium-sized undertakings as defined in Article 35 and Article 47 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)16°.

101 Article 65(1)16° - This requirement shall not apply where the undertaking is included within the consolidated accounts required to be drawn up under Article 22 of Directive 2013/34/EU (transposed in Article 1711-1 of the Law), provided that such information is given in the notes to the consolidated accounts.

102 The term "each" precises to disclose the information for each auditor in case the entity is appoint different independent auditors. This could apply more frequently for the consolidated accounts but could apply in case of joint audit.

The services should be detailed following the same categories as those foreseen for the disclosure under Art. 65(1)16 of the Accounting Law.

NOTE 34 - OFF BALANCE SHEET COMMITMENTS

Art. Reference
38

GUIDANCE:

The total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any in rem security which has been provided must be set out in the notes to the accounts. Any commitments concerning pensions and affiliated or associated undertakings shall be disclosed separately.

Art. Reference
65(1)7°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

7° the total amount of any financial commitments that are not included in the balance sheet, insofar as this information is of assistance in assessing the financial position. Any commitments concerning pensions and commitments *vis-à-vis* affiliated undertakings must be disclosed separately;

Art. Reference
65(1)7*bis*°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

7*bis*° the nature and business purpose of the arrangements that are not included in the balance sheet and the financial impact on (Law of 30 July 2013) "the undertaking" of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for assessing the financial position of (Law of 30 July 2013) "the undertaking".

The financial commitments of the Company are as follows:

	20XX	Whose with affiliated undertakings	20XX-1	Whose with affiliated undertakings
	CCY	CCY	CCY	CCY
Guarantees	[XX]	[XX]	[XX]	[XX]
Forward exchange contracts	[XX]	[XX]	[XX]	[XX]
Leasing (rents not yet paid)	[XX]	[XX]	[XX]	[XX]
Forward purchase and sale of tangible assets	[XX]	[XX]	[XX]	[XX]
Pension obligations	[XX]	[XX]	[XX]	[XX]
Other (*to be specified*)	[XX]	[XX]	[XX]	[XX]
Total	**[XX]**	**[XX]**	**[XX]**	**[XX]**

The nature and the business purposes of the arrangements not included on the balance sheet, and their financial impact are as follows:

Guarantees issued/received

The Company has issued/received guarantees for/from (to determine) which amount to CCY [XX] (20XX-1: CCY [XX]) to cover (*to be specified*).

Forward exchange contracts

The Company has entered into forward exchange contracts on CCY to (*commercial objective to be specified*). The commitment from these contracts as at 31 December 20XX amounts to CCY [XX] (20XX-1: CCY [XX]). See note (*to be specified*) for further details[103].

Leasing (rents not yet paid)

Commitments regarding the rents not yet paid amount to CCY [XX] at the end of the financial year/period (20XX-1: CCY [XX]). They are related to leasing contracts on (*to be specified*).

Forward purchase and sale of tangible assets

Commitments related to forward purchases or sales of tangible assets amount to CCY [XX] at the end of the financial year/period (20XX-1: CCY [XX]).

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103 A reference to the note on the derivative financial instruments can be added.

Pension obligations

The Company has entered into pension obligations for its staff that amount to CCY [XX] at the end of the financial year (20XX-1: CCY [XX])[104].

Other commitments and/or guarantees received/given

(*Describe the nature, the commercial objective and the financial impact of the operations*).

NOTE 35 - GOING CONCERN

Art. Reference

GUIDANCE:

51(1)a (1) The measurement of the items shown in the annual accounts shall be made in accordance with the following general principles:

a) the undertaking is presumed to be carrying on its business as a going concern;

COMMENTARY:

[If applicable]: In the event of the loss of half the corporate capital and subsequently the loss of three quarters of the corporate capital certain legal formalities are required in accordance with Article 480-2 of the Company Law.

[*If applicable to the Company*]

The Company incurred a net loss of CCY [XX] during the year ended 31 December 20XX and as of that date, the Company has accumulated losses of CCY [XX].

These accounts have been prepared on a going concern assumption based on the forecasted [*describe the forecast*] profit that will be generated over the coming years by the Company.

OR

The Shareholder(s), however, has indicated its willingness and intent to provide continued financial support to the Company to ensure its financial viability for the next twelve months.

[104] A reference to the note on the provision for pensions or similar obligations can be added.

NOTE 36 - POST BALANCE SHEET EVENTS[105]

Art. Reference

65(1)18°

GUIDANCE:

(1) In addition to the information required under other provisions of this Chapter, the notes to the accounts shall disclose the following information presented in the order in which the items to which they relate are presented in the balance sheet and in the profit and loss account:

...

18° The nature and the financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or in the balance sheet.

COMMENTARY:

Provide a description of significant post Balance Sheet events that should require disclosure to the annual accounts.

OR

There are no significant post Balance Sheet events.

[105] Article 66 - The Small-sized undertakings as defined in Article 35 of the Law are allowed to prepare abridged notes to the accounts without the information requested in Article 65(1)18°.