MINISTRY OF FINANCE

Based on Article 15 Accounting Law ("Official Gazette", no. 90/92) The Ministry of Finance published

INTERNATIONAL Accounting Standards

International Accounting Standards and Disclosure of accounting policies

Introduction

First This report deals with the disclosure of all significant accounting policies adopted in preparing and presenting financial statements.

Second The aim of international accounting standards and the importance that they attached to exposed in the Preamble Reports on International Accounting stalidardima.

3rd The definition of "financial statement" if given in the Preface Reports on International Accounting Standards here it is priIkladnosti repeated. The term "financijskf Statements" includes balance sheet, income statement or profit and loss account, notes and other statements of explanation if they are indicated as an integral part of the financial statements. Međunarodnl ršunovodstveni standards apply on financial statements of any commercial, industrial and other enterprises:

4th Management of such firms can prepare financial statements for their needs in a variety of ways that best suit the needs of internal management. When the financial statements are issued for other users, such as shareholders, creditors and employees of the general public at all, should be in accordance with International Accounting Standards.

5th The financial statements will be made available once a year and most often subject to auditors' report.

Fundamental accounting assumptions

6th The preparation of financial statements subject to certain assumptions underlying the accounting. They are usually not specifically stated because their acceptance and use of assumed. If they are not applied, they should be disclosed together with the reasons.

7th The International Accounting Standards Committee adopted the following fundamental accounting assumptions.

a) going concern

Usually it is considered that a firm time unrestricted operates, namely that in the foreseeable future will continue in business. It is assumed that there is no intention or need of liquidation or significantly reducing the scope of its business.

b) Consistency

It is assumed that the accounting policies applied consistently from period to period.

c) The creation of events

Revenues and expenses shall be determined by the occurrence of events that is recognized when earned when they occur (and not when money is received or disbursed), and are entered in the financial statements of the period to which they relate. Considerations relating to the process of connecting (face up) costs with revenues under the principle of occurrence of events not processed in this report.

Accounting policies

8th Accounting policy includes principles, bases, conventions, rules and procedures that the managment adopted in compiling and presenting financial statements. There are many different accounting policies in use, even when they relate to the same subject, the judgment is required in selecting and applying those policies that best suit the conditions of firms to properly display its financial position and performance of its business.

9th During the selection and use of appropriate accounting policies and financial reporting managemenet should stick to these three criteria:

a) Prudence

Uncertainties inevitably surround many transactions. It should be taken into account, Applying the principle of prudence in preparing financial statements: However, prudence does not justify the creation of secret or hidden phenomenon.

b) The essence is more important than form.

Transactions and other events should be computed and presented in accordance with their essence and financial stvarnošæu, only in accordance with their legal form.

c) signifi

The financial statements should disclose all positions which are sufficiently considerable to influence the judgment or decision-making.

Explanation

10th Financial statements must be clear and understandable. They are based on the accounting policies that differ from Business to Business, both within a country, easily between different countries. Therefore, to the financial statements could properly understand, necessary to publish Significant accounting policies on which they are based. Disclosure of the accounting policy should be an integral part of the financial statements; help from the user if they are all published in one place. Sometimes it is applied incorrectly or inappropriate procedure to position the balance sheet, income statement or profit and loss, and the other reports. Disclosure procedure applied in each case is necessary, but this publication can not correct a wrong or improper procedure.

Users of financial statements

11th The financial statements provide information used by different users in particular shareholders, creditors (present and a possible) and employed in firms. Other important categories of users of financial statements include suppliers customers, unions, financial analysts, statistiæare, economists, tax and legislative powers.

12th Financial statements to customers as part of the information required, among other things, valuation and financial decision-making. They can not be trusted to judge on these matters, if the financial statements do not clearly disclosed Significant accounting policies that were applied in the preparation of these reports.

Changes in accounting policies and their disclosure

13th The task of interpreting financial statements is complicated due to the adoption of different policies in many areas of accounting. There is no single list of accounting policies adopted in the bucket, users can send and various accounting policies, which are now available in the application, can produce significantly different financial statements, although based on the same events and conditions, examples of areas in which there are different accounting policies and that, therefore, require objavjivanje selected the accounting process are:

General

Privacy consolidation.

Converting or translating foreign currencies including the deployment pozitivnth and negative exchange rate differences. The general policy assessment - evaluation (eg cost, The general purchasing power, replacement value) The events that occur after the balance sheet date

Leases, purchases or transactions to repay the interest payments on that basis

Taxes

Permanent contracts

Franchisees

Resources

Receivables

Stocks (and work in progress) and the corresponding cost of goods sold

Assets that are subject to amortization and depreciation Crops

Land held in possession for development and the associated development costs

Investments in subsidiaries, associated companies and other investments

Research and development

Patents and trademarks

Goodwill

Payables and provisions

Guarantees

Commitments and contingent events

Pension contributions and planned for retirement Retirement benefits and payment of laid-off workers

Profits and losses

Methods for revenue recognition

Maintenance, repairs and improvements

Gains and losses on the Transfer of property.

The accounting process with legal or other reserves, including directly tereæenje and approval of account reserves.

14th Accounting policies are still being regularly and fully disclosed in all financial statements. There are considerable differences in the shape, clarity and completeness of disclosures, both within a country and between countries, even where the accounting policies disclosed. It is possible that within a few slsupa financial statements Significant accounting policies disclosed, and the other, also considerable, not published. Even in those countries where it requires disclosure of all significant accounting policies, are not always available guidelines that ensure uniformity in the method of publication. The increase in international firms and international finance magnifying the need for more thorough ujednaèenošæu financial statements across national borders.

15th Financial statements should show comparative figures for the previous period. If a change has been made in the accounting policy which has a significant effect, it is necessary to publish and kvantiricirati this effect. The change in accounting policy that may no significant effect in the current year also should be disclosed, if she could have a significant impact in the following years.

International Accounting Standard 1

Disclosure of accounting policies

International Accounting Standard 1 includes points 16-23 of this report. Standard should be read in the context of points 1-15 of the Preface to the Report and Reports on International Accounting Standards.

16th Going concern, consistency and meeting events are fundamental accounting assumptions. When the underlying accounting assumptions estupljene in the financial statements, does not require the disclosure of such assumptions. If you have not been to the fundamental accounting assumption, this fact, together with the reasons, should be disclosed.

17th Prudence, substance over form and signifi determine the selection and application of accounting policies:

18th Financial statements should include clear and accurate disclosure of all significant accounting policies that have been applied in:

19th Disclosure of significant accounting policies applied should then form an integral part of the financial statements in the rule and should be published in one place.

20th Wrong or inappropriate handling of positions in the balance sheet, income statement or profit and loss account from the other reports can not be corrected by disclosure of the accounting policies or the notes or explanations.

21st Financial statements should show comparative figures for the previous period.

22nd The change in accounting policy that has a significant effect in the current period or which may any significant effect on the need to work on next period, together with the reasons disclosed. The effect of the changes, if significant, should be disclosed and vantificirati.

23rd This International Accounting Standard becomes effective and shall apply to the financial statements which comprise the period starting 1st January in 1975. or thereafter.

International Accounting Standard 2

Evaluation and presentation of inventories in the context of procurement costs

Introduction

First This report deals with the evaluation and presentation of inventories in the financial system by purchasing costs, which makes the most widely accepted, based on the presentation of financial statements.

Second The Committee is aware of the existence of the other proposed or used in the financial system, including systems based on troškovime for ongoing replacement or other values. Evaluation and presentation of inventories in the context of these systems are beyond the scope of this report. International Accounting Standard 1, "Disclosure of accounting policies", requires that the system adopted must clearly specify.

This report does not deal with inventory piled up on the basis of long-term construction contracts, as well as the procedure to inventory products.

Definitions

4th In this report following the terms are used with specific meanings:

Inventories are tangible assets that are a) held for sale in the ordinary course of business, b) in the process of production for such sale, or c) intended for consumption in the production of goods or services intended for sale.

The cost of purchasing inventory total costs of purchase, costs of conversion and other costs incurred in the process of bringing the inventories to their present location and condition.

The cost of buying comprise the purchase price including import duties and other taxes on traffic, transportation costs, æuvanja and handling and any other costs that can be directly added to the cost of acquisition, net of discounts, rebates and subsidies:

Conversion costs are those costs which, in addition to the costs of buying, incurred in the process of bringing the inventories to their present location and condition.

* The text of this standard uses the term "reserves" in some of the country in using the phrase "stocks and work in progress."

Possible Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to allow the sale.

Explanation

5th Inventories comprise a significant portion of the assets of many companies. Therefore, evaluation and presentation of inventories has a significant effect on to define the presentation of the financial position and results of operations of these firms.

Determining the cost

6th In determining the cost as defined in point 4, in practice different interpretations arise in relation to the general production costs, other general costs and the method of calculating the cost of which will be applied.

General production costs

7th General production costs also include costs incurred in connection with the production, except for the cost of direct materials and direct labor. Examples of indirect materials and labor, depreciation of tangible assets and maintenance factory buildings and equipment, and the cost tvorniækog management and administration.

8th General production costs require to be determined using the analysis part which relates to bringing the inventories to their present location and condition, and so to switch on the conversion costs on to define the initial cost of inventories. 9th And vrijabilni fixed and general costs, incurred tiiekom production usually is allocated to the cost of conversion. This practice is based on the view that both the cost incurred in bringing the inventories to their present location and condition. Fixed general production costs sometimes, in whole or in part, excluded from the cost of conversion as it is considered that they are not izravilo impact on bringing the inventories to their present location and condition.

10th In a period of low production or idle plant, is common to restrict the deployment of general fixed costs of production to the costs of conversion, dovodeæi them in connection with the production capacity of the plant, rather than the actual level of use. The capacity of production facilities is interpreted differently, for example, such that normal production would be expected to be achieved during a particular period or season, or as the maximum production that can be achieved in practice. Interpretation of the pre-determined and consistently applied and does not change according to current conditions. 11th Similarly, extremely large amounts of waste material, labor or other expenses - which are not related to bringing the inventories to their present location or the current condition, switch off the cost of conversion.

Other general expenses

12th In relation to bringing inventories to their present location and condition, except for general production costs, resulting sometimes and other general expenses, such as expenses incurred in designing products for specific customers. On the other hand, selling expenses and general administrative expenses, research and development costs and interest are not normally considered as costs incurred in connection with bringing the inventories to their present location and condition.

Methods of calculating costs

13th For the calculation of the cost is now used several different methods with significantly different effects, these are the following:

a) The first entry - the first output (FIFO) b) The weighted average price,

c) The last entry - the first output (LIFO) d) stocks at constant prices,

e) Specific identification,

f) The next entry - the first output (NIFO) g) the latest purchase price.

14th FIFO method, the weighted average cost, LIFO inventories at constant prices and Specific Identification serve the prices that once existed in this Company Profile. Methods NIFO the latest purchase price using the prices that have never existed and therefore not based on supply costs.

15th The specific identification method by which the costs are added to the identified Specific types of stocks. This is a convenient method for goods purchased or produced and allocated to specific projects. But if this method is applied for the types of stocks that are usually mutually exchangeable variety of species can be implemented in a way that predodreðuju effects on profits.

Valuation of inventories below cost procurement

16th The purchase cost of inventories may not be realized if the selling price reduced, if stocks are damaged or if you become wholly or partially obsolete. The practice by reducing inventories below cost to purchase the net realizable value is consistent with the view that Liquid funds are not to be posted over the amount for which, can be expected to achieve sales. Reduction in the value of inventories is calculated separately for each type, a group of similar items, èitatvu group of stocks (for example, finished goods) or cases relating to any type of business, or are calculated on a total basis for all stocks of firms. The practice by reducing the value of the stock, which is based on a group of stocks, the type of business or overall basis, has the effect of offsetting losses incurred from unrealized gains.

17th In some countries, by reducing inventories is not based on the practices described in point 16th For example, by reducing procurement costs below apply to certain arbitrary percentage of the amount of inventories is calculated at a different way, and unreleased cuts, which creates a hidden reserves, it has unsuitable effects on the financial statements.

Presentation stock

18th Potklasifikacija stocks in the financial statements obavješæuje readers about the amounts of the various categories of inventories and the extent of changes from one period to another. Normal, potklasifikacija inventory includes materials, production in progress, finished goods, trade goods, auxiliary materials for production.

19th "Inventories" in the balance sheet generally consists of items in stock obuhvaæenih definition of point 4 Other items that are sometimes displayed under the heading "stocks", such that the auxiliary materials which are not intended for production and inventories for research and development.

International Accounting Standard 2

Evaluation and presentation of inventories in the context of procurement costs

The International Accounting Standards Board comprises two second point and points 20-36 of this report. This standard should be read in the context of the points 1 to 19 of this Report and Reports of the Preface to International Accounting Standards

20th Inventories should be valued at the lower of cost or at cost or net realizable value.

Determining acquisition costs

21st The purchase cost of manufactured inventories need to activate a systematic arrangement of those general production costs related to bringing the inventories to their present location and condition. Schedule of fixed general production costs to the costs of conversion be based on the capacity of the plant. If you have a fixed general production costs significantly or completely excluded from the valuation of stocks because they are not directly related to bringing inventories to their present location and condition, this fact should be disclosed.

22nd General costs except general production costs to be included as part of the cost of inventories only to the size of which is obvious that it refers to bringing the inventories to their present location and condition.

23rd Extraordinary amounts of waste in materials, labor or other costs should not be activated as part of the cost of inventories.

24th Except as set forth in points 25th and 26 purchase cost of inventories should be computed by the FIFO method or by using the weighted average prices of.

25th The types of stocks that usually are not mutually exchangeable or manufactured goods are not allocated to specific projects, should be computed Applying specific identification of their individual consumes.

26th Methods or LIFO inventories at constant prices can be applied provided that that Cave difference between the amount of inventory on the balance sheet either a) the amount lower than the amount obtained in accordance with point 24 of and net realizable value, or b) the current price at the balance sheet date and net realizable value.

27th Techniques, such as the standard cost method for evaluating the product or method, sales of the retail price for the valuation of trade goods, can be employed, if they consistently produce results approximate those that could be obtained in accordance with subparagraph 20th

Determining the net realizable value

28th Estimating net realizable value should not be based on temporary fluctuations of price or cost, but rather on the most reliable evidence available at the time of valuation at which the stock is expected realization.

29th The value of inventories to be written off to net realizable value by individual or by a group of similar species, the chosen method must be applied consistently.

30th Net realizable value quantity of inventory held to satisfy the solid bilateral sales contracts should be based on the contract price. If you have agreed the sale of stocks of smaller quantities held, the net realizable value of the excess inventory should be based on the general market cijenama2

31st Normal amounts of material and the jump of materials that are held for the production of products intended for sale need not be reduced below the cost of procurement, if expects the finished products, in that will they be built-in, will be carried out at purchase cost or above the purchase lroškova. In addition, the decline in the price of materials can point it would cost cost of finished goods that will be produced exceed the net sales value in this case should be carried out by reducing the value of inventories of materials, in this case the replacement cost may be the most appropriate available measure of net realizable value of the material .

Presentation of inventories received financial statements

32 Profit and loss for the period should be charged with the amount of inventories sold or consumed (if not deployed to other accounts of funds) as well as by reducing the amount of any stock in that period to the net sales value.

33 Inventories should potklasificirati in the balance sheet or in the notes to the financial statements in a way that suits the business firms, and within each major category of inventory and specify their amounts.

34 Accounting policies adopted to valuation of inventories, including the method used for calculating the costs, should be disclosed. The change in the policy of accounting, which refers to stocks that have a significant effect in the current period or which may have a significant effect on subsequent periods should be disclosed on the grounds. The effect of the change, if it should disclose the significant and quantifiable (see International Accounting Standard 1, Disclosure of accounting policies).

35 If you are entitled to "stockpile" shows other items, other than those contained in the definition in point 4, shall disclose their nature, amount and basis for valuation.

Effective Date

36 This International Accounting Standard becomes effective and applies to financial statements for the Period During that starts first January in 1975. or thereafter.

The International Accounting Standards Board 3

The consolidated financial statements

This standard replaced IAS 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries and IAS 28, Accounting for Investments in Associates and apply to financial statements for, the period starting 1st January in 1990. or thereafter.

The International Accounting Standards Board 4

Accounting depreciation

Introduction

First This report deals with raðunovodstvom depreciation and applies to all assets subject to depreciation, except:

a) forest and of similar renewable natural resources;

b) expenditures for exploration and extraction of minerals, oil, natural gas and of similar non-renewable resources;

c) expenditures for research and development;

d) goodwill.

Definitions

Second In this Report, by following terms are used with specific meanings.

Depreciation is the allocation of the amount for which an asset is depreciated over its estimated useful life. Depreciation charged for the billing period of income directly or indirectly.

Assets that are subject to depreciation funds:

a) for which you would expect to use more than one accounting period,

b) have a limited useful lifetime, and

c) that a firm holds for use in the production or sale of goods or services, for rental to others, or for administrative purposes.

Used life is either a) the period during which it is expected that a firm will use a tool that is depreciated, or b) the number of similar products or units that are expected to get them a firm achieve these means.

Amortizeaijski amount of a depreciable asset is its purchase value or other amount that replaces the purchase price of the financial statement net of any estimated residual value.

Explanation

3rd Assets subject to depreciation account for a significant portion of the assets of many companies. Therefore, depreciation has a significant influence in determining and presenting the financial position and results of operations of these firms.

4th Sometimes advocates that in the event of increases in the value of assets should not be accrued depreciation over the amount by which the value of water in the financial statements. It is believed, however, that depreciation should be computed in each accounting period on the basis of the depreciable amount regardless of the increase in value of the asset.

The useful life

5th Estimated useful life of the assets shall be subject to depreciation whose group of similar funds issue a judgment which is usually based on experience with similar types of funds. To remedy that apply new technology or is being applied in the manufacture of a new product or a new service for which there is no greater experience, estimates the useful life is difficult, but it is still needed.

6th The useful life of a depreciable asset for some a firm may be shorter than its a physical life. In addition to a physical wear and tear, which depends on the operating factors, such as the number of shifts, in which the means and the program of repairs and maintenance in firms, to take into account other factors. It includes obsolescence due to technological changes or improvements in production, obsolescence due to changes in market demand of products or services that proizvnde the asset and legal restrictions such as the expiration date of the lease.

The residual value

7th The residual value of an asset is often insignificant in the calculation of the depreciable amount can be ignored. If it is likely that a significant residual value, it is estimated on the date of procurement or later of the date of the revaluation of certain assets on the basis of average sales value that can be realized from that date for similar assets, which have reached the end of its useful life and worked under conditions similar to those in which the asset will be used. Gross residual value in all cases reduces the Anticipated costs of liquidation at the end of the useful life of an asset:

Depreciation methods

8th Depreciation amounts are classified on a whole series of different modes for each accounting period during the useful life of the asset. It is of much less importance for which the method of depreciation chooses, but it is necessary that it be consistent prjmjenjuje, regardless of the level of profitability of firms and tax considerations, because it provides comparability of business firms from one period to another.

* This report does not deal with the differences arising from the replacement cost value revaluation

Land and buildings

9th Land, in principle, have unlimited lifetime and usually not subject to a buffer against. However, with a plot that actually has a limited useful life for a firm acting as the agent that is subject to depreciation.

10th Buildings are assets subject to a buffer against, as falling under the definition in point 2

11th Some firms do not treat the buildings as a means to be repaid, because the total value of the building and the land on which he built is not falling. Since the land and buildings separate funds, in recognition accounting purposes, each increase in the value of land has been set aside from the question of determining the amount of depreciation for buildings.

Disclosure.

12th The choice of method and schedule estimates of the useful life of an asset that is amortized over the question of judgment. Disclosure methods adopted and the estimated useful life or the appropriateness of the rate of depreciation provides users of financial statements with information that makes possible to consider the policy chosen by the elected management firms and to compare it with other firms. For similar reasons, it is necessary to publish the depreciation arranged in one period and impairment * 1a end of that period.

The International Accounting Standards Board 4

Accounting depreciation

The International Accounting Standards Board includes four points 13-19 of this report. Standard should be read in the context of points 1-12 of the Preface Izvješteja 9 Reports on International Accounting Standards.

13th The depreciable amount of an asset that is subject to a buffer against be allocated systematically to each accounting period during the useful life of the asset.

14th The chosen method of depreciation trebadosljedno applied from one period to another, unless changed circumstances do not justify the change. In the accounting period in which the changing methods should quantify and disclose the effect of the reasons for the changes.

15th The useful life of the asset that is subject to a buffer against should be assessed after considering sljedeèih factors:

a) the expected spending of physical,

b) obsolescence,

c) legal and other restrictions on the use of funds.

16th The useful life of significant assets or group of assets that are subject to a buffer against should be periodically reviewed and depreciation rates adjusted for Liquid and future periods if expectations are significantly different odprethodnih estimates. The effect of changes should be disclosed in the accounting period in which the change occurred.

* The literal translation of the term "isptavak value" should be translated "accumulated amortization"

17th The basis for the valuation to be applied for determining the amount by which its assets subject to a buffer against to be included with the disclosure of other accounting policies, see International Accounting Standard 1, Disclosure of accounting policies.

18th For each significant group of assets subject to a buffer against should disclose the following:

a) the amortization methods used,

b) the useful lives and depreciation rates applied,

c) the total distributed amortization for the period,

d) Cost of funds is subject to a buffer against the respective allowance.

Effective Date

19th This International Accounting Standard becomes operative for financial statements comprise the period which opens on 1 sjeènja in 1977. or thereafter.

International Accounting Standards 5

Information to be disclosed in the financial statements

Introduction

First This report deals with information that should be disclosed in the financial statements that include balance sheet, income statement, notes and other statements and explanations that are considered part of the financial statements.

Second Financial reports, among other purposes necessary for the assessment and financial decision-making. If financial statements are clear and understandable, users will not be able to make reliable judgments: Information needed for this purpose often exceed the minimum necessary to satisfy the domestic law or authorities.

3rd In this Standard prominent determined miminalna publication. It can be extended to more detailed statement required by other international accounting standards that deal with specific issues of the accounting.

4th This Standard does not propose a certain form of presentation of financial statements. Schedule and grouping in this Standard is based on the positions of significance in the financial statements of most manufacturing and commercial enterprises. For financial and insurance companies may be more appropriate a different way of presenting the grouping.

5th In this Standard definitions of parent companies, subsidiaries and affiliated companies the same as those of the International Accounting Standards 3, consolidated financial statements.

International Accounting Standards 5

Information to be disclosed in the financial statements

The International Accounting Standards Board comprises five points 6 -19. Standard should be read in the context of the counts in 1-5 of this report kaoi Preface Reports on International Accounting Standards.

The general publication

6th The financial statements should disclose all considerable information necessary to make statements were clear and understandable.

7th Indicate the name of the firms, the country where it is established, the balance sheet date and the accounting period to which the financial statements relate. If you are in any other way, obviously, should give a brief description of the nature of business firms, law firms and currency format in which the information in the financial statements.

8th If necessary, the amounts and classification of positions to be supported by additional information in order to be clearer. Significant items should not be activated or deactivated from other positions, and that they are not specifically identified.

9th The financial statements should show corresponding data with those from the previous period.

Special publication - Balance

General

10th Should disclose the following:

a) The restrictions of ownership of the property;

b) the guarantee given in respect of the obligations;

c) methods of providing funds for pensions and pension schemes;

d) uncertain funding and uncertain obligations, if possible quantify

e) the amounts reserved for future capital investments.

The long-term funds

11th Property, plant and equipment - should disclose the following:

a) land and buildings b) plant and equipment

c) other categories of funds identified in an appropriate manner,

d) impairment

Especially should disclose assets or taken on lease, as well as assets that are purchased on the installment plan.

12th Other long-term assets - should be disclosed separately by following positions including, if moguæno method and period of depreciation and any write-offs during the unusual razddblja:

a) The long-term investment

- Investments in subsidiaries

- Investment in associated companies

Other investments, naznaèujuæi market value of listed investments if different from the carrying amounts in the financial statements.

b) Long-term receivables

- By uncollected accounts receivable and trade bill

- Claims of Directors

- Internal claims

- Receivables from associated companies

- Other.

c) Goodwill

d) Patents, trademarks and similar to funds

e) Deferred costs, such as advance above is costs, reorganization costs and delayed payment of tax

* The term "financial asset" used in this report, refers to the presentation of balance - balances or transactions disclosed in the financial statements between:

a) The parent company and its subsidiaries

b) a subsidiary and its parent company or other subsidiaries in the group.

Liquid assets

13th The following positions should be disclosed separately:

a) Money

Cash includes cash on hand and on the other for ongoing accounts with banks. The money is not immediately available, such funds frozen in foreign banks due to foreign exchange restrictions should be disclosed.

b) Brzounovèivi securities, except for long-term investments

Should disclose the market value if it differs from their carrying amounts in the financial statements.

c) Receivables

- Receivables and promissory notes

- Claims of Directors

- Internal claims

- Receivables from associated companies

- Other receivables and prepaid expenses

d) stocks

Long-term liabilities

14th The following positions should be disclosed separately, not including the part that is due for repayment within one year:

a) Secured Loans

bl unsecured loans,

c) Loans inventni

d) loans from affiliated companies

In summary should show interest rates, repayment terms, contractual obligations, subordinated liabilities, the amounts of conversion and the amount of unamortised premium or discount.

Liquid liabilities

15th The following positions should be disclosed separately: a) bank loans and overdrafts in accounts b) the amounts due on long-term obligations

c) obligations:

- Liabilities for accounts and commodity bills

- Obligations to directors

- Internal commitments

- Liabilities to associated companies

- Income taxes

- Dividends payable

- Other payables and accrued expenses.

Other liabilities and provisions

16th Separately should disclose considerable positions involved in other liabilities in the provision and the resulting liability. Examples of such positions are delayed paying taxes, unrealized income and provision for retirement.

Shareholders' gIavnica

17th The following information should be disclosed separately:

a) Share Capital

For each type of share capital:

The number or amount of authorized, issued and major dionica2;

Under the two main sections imply the shares that are not held as "treasury" shares., Treasury shares are shares of firms bought by firms that are issued by or associated enterprises and legally available for re-duplication or resale. This is the practice in some countries is prohibited.

Capital that is not yet valid upon;

Nominal or statutory individual value stocks

Changes in share capital accounts during the period;,

The rights, preferences and restrictions regarding the distribution of dividends and return of capital;

Leftover cumulative preference dividends

Repurchased shares;

Reserved shares which will be put on the market in the future based on the options and sales contracts, including the terms and amounts:

b) The remaining equity, which indicates the changes during the period and restrictions on distribution

- Valid upon capital over the nominal value of shares; (share premium)

- Revaluation surplus

- Reserves;

- Retained earnings.

Special publication - Statement of profit

18th The following information should be disclosed:

a) sales or other operating income

b) Depreciation

c) Income from interest

d) Income from investments

e) Interest expense

f) Income tax expense

g) freak costs

h) unusually approval

i) significant internal transactions between companies

j) net profit.

Effective Date

19th This International Accounting Standard becomes operative on the financial statements which comprise the period which opens on 1 January in 1977. and thereafter:

International Accounting Standard 7

Statement of changes in position finanajskom

Introduction

First This report deals with the presentation of the report in which the period summarize the funds available for financing operations firms, as well as the forms of use of these funds. Name "Statement of changes in financial position," the report describes with such ciljem.1

Explanation

Second Statement of changes in financial position is often presented together with the balance sheet and the profit as an integral part of the financial statements. Switching of such reports is useful because it provides a better understanding of the operations and activities of firms reporting period.

3rd Statement of changes in financial position is compiled on the basis of finallcijskih data that are generally recognized in the income statement, balance sheet and notes by applicable. However, the statement of changes in financial position provides information that may not be easily accessible to the useable form in the other two reports. Usually it provides enough information to allow for the harmonization of the amount in the statement of changes in financial position to local amounts in other reports.

4th For the purposes of this report, the term "agent" is usually understood money, cash and cash equivalents, or crafts (working) capital. The statement of changes in financial position is explained by the particular use of the term. The funds that are realized in, or used in business

1Naziv "lzvještaj of changes in financial position" is used throughout this report The whole: in some countries, I use the name, statement of source and application of funds. "Or other names alike

5th The report upromjenama the financial position usually are shown separately assets that are realized in, or used in business enterprises. This information indicates the extent to which a firm generated funds business or the extent to which resources are used in its operations.

6th Positions that are not related to the regular activities of firms is often in the income statement are presented separately from revenues generated by regular activities. This practice contributes to greater usefulness of financial statements. For similar reasons such positions are separately presented in the statement of changes in financial position, either individually or in total amount. For the purposes of this report these positions are referred to as "the unusual position".

7th The amount of funds that are realized in, or used in business enterprises can be displayed in different ways. The method that is usually used for the presentation of the net profit or loss and the harmonization of those revenues or expenditures that do not cause changes in the funds for the current period (for example, depreciation and amortization). An alternative method starts with revenues from which are generated during the period the funds of which are necessary costs and expenses, which include the movement of funds. Thus obtained indicates the amount as funds from operations.

8th When neuobièajne position in the statement of changes in financial position, especially running, they also align to the size of those that do not include the movement of funds in the current period.

Other sources and uses of funds

9th Other sources and uses of funds are reported separately from those that are realized in, or used in business. They include, for example:

a) The proceeds from the sale of long-term funds, b) expenditures for the purchase of long-term funds, c) dividend in cash or by other means;

d) the emission of long-term securities dužniækih e) redemption and repayment of long-term for debt securities

paper;

f) the issue of shares for cash or other assets;

g) redemption or re-purchase of shares for cash or other assets.

10th Some of the financial transactions firms include exchanging one form of security for others. When such exchanges by issuing one equivalent emissions and redemption of securities and other transactions are part of the activities of finance and investment firms and published the statement of changes in financial position. An example of such a transaction is a long-term charging convert securities into ordinary shares.

11th To achieve the goal izvješšja of changes in financial position, it is necessary to separately disclose the investment and financial aspects of each type of transaction. For example, utoršci from the sale of long-term funds are presented separately from expenses related to the purchase of long-term funds and, when an asset is acquired by issuing long-term bonds for debt securities or shares of emissions debt securities or shares shall be disclosed separately from obtaining funds.

Consolidated Statement of Changes in Financial Position

12th If it presents consolidated balance sheet and consolidated statement of profit, statement of changes in financial position can be presented on a consolidated basis. In some circumstances it may also be appropriate to present a statement of changes in financial position with respect to the financial statements of the parent company.

Monitoring the investment using the equity method

13th The statement of changes in financial position can be used two methods for expressing income of companies in which the funds invested by applying the equity method of accounting.

14th The amounts are included in the proceeds of the business or used in operations, as a result of such investments may be restricted to the application of dividends or the current claim. This method is based on the view that neisplaæene earnings from dividends in companies which have invested funds do not represent the current sources of funding that would be available to investors. By this method, the correction described in point 7thinclude that part of the income of the buddy you are not in invested assets, it does not cause movement of funds.

15th Alternatively, the entire ulagaèev share in the profits in the company in which they invested funds can be switched into funds that are realized in, or which are used for business and did not need to do corrections on to define resources that are generated poslovanjein or that are used for business. By this method, neisplaæeni portion of the proceeds from the company in which they invested assets is reported separately as a use of funds.

Acquisition or disposal of podružnica2

16th Acquisition or disposal of a subsidiary may be in the statement of changes in financial position are shown as a single amount. Alternatively, the amounts of individual assets or liabilities that are Achieved or alienated can be displayed together with specific sources and uses of funds for each asset and liability, as presented in the report.

17th For both methods of displaying the acquisition or disposal of subsidiaries is necessary to expose the following additional information, either in the statement of changes in financial position, either in the notes:

a) the total purchase price or the price ALIENATION affiliates

b) part of the purchase price or prices ALIENATION settled in cash and cash equivalents,

c) the amount of money and other forms of working capital in a subsidiary that was acquired or alienated,

d) the amount of other assets and liabilities in a subsidiary that was acquired or alienated, briefly presented for each main category.

2Neprimjenjivo for business combinations such as mergers and mergers.

Presentation

18th Statement of changes in financial position can have several different forms. For example, the report may show that the sources of funds equal use of resources. Another form of presentation shows the difference between sources and uses of funds, which represents a net increase or decrease in cash and cash equivalents and working capital. We recommend a no particular form of presentation for all firms, each already a firm chooses a way of presenting that is considered the best in the existing circumstances.

19th When the statement of changes in financial position of net working capital expressed as a single amount, often to provide additional disclosures relating to changes in individual forms of working capital.

International Accounting Standard 7

Statement of Changes in Financial Position

The International Accounting Standards Board comprises seven points 20-23 of this report. Standard should èiteti in the context of points 1-19 of the Preface to this Report and Reports on International Accounting Standards.

20th Statement of changes in financial position to be included as an integral part of the financial statements. Statement of changes in financial position should be presented for each period for which an income statement is presented.

21st Funds generated business or used in business firms should be presented in the statement of financial position promjenma in isolation from other sources and uses of funds. The report should specifically objaeviti unusual positions that are not part of the regular activities of firms.

22nd Any firm or group of firms should adopt a form of presentation of the report on the application of financial position that is most informative in the circumstances.

Effective Date

23rd This International Accounting Standard becomes effective and applies to financial statements for the period starting 1st January 1979th or thereafter.

International Accounting Standard 8

Extraordinary items, prior period items and changes in accounting policies

Introduction

First International Accounting Standard 5, information that should be disclosed in the financial statements required to be in the income statement revealed determined specific information, including determining the amount that has been described as the net profit for the period. This report deals with the procedure extraordinary items in the statement of dobiti2 prior period items and changes in accounting policies and estimates.

Second This report does not deal with the process of revaluation amount over the cost or a reduced purchase price does not process or procedure with the tax effects of extraordinary items, prior period items and changes in accounting policies and estimates.

1 can be used expressions such as earnings or net profits, if there is a loss, I use the term net loss.

2 This financial report Moi is also called a profit and loss account.

Definitions

3rd For the purposes of this report, apply the next expressions Extraordinary items are gains and losses arising from events or transactions that differ from regular activities of firms and therefore are not expected that will appear frequently or regularly.

Prior period items are tereæenja or approvals that appear in the current period as a result of errors or omissions in the preparation of financial statements for one or more prior periods.

Explanation

4th Statement of profit is the main financial statement which presents the results of operations of some firms for a period of time. There are two aspects which usually amounts to about which items to be included in the amount disclosed as net profit for the period. They are usually referred to as "the concept of the running success of business" and "overall concept".

5th According to the concept of the running success of the business, are excluded from the display of the net profit of those items which do not occur repeatedly. These items are presented after the determination of net profit or as an adjustment of retained earnings. Some argue that this approach facilitates comparisons between the external current and prior periods, because the amount of success include only items that are related to transactions that are regularly repeated in business enterprises. However, there is a risk that users of financial statements evaluate the full significance of the items that are excluded from net income.

6th As an overarching concept, transactions that cause a net increase or decrease in shareholders' equity during the period. excluding dividends and other transactions between companies and their shareholders, are included in net income for the period. Items that do not appear, including extraordinary items incurred in the current period, prior period items, or adjustment, related to changes in accounting policies are included in net income, but the individual amounts to be disclosed separately.

7th Proponents argue that the concept of a comprehensive display of items in the income statement that affect shareholders' equity during the period, excluding dividends and other transactions between companies and their shareholders, provides useful information to users of financial statements because it allow them to evaluate the importance of the items and their impact on business results. Although the overall concept generally supported, there are circumstances when it may be appropriate that certain items are displayed outside of the income statement for the current period. However, extraordinary items are generally included in net income.

Operating profit (income) resulting from regular activities

8th According to both concepts mentioned in point 4, the profit from ordinary activities of firms in most of the cases displayed separately from extraordinary items. The fact that one item, otherwise typical of the regular activities of firms, peculiar by the amount or do not appear often not determined the item as extraordinary. It remains part of the revenue from ordinary activities, but in particular the publication of her nature and amount may be appropriate. An example of such an item would be a very large write-off of receivables from regular business partner.

Extraordinary items

9th Items that are in some countries called freak or special comprise the term "extraordinary item" in a manner as used in this report. In these countries express the unusual or special items have a definite meaning, and usually there is the need to be in the income statement switched meðuzbrojni amount termed as "earnings before no unusual (or special) items." This report does not prescribe a particular form of izvještafa get. Instead it emphasizes the separate disclosure of extraordinary items explaining their nature.

10th Gains or losses, which may require special publication as extraordinary items, not only the nature of certain events or transactions but also the nature of the event or transaction in relation to the regular business enterprises. For example, in firms that regularly does business with real estate, gains or losses on sale of property would not be unusually item.

Prior period items

11th In rare cases, in the current financial period to reveal the circumstances that show that the financial statements of prior periods or more were drafted and presented to the wrong or netoènoj basis as a result of errors or omissions. Financial corrections arising from such circumstances in this Report are referred to as prior period items. Prior period items should not be confused with the accounting estimates that are, according to their) nature, and approximations that may need to be corrected, after which, in the next period, obtain additional information. Tereæenje or approval arose as a result of unforeseen events which, at the time when they could not exactly tell, does not constitute a correction of errors already estimates change. This item is not treated as a prior period item.

12th Items prior period sometimes show initial correction balance of retained earnings in the financial statements and the running period, supplementing comparable data relating to the previous year and are included in the financial statements. Sometimes items prior period when determining a net profit for the current period are shown as an extraordinary item. In order to show the effect that would have on earnings from previous periods that the items were displayed in the period to which they relate, additional information may be given on a pro forma basis.

13th To facilitate comparison between the two periods, amending comparative information that is included in the financial statements for previous periods, it is necessary to correct the wrong financial information given in the previous financial statements. Regardless of which method is used, fully disclosed the amount and nature of the prior period items.

Changes in accounting policies

14th The basic accounting assumption that the accounting policies have been consistently applied - see International Accounting Standard 1, the Disclosure accounting policies. Change in an accounting policy for reporting purposes can only do this if the application of a new accounting policy required by law or determined by the body issuing accounting standards, or if, it is estimated that the change would mean a more appropriate presentation of the financial statements of companies. In any case, it is never a need to explain the change. 15th Change in accounting policy may in the financial statements to be performed in several ways. The new policy can be applied:

a) Liquid and future financial statements. Please note, when feasible, is presented on a pro forma basis, in order to show the effect that the new policy would have on earnings from previous periods that was then applied;

b) retroactively, as it is always applied. In cases when a new policy is applied retrospectively, the income statement for all periods presented can be corrected to reflect the new policy, or

c) displaying, in one item in the income statement the running period, the total amount of the effect on retained earnings at the beginning of the period in which the changes occurred. Regularly presents pro forma information that would show what the effect on earnings of previous periods that the new policy was implemented.

Changes in accounting estimates

16th The preparation of financial statements and includes estimates based on the circumstances that exist at the time of preparation of the financial statements. For example, the estimated bad debts, inventory obsolescence and useful lives of depreciable assets. In the coming period there may be a need to revisit the assessment, if the changed circumstances on which the estimates are based. Revisiting assessment means that the resulting amount will be covered under the definition of extraordinary items or prior period items. Revisiting estimates that refers to an item that was shown as an extraordinary also be shown as extraordinary. Reviewing accounting estimates sometimes has such a significant effect on the movement of firms to obtain necessary to publish the effects of the changes.

17th It is sometimes difficult to distinguish between a change in accounting policy from a change in accounting estimate. For example, a firm may from razgranièvanja and amortization expenses traveled on their display as expenses when incurred because it is estimated that the future benefits become uncertain. In cases where it is difficult to establish a clear distinction, usually such changes are considered changes in the accounting estimates with adequate disclosure.

International Accounting Standard 8

Extraordinary items, prior period items and changes in accounting policies

Meðunarodhi reèunovodstveni Standard includes 8 points 18-24 of this report. Standard should be read in the context of point 1 -17 of this report and the Preface to the Report on International Accounting Standards.

18th Profit from ordinary activities of firms during the period should be in the income statement, to publish as part of the net-dobiti.7 Extraordinary items to be included in net income, the nature and amount of each such item should be separately disclosed.

19th Items prior period adjustments and the amount, if any, resulting from changes in accounting policies should:

a) show the correction of the initial balance of retained earnings in the financial statements for the current period as the amendments to the comparative information has to be related to the previous year, which are included in the financial statements or

b) separately published in the current income statement as net profit.

7 Dates such as earnings or net profit also can be used if the loss, uses the term net loss.

In both cases, the publication of these items should be appropriate to facilitate the comparison period, the amount that is displayed.

20th Change in accounting policy should then form only if adoption is ordered differently accounting policies or regulations of the body that establishes accounting standards, or if it is deemed that the change would mean a more appropriate presentation of the financial statements of companies.

21st Is there a change in accounting policy that has a significant effect on the current period, or could have a significant effect on the following periods, changes should be disclosed and quantified along with the reasons for the change (see International Accounting Standard 1, Disclosure of accounting policies).

22nd Change in accounting estimate should be computed as part of the profit from ordinary activities of firms:

a) the period of change, if the change affects only that period, or

b) the period of change and future periods if the change affects both.

Revisiting estimates, which refers to an item treated as outstanding, should also be presented as an extraordinary item.

23rd If there is a change in the accounting estimate that has a significant effect on the current period or may have a significant effect in the following periods, the effect of the change should be disclosed and quantified.

Effective Date

24th The Accounting Standards shall be applied to the financial statements which comprise the period from the beginning of the first January 1979th, or thereafter.

The International Accounting Standards Board 9

Accounting for research and development activities

Introduction

First This report deals with Accounting research and development activities.

Second The report does not deal with the specific activities of the following:

a) research and development activities carried out by third persons under the contract;

b) istraživarlje oil, gas and mineral resources, and c) research and development firms in the developing world.

Definitions

3rd In this Report, following the terms used with specific meanings:

Research is original and planned investigation that is undertaken with the hope that it will come up with new scientific and technical knowledge and understanding.

The development is the conversion of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production.

Explanation

4th A firm is undertaking a program of creative work to bolster their totality of technical and scientific knowledge and finds new applications that will contribute to the maintenance of its operations and competitive position.The accounting process and the publication costs of research and development activities is therefore important to users of financial statements.

Costs of research and development activities

5th In determining the amount of costs related to research and development activities may appear practical difficulties. To achieve an acceptable degree of comparability between companies and between charging periods in the same firms, are asked to identify the elements which include research and development costs.

6th Costs incurred in connection with research and development activities comprise the following:

a) wages, salaries and other personnel expenses;

b) costs of materials and services;

c) depreciation of equipment and devices;

d) fair allocation of general costs. This assignment makes the foundations similar to those applied for the allocation of general costs to inventories (see International Accounting Standard No. 2, Valuation and Presentation of Inventories in the context of procurement costs);

e) other costs, such as amortization of patents and licenses.

7th Costs incurred to maintain production or promotion of sales of existing products switch off the cost of research and development activities. So, switch off the regular costs or expenses occasional minor changes to existing products, production lines, manufacturing processes and other procedures for ongoing and regular or promotional costs of market research activities relating to the representation of the product.

8th However, market research activities that are undertaken before the start of commercial production in order to determine how useful a single product, or the existence of a potential market, similar to the development activities. In these cases sometimes treated to local costs in the same way as is the cost of development, and are written off or time razgranièuju on the same basis as the delimitation of development costs

The accounting treatment of research and development expenses

9th Schedule research and development expenses in the accounting period is determined by the expected benefits

which will proizaæi them these activities in the future. In most cases, there is minimal, if at all there is, is a direct link between the amount of current research and development costs and future benefits, because the amount of such benefits and the period in which they will accomplish is usually too uncertain. Therefore, research and development costs usually are recorded as expenses in the period in which they are incurred.

10th However, if it can prove that the product or process is technically and commercially feasible and that a firm has sufficient resources that enabled the production or marketing of products on the market, uncertainties referred to in point 9th can be significantly reduced. In such circumstances, can the costs of research and development delineated ha future period. Development costs previously written off are not reactivated because they occur at a time when the technical and commercial feasibility of the project was too uncertain to determine a relationship with future benefits, and were therefore full costs at the expense of those of past periods.

11th Time Deferred development costs are amortized systematically or in relation to the sale or use of the product or process, or for an acceptable period. Technological and economic obsolescence creates uncertainty that constrains the number of units and the time period during which the costs should be amortized delayed.

Publication

12th Adopted accounting policy for the procedure to the cost of research and development activities are included in the statement of accounting policies (see International Accounting Standard 1, Disclosure of accounting policies). In the case when applying depreciation, also require information about the process of depreciation (see International Accounting Standards 5, information that should be disclosed in the financial statements).

13th Disclosure: a) research and development costs, including depreciation of separate development Roskam, booked as expense in each period and b) the undepreciated balance, if any, of separate development costs, enables users of financial statements to evaluate the significance of these activities in relation to the activities of other firms as well as in relation to other activities of firms.

14th Further useful information could include the general description of the project phase to which the project has arrived and žuduæe estimated costs for its completion.

The International Accounting Standards Board 9

Accounting for research and development activities

The International Accounting Standards Board comprises nine points 15-25 of this report. Standard should be read in the context of points 1 -14 of this report and the reports of the Preface to International Accounting Standards.

15th Research and development expenses include:

a) wages, salaries and other expenses relating to persons engaged in the research and development activities;

b) costs of materials and services related to research and development activities;

c) depreciation of plant and equipment to the extent that they are used for research and development activities;

d) general costs related to research and development activities;

e) other costs related to research and development activities, such as amortization of patents and licenses.

16th lznos research and development costs as described in point 15 must be reported as an expense in the period in which they are incurred, except for development costs which are timed Deferred in accordance with subparagraph 17th

17th Development costs of the project can be time-delineated in future periods, if all the following criteria:

a) the product or process is clearly defined and costs relating to the product or process mogili separately identifiable;

b) the technical feasibility of the product or process demonstrated

c) management firms showed their intention to produce and put on the market or use the product or process;

d) that the market is clearly a certain amount of the product or process, or wants to use internally and not to sell, that may prove useful to it a firm, and

e) there is an appropriate means, or reasonably expected that funds will be available to complete the project and plans to market a product or process.

18th Time delimitation development costs of the project according to the criteria in point 17th should limit the amount for which, together with further development costs, or costs of production, selling and administrative expenses incurred directly to the marketing of products, can objectively expect that will be reimbursed from the respective future income.

19th Adopt whether the accounting policies in the deferred development costs, it should be applied to all development projects that meet the criteria in point 17th

20th If the costs of project development time deferred, should be systematically allocated to future accounting periods based on the sale or use of a product or process, or within the period in which the oèekrzje that the product or process will be sold or used.

21st Time Deferred development costs of the project should be reviewed at the end of each accounting period. When the criteria in point 17th, which had previously justified the timing delimitation costs, are no longer applicable undepreciated balance should be reported as an expense immediately. When the weather criteria for delimitation still apply, but the amount of time delimitation development costs are higher than the unamortized balance of these costs (and other relevant costs, as it is stated in point 18), which can be objectively expected that to be recovered from the related future income, that overdrafts should be reported as an expense immediately.

22nd Development costs that were once written off should not be reactivated even if more and no uncertainty that led to the fact that these costs are expensed.

Publication

23rd The total amount of the costs of research and development including the amortization period of separate development costs which are included as an expense should be disclosed.

24th Should disclose the change and balance neamortiziranih weather delimitation development costs. It also should disclose the basis, proposed or adopted, amortization unamortized balance.

Date of start of implementation

25th This International Accounting Standard becomes effective and applies to financial statements for periods beginning 1st January in 1980. or thereafter.

International Accounting Standard 10

Unforeseen events and events that occur after the balance sheet date

Introduction

First This report deals with the procedures in the financial statements relating to:

a) unforeseen events and

b) the events occurred after the balance sheet date

Second From the scope of this communication switch off the following items which may result in unforeseen events:

a) the obligations of the company life insurance stemming from issuance of policies,

b) the obligations of pension plans,

c) the obligations stemming from the long-term lease agreements,

d) income taxes

Definitions

3rd This report used the next terms with specific meanings:

Unforeseen event or condition is a situation where the final outcome, profit or loss, confirms just in case they happen or not happen at one or more uncertain future events.

The events that occur after the balance sheet date are those events, favorable or unfavorable, that is going on between the balance sheet date and the date on which the financial statements are authorized for issue. I can identify two types of events:

1) those that provide further evidence of conditions that existed at the balance sheet date and

2) those who point to the situation that arose after the balance sheet date.

Explanation

Unforeseen events

4th The expression of unexpected events, Kaji is applied in this report, is limited to the conditions or situations at the balance sheet date whose financial effect determine the events that may or may not occur. Many such conditions or situations are reflected on the day of occurrence of business events in the financial statements in accordance with this basic accounting principles.

5th The financial statements should provide estimates for many of the current activities in firms that are constantly repeated. However, the fact that it included assessment does not mean in itself that this creates uncertainty that characterizes unforeseen event, although procedures for determining the amount stated in the financial statements may be alike. For example, the fact that the determination of depreciation used estimates of the useful life does not seem amortization of unexpected events; expiration of the useful life of the asset is not uncertain. Also no unforeseen events amount owed for services received as defined in Item 3 although the amount could be estimated, there's nothing uncertain in that these obligations are incurred.

6th Uncertainty relating to future events can be expressed in a whole series of consequences. These effects can be represented as quantified opportunities, but in most cases it only indicates the level of precision that is not supported by the available infornkacijom. It can also be the result of a series of show in general description Applying thereby express that to go from a possible unlikely. 7th The estimates of outcome and financial effect upon unforeseen events determined by the judgment of management companies. This judgment is based on consideration of the information that is available to the date when the financial statements were authorized for publication and includes representation of events that occurred after the balance sheet date, and will be complemented by experience gained from similar transactions and, in some cases, reports by independent experts.

The accounting treatment of the possible loss eighth The accounting treatment of the possible loss is determined based on the expected outcome of unforeseen events. Is there a chance that unforeseen event will create a loss in firms, then the event is considered prudently incurred and the loss reported in the financial statements.

9th Estimate the amount of a possible loss that is recognized in the financial statements, on the day of the occurrence of events may be based on information on a range of the amount of loss which may arise from unforeseen events. The most reliable estimate of the loss of this series is presented by applying the above principles. When you get out of this series does not allocate any amount as the most accurate estimate, then at least shows a minimal amount. Any additional loss probability is published if there is a possibility that came to higher loss than the stated amount.

10th Is there any objectionable or insufficient evidence upon which to estimate the amount to be a possible loss, then announce the existence and nature of unforeseen events.

11th Possible losses in firms abroad are reduced or avoided if Possible obligations can be linked by applicable counterclaims or claims of third parties of people. In such cases, a possible amount of each event can be determined after taking into account the probability of collection of receivables.

12th The existence and amount of guarantees, obligations arising from discounted bills and similar obligations has taken a firm, usually are disclosed in the notes to the financial statements, even when it is unlikely that you will come to a loss.

13th Amounts are stated in general and unspecified business risks do not apply to conditions or situations that exist at the balance sheet date and therefore can not justify a provision for unforeseen events.

The accounting process with unforeseen gains

14th Contingent gains are not disclosed prior to the date of the financial statements, it may mean the recognition of income that may ever be achieved. However, when the realization of income virtually certain, then such gain is not contingent event and in this case it is justified reported as incurred.

Determination of the amount by which the unforeseen events include the finanajske reports.

15th The amount by which contingent events are recorded in the financial statements based on information that is available on the date when the financial statements are authorized for issue. The events that occur after the balance sheet date, which indicate that the asset might be impaired or that the INOGATE no obligation on the balance sheet date are taken into account, therefore, the identification of unforeseen events and determining the amount by which, will be such unforeseen events activated in the financial reports.

16th In some cases, any unforeseen event can show separate and specific circumstances of each situation to consider in determining the amount of unforeseen events. A considerable amount of legal claims against the Company Profile can be displayed as such unforeseen event. Among the factors that management takes into account when assessing the unforeseen event there is a claim whose collection is in progress on the date when the financial statements are authorized for issue, the opinions of legal experts or other advisers, experience of companies in similar situations and the experience of other firms in similar situations.

17th If the uncertainty that led to unforeseen events in relation to a transaction individually, which is Shared large number of similar transactions, then the amount of unforeseen events may not be individually specified, already may be based on a group of similar transactions Examples of such unforeseen events can be guaranteed for products that are sold, as well as the estimated proportion of receivables that is not collected. These costs usually occur often based on experience and provides a way in which the estimated amount of the liability or loss with fairly toènošæu, although specific transactions, which may have caused the loss, not identified in advance. These costs should be recorded and recognized in the same accounting period in which the transactions to which they relate occurred.

The events that occur after the balance sheet date

18th The events occurred between the balance sheet date and the date on which the financial statements are authorized for issue, may indicate the need to do the adjustment of assets and liabilities, or that it should be released.

19th The procedure applied in approving the publication of the financial statements will shift depending on rukovodeæoj structure and procedures that apply when preparing and completing finiancijski reports, but the date of publication approval will usually be the one that the financial statements are approved to be published outside firms.

20th Correction assets and liabilities are required for events after the balance sheet which provides additional information for determining the amount which ise pertaining to the conditions that exist at the balance sheet date.For example, mbže to do correction for loss incurred operating receivables for paid customer bankruptcies that occurred after the balance sheet date.

21st Adjustments to assets and liabilities are not suitable for events that occurred after the balance sheet date, if these events do not relate to conditions that existed at the balance sheet date. An example of this is the decline in market value of investments between the balance sheet date and the date when the financial statements are authorized for issue. The decline tžišne value usually does not apply to state investments at that date, but maintains the circumstances that have arisen, in the next period. However, usually publishes events for the subsequent periods, which show remarkable changes of assets and liabilities at the balance sheet date, for example, a fire destroyed important production facilities after the balance sheet date.

22nd The events that occur after the balance sheet date, which indicate the conditions that occurred after the balance sheet date, are published, if their non-disclosure affected the possibility of users of financial statements to carry out a proper assessment and make the right decision. An example of such an event were to acquire another large firms.

23rd There are events which, although they are incurred after the balance sheet date, some way reflected in the financial statements due to statutory requirements or because of their special nature. In some countries these traits paragraph include the amount of dividends that were proposed or declared after the balance sheet date in respect of the period disguises! Event financial statements.

24th Events after the balance sheet date may indicate that the whole of the business, or part thereof, shall cease to operate. Deterioration in operating results and financial position after the balance sheet date may indicate a need to consider whether it is appropriate prilmjeniti assumption unrestrict business in preparing the financial statements.

Disclosure - unforeseen events

25th If a possible loss not presented its nature and assessment of its financial performance is usually published as a note aka unless the probability of loss small. However, if you can not do a reliable estimate finanancijskog effect upon, this fact is published. Unforeseen events that are presented may justify particular publication. If it is likely that a firm will realize the gain, the existence and nature of possible income usually in the financial statements published a note. It is important that the publication does not state their opinions about the likelihood of achieving that indicate the wrong conclusions.

Disclosure - events after the balance sheet date

26th When in the notes to the financial statements show the effects of events that occurred after the balance sheet date to users of financial statements allow for the proper evaluation and correct decisions on the information in this case includes the description of the event and, if possible, the assessment of their financial effects.

International Accounting Standard 10

Unforeseen events and events after the balance sheet date

International Accounting Standard 10 includes points 27-35 of this Izvješteja. Standard should be read in the context of points 1-26 of the Preface to the Report and Reports of international accounting standards.

Unforeseen events

27th The amount of a possible loss to be expensed in the income statement:

a) it is probable that future events will, taking into account any possibility of billing, verify that the net asset or liability that is created at the balance sheet date, and

b) if it can be reasonably estimated amount of the loss.

28th The existence of a possible loss should be disclosed in the financial statements if both conditions from the point 27 not satisfied, unless the possibility of the emergence of loss is remote.

29th Possible gains should not be reported in the financial statements. The existence of possible gains should be disclosed if it is probable that the gain will be a reality.

The events that occur after the balance sheet date

30th Assets and liabilities should be corrected taking into account the events occurred after the balance sheet date, and those events that provide additional evidence and thereby help estimate the amount relating to the current situation at the balance sheet date, or which indicate that the going concern assumption of all or part of firms not established.

31st Dividends per period covered by the financial statements that have been proposed or declared after the balance sheet date but before approval of the financial statements should be corrected or disclosed.

32 Assets and liabilities should not be corrected already publish those events that occurred after the balance sheet date, which does not affect the condition of assets and liabilities at the balance sheet date. These events should be mandatory to publish because they are so important to users of financial statements will omogubiti making the right assessments and informed decisions.

Publication

33 If in accordance with subparagraph 28th and 29 this communication requires disclosure of unforeseen events, it should be ensured by following our info:

a) the nature of unforeseen events;

b) uncertain factors which may affect the outcome since;

c) an assessment of financial performance or the statement that such an estimate can not be done.

34 If disclosure of events that occurred after the balance sheet date required in accordance with subparagraph 32 of this report, it should provide next information:

a) the nature of the event;

b) evaluation of financial performance or statement that such an estimate can not be done.

Effective Date

35 This International Accounting Standard becomes valid and the preparation of financial statements that relate to the period from 1 January in 1980. or later.

International Accounting Standard 11

Accounting of construction contracts

Introduction

First This report deals with the Accounting of construction contracts in the financial statements of the contractor.

Second For the purposes of this report construction contract is a contract for the construction of an asset or group of assets which together constitute a single project. Examples of activities which comprise such contracts include the construction of bridges, dams, ships, buildings and complex pieces of equipment.

3rd The contract for construction, which is included in this Report indicates the fact that the dates of the beginning and end of contract activity falls into different accounting periods. In particular, the duration of the execution of the contract shall not be taken into account as a specific feature of a construction contract.

4th Service contracts are encompassed by this report only when they are directly related to the contract for the construction of an asset. Examples of such contracts are contracts for the provision of services relating to the management of the project, design and current engineering services in connection with the construction of an asset.

Explanations

5th The main problem relating to Accounting construction contract makes deployment pripadajuæih income and expenses for accounting periods during the term of the contract.

Types of construction contracts

6th Construction contracts are formulated in various ways, but is generally classified into two basic types:

a) contracts with a fixed price - performer accepts a fixed contract price, or rate, in some cases, depending on the clause to an increase in costs;

b) type of contract costs plus - contractors are compensated or recognized differently defined costs increased by the percentage of these costs or a fixed amount.

Both types of contracts are mainly dealt nvim lzvještajem. The accounting process with costs and revenues in construction contracts

7th Contractor usually applied two methods of the accounting obuhvaæanja contract, and "percentage of completion method" and the "method executed contract."

8th Percentage of completion method of revenue is recognized by reference to the implementation of the agreed activities. Costs incurred in the achievements of the stage of completion associated with these revenues, it results in a presentation of the financial results of which can be attributed to the level of a completed work.

9th Method executed contract revenue is recognized only when the contract is executed or executed in the main body, that means, when you remain unexecuted smaller works that do not imply guaranteed work. Costs and received payments collected during the implementation of the contract, but revenues are recognized only when the contract is executed in the main body.

10th By both methods generate the appropriate reserves for losses incurred by the degree achieved in the realization of the contract. In addition, usually creating reserves for losses in the remainder of the contract.

11th Perhaps for accounting purposes should connect to contracts entered into with a single customer or connect to contracts entered into with customers in more cases when negotiating contracts as a bundled contract or when contracts are related to a single project. Conversely, if one contract covers vlše projects and if the costs and revenues of each individual project can be determined within the framework of the contract, each such project can be considered equal to a separate agreement.

Costs collected for construction contracts

12th Total period which must be taken into account for determining the cost of belonging to a contract period that begins and ends with the conclusion of the contract when the contract is executed.

13th Therefore, the cost of which is the performer had before the conclusion of the contract is usually considered as expenses in the period in which they are performed. However, if the costs attributable to the conclusion of the contract can be specifically identified and when it is certain that will be close in the contract, such costs are often considered to be related to the contract and are deferred. For practical reasons, these costs are sometimes being delayed until it becomes clear that it is close in the contract or not.

14th The costs attributable to the contract include Anticipated cost for the guarantee. Costs of guarantees are provided when they can be approximately true estimate. (See International

Accounting Standard 10, unforeseen events and events that occur after the balance sheet date.)

15th Cost of firms that execute construction contracts can be divided into:

(A) costs that are directly related to certain contracts;

(B) costs that are attributable to the contract as a whole and that can be allocated to certain contracts;

(C) costs relating to business firms in general or relating to the execution of the contract, but that can not be attributed to certain contracts.

16th Examples of expenses that are directly related to certain contract include:

- The cost of labor and supervision at the construction site;

- The cost of materials used;

- Depreciation of plant and equipment used for the execution of the contract;

- The cost of transporting plant and equipment at the construction site, or a construction site.

17th Examples of costs that are generally attributed to the implementation of the contract, and can be deployed on certain contracts, include:

- Insurance;

- Design and technical assistance

- General construction costs.

18th Examples of costs that relate generally to business firms or relating to the execution of the contract, but that can not be attributed to certain agreements, include:

- General administrative and selling expenses;

- Financial costs;

- Research and development costs;

- Depreciation of plant and equipment that are not in use and which are not used for the execution of a particular contract.

19th Costs in point 18th usually be excluded from the total cost of the contract, because it is not related to the achievement of the existing level of performance of a particular contract. However, in some cases, general and administrative expenses, development costs and financial costs can be specifically attributed to a particular contract, and sometimes they are switched on as part of the total cost of the contract.

The basis for the recognition of revenue from construction contracts and

Percentage of completion method

20th The method of degree completion, the amount recognized as revenue is determined by the degree of completion of work under the contract at the end of each accounting period. The advantage of this method is the accounting obuhvaæanja revenue under the contract is that it reflects the income in the accounting period during which the activity is undertaken to earn such income.

21st The stage of completion, which is used for the determination of income that should be recognized in the financial statements can be measured in several ways. For example, By calculating where you are compared to the costs incurred up to that date to total estimated costs of implementation of the contract; measurement which determines the level of completed works and the degree of completion of the contract works in the physical sense, or a combination of both of these ways.

22nd Payments stages of implementation and advances received from customers do not always reflect the stage of completion, and for this reason is usually not considered the same thing as earned income.

23rd If we apply the method by stuprlju completion so you will calculate the ratio of costs incurred to that date, according to the latest estimated cost of the contract, shall be carried out adjustments to take into account only those expenses related to derivative works. Examples of items that may need to be corrected are:

(A) the costs of materials that has been purchased for the contract, but that is not installed or used in izvršivanja contract, and

(B) payment by podugovaraèima to the extent not reflect the amount of work performed by subcontract

24th Application of the method according to the stage of completion is risky because it can lead to errors in the assessment. For these reasons, the profit is not recognized in the financial statements as long as the performance of the contract can not be estimated reliably. If the execution is not quite reliable estimate, does not apply at the stage of completion method.

25th As for the fixed-price contracts, the terms of which usually Enables degree of reliability are the following:

(A) total contract revenue that would be collected can be reliably estimated;

(B) the costs izvršerlja contract and the stage of completion can be to date reports reliably estimated;

(C) the costs attributable to the contract can be clearly identified so that the actual state can be compared with the earlier estimates.

26th As for the type of cost plus contracts, the terms of which usually Enables degree of reliability are the following:

(A) the cost of the contract can be clearly identified, and

(B) costs, excluding costs that will be reimbursed separately under a contract can be estimated reliably.

The method of completion of the contract

27th The main advantage of the method of completion of the contract that the method is based on the results or completion largely completed contracts, rather than on estimates that, due to unforeseen expenses or of possible losses, may require correction later. For these reasons, the risk of recognition of profits that may not be realized, reduced to a minimum.

28th The main drawback of this method executed contracts as revenue shown for a period not maintain the level of activity within the contract during that period. For example, when several major contracts completed in one accounting period and no agreement has not been completed in the previous period or is expected that will be completed in the coming period, the level depicted income can fluctuate, although the level of activity on the realization of the contract may be The whole time relatively constant. Even when a large number of contracts regularly finishes in each accrual period and presents income may seem to reflect the level of activity in the realization of the contract, there will a permanent gap in time when certain works carried out and the time when it is at the same relative income recognized.

The choice of method

29th The selection of the accounting methods obuhvaæanja construction contract depends on the attitude of the performers in relation to the uncertainty of where to count on when estimating costs and revenues that result from the contract. In some cases the performer may decide that the level of uncertainty produced by fluctuations in the work so large that because charges and income depends on further negotiations, or is connected with the problem of assessment so significant that it should apply the executed contract. In other cases, the performance of the contract can be estimated reliably, and some or all of the contracts can be computed using the method-of-completion. Performer can use both methods simultaneously for different contracts.

30th When the performer applied the method to a certain contract, then all the other contracts that meet the criteria should be similar to computed by the same method.

31st Not only will consider a burn, performer can apply pre-determined criteria for the choice of accounting method for construction contracts. For example, contracts where the revenue is lower than the displayed value, or whose duration is shorter than a certain period, can be computed using the contract executed even when the performance of the contract can be estimated reliably.

32 Accounting methods applied performer and criteria adopted in selecting methods constitute accounting policies that are consistently applied (see International Accounting stsndard 1,

Disclosure of accounting policies).

Change in accounting policy

33 When a change in accounting policy relating to construction contracts, should disclose the effect of those changes and their amount, together with the reasons for this change (see International Accounting Standard 8, Extraordinary items and items from the previous period and changes in accounting policies). If the performer works crossed the method according to the stage of completion method executed contract; may happen that it is not possible to determine the overall effects of these changes in the current accounting period. In such cases at the beginning of the accounting period necessary for contracts in progress, publish at least the amount of the underlying profits shown in the previous years.

The reserve for foreseeable losses

34 When the current estimates of total costs and revenue under the contract indicate the loss, provides a reserve for the total amount of loss under the contract, regardless of the amount of completed projects. In some circumstances foreseeable losses may exceed the cost of the works uèinjenih to this day. Regardless, the reserve provides for the total amount of losses under the contract.

35 When the contract for such size that can be expected that preoccupy A considerable part of the capacity of enterprises for a long time, the indirect costs above is during the period of

execution of the contract, may in some cases be considered direct costs of the contract, to be a calculated reserves for a cover losses on the contract.

36 If the required reserve for losses, the amount of reserves usually be determined independently of the following:

(A) whether or not to begin work under the contract, and

(B) regardless of the stage of completion activities under the contract, and

(C) regardless of the amount of expected profits from other unrelated contracts.

37 Determination of any future losses under the contract is largely uncertain. In some cases perhaps possible to demonstrate the occurrence of any future loss, in other cases only reveals unforeseen loss (see International Accounting Standard 10, unforeseen events and events that occur after the balance sheet date).

Claims and changes in respect of the construction of 38 Amounts receivable owed to contractors and changes in contract work that is accepted by the customer are recognized as revenue in the financial statements in the case, and only to that extent, when performer has reliable evidence that the amounts of such claims and changes in the works eligible.

39 Claims or contractual penalties performer wages due to delays in the work or for other reasons are provided in full in the financial statements as well as costs incurred under the contract. S claims that, by their nature belong to unforeseen events are treated in accordance with International Accounting Standard 10, unforeseen events and events that occur after the balance sheet date.

Payments stages of implementation, advances and payments retained

40 Payments stages achievements and advances received from customers on construction contracts are disclosed in the financial statements or as a deduction from the amount of contracted work in progress or as a liability.

41 Matured and uncollected payments phased achievements, and retained payments by customers to the fulfillment of the conditions specified in the agreement to release such amount or are recognized in the financial statements as receivables III are explained in the notes.

The international standard of 11 raèunovodsveni

Accounting of construction contracts

International Accounting Standard 11 includes points 42-49. This Standard should be read in the context of the counts in 1-41. Preface to this Report and Reports on International Accounting STENDARDO.

42 The Accounting construction contract should apply to financial statements or percentage of completion method or the method executed contract.

43 Percentage of completion method can be applied only if the end result of the execution of the contract can be estimated reliably. In the case of contracts with a fixed price, such a level of confidence will be secured only if they met the following terms:

(A) total contract revenue that would be collected can be reliably estimated;

(B) the cost of performance of the contract and the stage of contract completion date can be estimated reliably reports;

(C) costs that are attributable to contract it is possible to clearly define so that the current situation can be compared with earlier estimates.

When it comes to the type of cost plus contract, the degree of reliability will be satisfied only if they met two conditions:

(A) the cost of performance of the contract can be clearly identified, and

(B) costs that do not belong to the costs that are reimbursed separately under a contract can be estimated reliably.

44 Costs included in the amount by which the stated contract to build comprise those costs that relate directly to a certain contract and those that are attributable to contractual activity in general and can be allocated to individual contracts.

45 When the performer applied the method to a certain contract, then all the other contracts that meet the criteria should be similar to computed by the same method.

46 Foreseeable losses on such contracts should be reported in financial statements, according to the degree of agreement reached completion, so one contract for future jobs.

Publication

47 The financial statements should disclose the following:

(A) the amount of contracted work in progress, and

(B) money received and receivable by stages achievements, advances and payments on account of retained contracts that are included in work in progress.

(C) the amount due under the contract costs plus the type who is not on the works in progress.

If the performer is applied at the same time and percentage of completion method and the method executed contracts, work in progress mentioned in (a), should analizlrati so special publication is related to the contracts includes all one or the other method.

48 Changes in accounting policies applied in the construction contract should be disclosed in accordance with International Accounting Standards 8, Extraordinary items and items from the previous period and changes in accounting policies. However, if the performer to change the accounting method obuhvaæanja and methods instead of-completion method is applied executive contracts for contracts in progress at the beginning of the year, it may happen that it is not possible to show these changes in accordance with this standard and quantify the impact of these changes. In such cases should disclose the amount pripadajuæih profits shown in previous years relating to contracts in progress at the beginning of the accounting period

Effective Date

49 This International Accounting Standard becomes operative for financial statements comprise the period from 1 poèev January in 1980. or after.

International Accounting Standard 12

Accounting income tax

Introduction

First This report deals with Accounting income taxes in the financial statements. This includes determining the amount of expenditure or savings related to income taxes in respect of accounting periods and show this amount in the financial statements.

Second This report does not address the accounting methods for government grants or tax reductions for the next investment and taxes are not encompassed by this report:

(A) income taxes which are refunded to Company Profile to the extent that the amount of gain on which the tax is based distributed as dividends;

(B) taxes paid by a firm at the time the dividend is distributed, and that a firm can align the tax you owe on your profits.

Definitions

3rd In this Report, the next terms are used with specific meanings:

Accounting profit is the total gain or loss in any period including extraordinary items presented in the statement of profit before the deduction of a compatible expenses for income tax or adding an appropriate savings income taxes.

Expense for tax savings or tax it is for a period of tax charged or credited in the income statement, excluding the amount of tax-related and which are deployed on those items that are not processed in the current income statement. Taxable profit (tax loss) is the amount of profit (loss) for the period, determined in accordance with regulations adopted by the tax authorities, and determines the amount of tax payable (tax refund).

Reserve for tax liability is the amount of tax payable on the taxable income for the current period.

Timing differences are differences between taxable income and accounting income for a period, which arise because the period in which certain items of income and expense involved in taxable income, does not coincide with the period in which they are involved in accounting profit. Timing differences originate in one period and corrected in one or more of the following period.

Permanent differences are differences between taxable income and accounting income for a period of time, resulting in the current period and are not reversed in the following periods.

1Izvanredne items are defined in International Accounting Standard 8 Extraordinary items, prior period items and changes in raènovodstvenim policies.

Explanation

4th The amount of tax that it should be administered to pay taxes are computed in accordance with the regulations on the establishment of the taxable profit made by the tax authorities. In many cases, these regulations differ from the accounting policies applied in determining a profit accounting.

The effect of this difference is that the relationship between the prescribed requirement for tax and accounting profit as reported in the financial statements may not correspond to the current level of tax rates.

5th One reason for the difference between taxable income and accounting profit is that it is considered that certain items should involve in a kind of calculating, and unplug the other. For example, in many tax systems expenditures, such as some gifts are not recognized in determining taxable income, however, such concerns are deducted in determining a profit accounting: Such differences are called "permanent differences".

6th Another reason for the difference between taxable income and accounting profit is that the individual items are taken into account in the determination of both fznosa, include in the calculation for different times. For example: accounting policies may require that certain income Activate the accounting profit at the time of delivery of goods or provision of services, while tax laws may require or authorize exclusively to such revenues switched on at the moment are naplaæeni. The total amount of these revenues, involved in the accounting profit and taxable income at the end is the same, but differ in the activation period. Another example is when the depreciation rate used in determining a taxable income differs from the rate used in determining a profit accounting. Such differences are called "time differences".

7th Timing differences and permanent differences can also occur when gains or losses are recognized directly charged or joint-stock equity.

8th The formation and correction time differences may relate more than one accounting period. Information about the type and amount of those temporary differences are often considered useful for those who apply to the financial statements. However, there are different methods of displaying the effects of timing differences. In some cases, this information can be found in the notes to the financial statements, sometimes, however, the effects of these differences are displayed using the accounting method obuhvaæanja tax effects.

9th The revaluation of certain assets shown in the financial statements, or anyway the application of accounting of current values, may result in differences between taxable income and accounting income. This problem will be words in points 28-30.

The method of tax due

10th The method of tax due, the tax expense for the current period is equal to the amount regularly prescribed tax liabilities. Height and potential tax effect of temporary differences sometimes be disclosed in the notes to the financial statements.

11th Support this method can be based on the view that taxes are more than the profit distribution firms operating expenses. However, most agree with the view that the income taxes expense. Another method support the running of calculating taxes can be based on the view that the tax effects of temporary differences part of tax expense in the period in which they are a part of taxable income. This view is not in accordance with the principle of presumption occurrence of events which believes that revenues and costs are recorded, and to recognize how money is made or incurred (rather than when the cash is received or disbursed), and that are recorded in the financial statements of those periods in which related. (See International Accounting Standard 1, Disclosure of accounting policies.)

The accounting methods obuhvaæanja tax effects

12th According to the accounting methods obuhvaæanja tax effects, income taxes are considered an expense when firms making profit and are reported in the same period as the revenue and expenses to which they relate.The resulting tax effects of temporary differences include the tax expense in the income statement and a balance of deferred taxes in the balance sheet. The accounting methods obuhvaæanja tax effects are applied in some countries in Accounting income tax. The methods most used methods are delays and liability method.

Method delay

13th In Method delay the tax effects of temporary differences in the current period being delayed and are classified in the next period, when the timing differences are corrected. Since the balance of deferred taxes in the balance sheet is not considered to mean the right to receive or obligation for the payment of money, and the balance is not correct to maintain changes in tax rates or introducing new taxes

14th The method of delay, expense for tax periods include:

(A) liability for the tax to be paid,

(B) The tax effects of temporary differences deferred to the other or from other periods.

15th The tax effects of temporary differences arising in the current period shall be determined on ongoing tax rates. The tax effects of certain timing differences, resulting in earlier periods and definitely deployed during the running period, generally down on those tax rates which are initially applied. That this method would be as simple as applied similar timing differences can be classified into groups.

Method obligations

16th The liability method the expected tax effects of temporary differences in the current period and establishes the show or liability for taxes to be paid in the future or as a means of representing prepaid future taxes.Deferred tax balances are corrected for changes in tax rates or the introduction of new taxes. This balance can also correct for Anticipated future changes in tax rates.

17th The liability method, the tax expense in one period include:

(A) The provision for tax liabilities,

(B) the amount of tax for which he would be expected to pay or for which it is considered that preplaæen in relation to timing differences resulting from or corrected in the current period and,

(C) fixes the balance of deferred tax balances that are required or to reflect changes in rates or introducing new taxes.

18th The liability method, the tax effects of temporary differences arising or corrected in the current period and deferred tax balances adjustments shall be determined by applying of current tax rates, unless some other information does not indicate that the other rates would be more appropriate, such as when he announced he would be in the years to implement changes in tax rates.

Application

19th Regularly the accounting methods obuhvaæanja tax effects apply to all timing differences. However, in certain circumstances, and the methods applied only partially

20th Partial application, the tax expense for the period Excluding the tax effects of certain temporary differences when there is reliable evidence that these timing differences for a long time in the future will not correct (at least three years). It is also necessary that there is some evidence that would indicate it would be after that period probably correct these timing differences.

Deferred tax liabilities

21st The calculation of time difference can result in a debit balance or liability on the balance of deferred taxes: The principle of prudence requires that such debt transferred to the balance sheet only when there is a reasonable expectation, for example, it will be in the future to realize sufficient taxable profit in the period will be a time difference correct.

Tax losses

22nd The tax legislation often stipulates that taxed losses of liquid periods can be used for any plaæenog tax refund within a certain past period was to reduce or eliminate taxes to be paid in future periods. Loss provides tax savings for a period of loss or possible tax savings in a subsequent period. Accounting period in which he included such tax savings on to define a net gain varies in the financial report.

23rd Tax return using the tax loss in the previous period is a savings tax, which is effectively realized loss in the period, and includes a net gain or a net loss in the financial statements for that period: In determining the amount of the savings might require appropriate corrections to existing deferred tax balances.

24th The realization of the potential tax savings related to the amount oporezivanog loss that remains after the return described in point 23rd requires the existence of taxable income in future periods. Therefore, the potential tax savings, related to the transfer oporezivanog loss, usually does not include in determining net income for the period in which the loss arose.

25th However, in rare cases, it may be considered appropriate to the potential tax savings Involve in determining net income for the waiting period in which the loss arose. Treat you in this way with such potential tax savings, the principle of prudence requires that there is reliable evidence that future taxable profits will be sufficient to realize the benefit of the loss. For example, proof security will be satisfied if you meet the following qualifications:

(A) the loss of causes that can be identified and who will no longer occur, and

(B) if a firm operating profitably for a long time and it can be expected that it continues to operate.

26th The existence of credit balance deferred taxes can serve as proof that the savings tax-related transfer oporezivanog loss can be at least partially realized. Correcting timing differences, which are reflected in the credit balance of deferred taxes, just by itself will create the appropriate taxable profits from which are taxed loss can be compensated in order to achieve tax savings. If the period to compensate for the loss oporezivanog with a future taxable profit is limited by local regulations, only those temporary differences that will be corrected or can be corrected during the limited period of this taken into account when compensating oporezivanog loss that would be realized tax savings. Savings achieved by compensating oporezivanog tax loss includes the net profit for the period in which the loss arose and the amount of savings reduces the credit balance of deferred taxes that are carried forward in the balance sheet. The amount of such savings can be published.

27th If the tax savings related to the previously taxed losses was not included in the net profit for the year in which the loss arose, subsequent tax savings are realized by the refusal of the oporezivanog loss of taxable income, are included in net income for the period was recorded and published be.

Revaluation of assets

28th In the case when an asset is revalued in the financial statements in the amount greater than the purchase price or previously revalued value added is usually not serve as a basis in determining the amount of tax. To the extent revalued assets give rise to tereæenje or approval of accounting profit, and it is not based on the purchase price or other bases that regulations on taxation permit, you will be the difference between taxable income and accounting income. The accounting process with this kind of difference depends on the accounting procedure revaluation.

29th One approach is to determine the height of tax effects vezznih to increase the carrying value of the asset and that this amount is transferred to the account of the revaluation of the deferred tax balance. Under this approach, when the difference, described in point 28th appears in the period following the period of the revaluation, the tax effect which is related to the difference charged the balance of deferred taxes and therefore are not reflected in the expense for the tax. In some cases, the tax effect is reflected in the expenditures for taxes, and the appropriate amount is transferred to the balance odgoðenh tax revaluation account.

30th Another approach is to publish the amount of potential tax effects in the notes to the financial statements, related to the increase in the carrying value of the assets at the date of revaluation. In subsequent periods, the amount of the potential tax effect upon correcting for the tax effect of the differences described in point 28th

Undistributed earnings of subsidiaries and associated companies

31st The tax liability is the parent company or its subsidiaries by the distribution in favor of the parent company nerasporeðenih profits by subsidiaries are recognized, unless there is a reasonable assumption that these profits will not be distributed or that a distribution will not uzroèiti tax liability. The reason for failing to be the intention and power to keep the parent company and the subsidiary profits for long-term reinvestment. If taxes are not reported due to undistributed profits, sometimes leads to the release of an aggregate amount of those profits.

32 For investments in associated companies under the equity method of calculation, taxes would have to pay the distribution in favor of the investors on its share in the profits of the recipient neraspodijeljeriim investment, sometimes, when he confessed investor profits are reported. However, since most firms do not distribute the whole of their earnings, these taxes are sometimes presented only to the extent Anticipated raspodjele2. If taxes are not fully express some time to announce the sum of undistributed profits of the part that is intended for investors and on which taxes have not been reported.

Presentation of Financial Statements

33 In determining the net profit firms, usually the Income tax is calculated as expenses for taxes. However, in some cases, in which the effect of the transaction is charged or credited directly to shareholders' equity, with the associated tax impact of the transaction is accounted for and published in the same way so that taxes can be directly applied to the item to which they relate.

34 Expense for taxes relating to accounting profit on ordinary activities of firms are usually in the income statement is presented as a separate position. Income attributable to extraordinary position involves the same position, because it directly relates to it. This tax is published.

35 Deferred tax balances are not part of shareholders' equity and are usually presented in the balance sheet as a separate position. Debit and credit balance representing deferred taxes may be offset.

36 In cases where a distinction is made between current and long-term bond funds and the financial statements, net-Liquid part of the long-term portion of deferred tax balances are sometimes presented separately to the current and long-term items could distinguish adequately.

37 Before taxes paid on income that is liable to refund based on oporezivanog loss in accordance with subparagraph 23rd, shown in the balance sheet as a receivable, separated from the balance of deferred taxes. ,

38 Transfer of benefits arising from the application oporezivanog loss in accordance with subparagraph 25th differs from other deferred tax balances. Amounts so transferred benefit may be disclosed separately in the balance sheet.

39 On the relationship between tax expense and accounting profit may act èinioci as permanent differences and domicile tax rate for operations conducted abroad. Accordingly, explanations that are related to it are sometimes given in the financial statements.

International Accounting Standard 12

Accounting income tax

International Accounting Standard 12 includes points 40-56. this Izvješæaja. Standard should be read in the context of 1-39 points. this report, and the Preface Izvještejima on International Accounting Standards.

40 Tax expense for a defined time period to be included in determining a net profit firms.

41 Income tax relating to an item which is charged or recognized shareholders' equity should be computed in the same manner as computed item to which the tax applies, the amount of the counting of the amount of tax to be published.

Accounting Tax effect upon

42 Income tax expense for a period to be determined on the basis of accounting porezriog performance, the method or methods of expressing delay commitments. The method used should be disclosed.

2Opširnije sadriaia explanation of this is given in the 29th toèci International Accounting Standard 3, consolidated financial statements.

43 The method used for calculating the tax effects should usually be applied to all timing differences. However, the expense for the tax period may exclude the tax effects of certain temporary differences when there is objective evidence that these timing differences will not correct for a long time (at least three years). It is also necessary that there is no evidence that will be corrected and the time difference after that period. The amount of temporary differences and current and accumulated, which is not taken into account, it should be published.

44 The tax effects of temporary differences that give the debit balance or liability balance of deferred taxes should not be transferred to the next period, unless there are realistic expectations that will be realized.

45 Deferred tax balances should be shown separately in the balance sheet of firms from shareholders' equity.

Tax losses

46 Taxes related to a prior period, and that the rates are set based on oporezivanoga statement, to be included in the net profit for the period in which the loss arose. Amounts to be collected, and who have not yet received, to be included in the balance sheet as a receivable.

47 Potential tax savings relating to the taxation of the loss can be carried forward for determination of taxable income in future periods, but it should not involve the net profit until the liquidation period, except as said in point 48 and 49

48 Potential savings relating to the transfer of tax losses can be switched on to define the net profit for the period in which the loss arose only if posonje sure that prospects will taxable profits in the above mentioned period will be sufficient to realize the benefit of the loss.

49 If the criteria in point 48 are not met, the tax savings on tax loss to be included in determining a net profit for the period in which the loss incurred, up to the net amount of credit balances of deferred taxes that will be corrected or can be corrected within the period in which the possible tax the loss of use as a tax deduction.

50 The following items should be disclosed when a word about tax losses:

(A) the amount of tax savings, which is active in the net profit for the period in which the loss incurred by the standards of 48 points and 49;

(B) the amount of tax savings that is ukljuèeri in net profit external current period, as the savings realized on prijeposa tax loss was accrued for the year in which the loss arose, and

(C) the amount of the remaining available tax losses for which the related tax effects are not included in net income in any period.

Undistributed earnings of subsidiaries and associated companies

51 Tax liabilities of the parent company or its subsidiaries by the distribution in favor of the parent company of undistributed profits of foreign subsidiaries are recorded unless there is an objective rie assumption that those profits will not be distributed or that a distribution will not uzroèiti tax liability.

52 For investments in associated companies, which are accrued by the equity method, taxes would have to pay the distribution in favor of the investors on its share in undistributed profits recipient of investment, some time, when the investor admitted profits are reported. Exception can be done when there is a reasonable assumption that these profits will not be distributed or that a distribution will not uzroèiti tax liability.

Other disclosures

53 The following items should be disclosed separately:

(A) expenditures for taxes related to profit from ordinary activities of firms,

(B) Income tax expense relating to extraordinary items, prior period items and changes in accounting policies - see International Accounting Standard 8: Extraordinary items, items from previous periods and changes in accounting policies,

(C) The tax effects, if any, relating to the revalued assets of a larger amount of the purchase price or previously revalued amounts, and

(D) explain the relationship between tax expense and accounting profit if such an explanation is not given the tax rates that apply in the country which is notifying firms.

Contingent taxes

54 With all contingent liabilities related to income taxes and which are not listed in points 40-53. should be handled in accordance with International Accounting Standard 10: unforeseen events and events that occur after the balance sheet date.

Transitional provisions

55 When the expense of tax burden on certain period of time for the first time presented in the financial statements by the accounting method of tax effect upon, a firm that previously applied method of tax liability should:

(A) to correct its financial statements in accordance with International Accounting Standard 8, to reflect balance or the balance of accumulated tax deferral, or

(B) disclose all unrecorded deferred taxes in the period in which the change is carried out in future periods that are accumulated before applying the tax effect upon accounting methods. That portion of the expenses for tax deduction is presented demonstrate the gain should be equal to the amount that would appear to be the method of accounting the tax effect upon applying otpoèetka. In the case when adopted (b), all corrections that have been done in order to cover the deployment of those temporary differences that were not includes all when they are incurred, should show whether the burden (in favor) of retained earnings or reported in the income statement as an extraordinary item.

Effective Date

56 This International Accounting Standard becomes effective and applies to financial statements periods beginning 1st January 1981st, or thereafter.

International Accounting Standard 13

Presentation of current and stedstava of current liabilities

Introduction

First This report deals with the importance and presentation of current of current assets and liabilities in the financial statements. No deals with the foundations of valuation of these assets and liabilities.

Explanation

Second Determining of current assets and liabilities of current is usually considered useful information that helps users of financial statements in analyzing the financial position of firms.

3rd The excess of current assets over liabilities for ongoing or often referred to as "net-Liquid funds" or "revolving (working) capital" Alternative views on Liquid assets and current liabilities

4th Some, death to the division of assets and liabilities at "the current" and "netekuæe" meant determining a state of approximate liquidity of some firms, that is, its ability to perform daily activities without financial difficulties.Others argue that this division allows determining those assets and liabilities of firms that are in constant circulation.

5th Purposes of this division, to a certain extent to switch off each other. This is because, mjereæi degree of liquidity criterion for the division of assets and liabilities at the current and netekuæe depends on whether a particular item will be realized or settled in the near future. However, the criteria for determining the assets and liabilities in circulation depends on whether they are settled or arise in the implementation of revenue during normal working ciklusa1 some firms. For example, the civil works are in progress would be by the first criterion generally excluded, while according to the second criterion were included in the Liquid funds.

The current practice

6th Such thinking differently many countries have opted to include the item in Liquid funds on the basis that it is expected to be realized within one year or during the normal working cycle firms, considering that the longer the period, the items are included in the current liabilities if you are repayable on demand or if creditors are expected to be settled within one year. Even if this approach is applied as a general principle, there are cases when a particular item enables or disables according to various criteria. Consequently, the classification of items in the current and netekuæe based practice generally more than the custom of a concept. 7-12 points below describe the distribution of the various items in the practice.

Items involved in Liquid funds

7th Cash and balances on accounts with banks include the Liquid funds, unless by the limitation of their use are not available for the current affairs.

8th Receivables for sale and other receivables are included in Liquid assets to the extent to which it is expected that will be reaIizirana within one year. Sometimes all claims for sale included in Liquid assets, in which case the amount that is not expected that will be realized within one year may be published.

9th Inventories are usually fully include the Liquid funds, even though they might involve items that are not expected that will be realized within one year or within the normal working cycle.

Items involved in the current liabilities

10th Loan payable to the creditor's claim is usually switched on in the current liabilities. However, if the lender agreed to certain amortization schedule, the loan is sometimes classified based repayment plan, regardless of the right of creditors to demand payment at any time.

1Obrtni Business Cycle usually indicates the average time between the acquisition of materials entering the process and final monetary realiecije

11th Part of long-term liabilities payable within one year, usually is included in the current liabilities. This item excludes some time out of current obligations if a firm intends to refinance the obligation on to the long run basis, and there is an acceptable guarantee that it will be able to. Similarly, part of long-term liabilities payable within one year, sometimes classified as netekuæa if the funds at that date, from which it settles, excluded from of current assets.

12th When a firm is switched off an obligation under this classification in accordance with subparagraph 11th, these amounts and circumstances frequently published.

Presentation of the reports finanajskim

13th The classification of assets and liabilities at the current and netekuæe can be even more useful if the perfect grouping and summing up of current assets and liabilities of current.

14th To allow the appropriate determining individual assets and liabilities of enterprises, the amount of which is shown the current asset or liability Liquid-usual is not reduced by subtracting the current liabilities or other means of liquid. However, such a set-off may be appropriate when there is a legally enforceable right of set-off, and offsetting the expected realization or settlement of assets or liabilities.

Restrictions on the current division and netekuæe

15th Usually it is considered that the division of assets and liabilities at the current and netekuæe specifies the one relatively liquid portion of the total capital of some enterprises, to meet obligations in the normal working cycle businesses. However, whatever dokie Company Profile unrestricted operating time, it must continually replace reserves that are implemented new inventory so that it can continue its operations. Liquid assets can also encompass stocks that are not expected that will be realized in the near future. On the other hand, many firms finance their business bank loans, which are reported as payable on demand, and thus classified as the current liabilities. This requirement may still be primarily a form of protection of the lender, while the borrower and lender expect that the loan will be collected for a long time.

16th Many drie to the excess of current assets over liabilities for ongoing actually points to the financial well-being of firms, while the excess of current liabilities over assets for ongoing points to financial problems. It is not advisable to make such conclusions without taking into account the nature of the jobs firms and its individual components of current assets and liabilities.

17th The division of assets and liabilities at the Liquid and netekuæa usually are not considered in the financial statements of companies with uncertain or very long reflow cycles.

18th So while many believe that the determination of current assets and liabilities useful tool in financial analysis, others believe that such restrictions are divisions constitute useless, and that in many cases can and seduce. The imposition of the general purposes of determining of current assets and liabilities in the financial statements could prijeèiti further consideration of these issues. Accordingly, the purpose of this paper is to harmonize practices in those firms that have decided utvrðivati Liquid assets and liabilities in its financial statements.

International Accounting Standard 13

Presentation of current assets and liabilities of current

International Accounting Standard 13 point captures 19th-28th this Report. Standard should be read in the context of the first points-18 of this report and Prefaces Reports on International Accounting Standards

19th Each a firm should decide whether, going into its financial statements show Liquid assets and current liabilities as separate divisions. Point 21st-27th this Standard apply when a distinction is made between current and netekuæih assets and liabilities.

20th When the financial statements of some firms do not distinguish between current and netekuæih assets and liabilities, meðusume amounts of assets and liabilities should not be quoted, because it could mean that such a difference exists. Application of division on the current and netekuæe.

Liquid assets

21st Inside of current assets to be included the following items:

a) Cash and balances in the accounts of banks available for the current business. Cash and bank balances in accounts whose use is in the current business is subject to restrictions, should be activated in Liquid funds only when the duration of the restriction period is reduced to some obligations which are classified as Liquid obligations or restrictions due to expire within one year.

b) Securities which are not intended to keep and which can be quickly and easily implemented.

c) Receivables for sale and other receivables which are oèekaje that will be implemented within one year of the balance sheet date. Trade receivables can be fully involved in Liquid funds, provided that the amount that is not expected that will be realized within one year after publication.

d) Inventories

e) Advance payments for purchase of current assets. f) Amounts prepaid in advance for expenses is expected that will be used within one year of the balance sheet date.

Liquid liabilities

22nd Inside of current liabilities to be included payable to the creditor's claim and those portions of the following obligations whose liquidation is expected within one year of the balance sheet date:

a) Bank and other loans: If the loan is repayable in accordance with the repayment schedule agreed with the creditor, the loan can be classified accordingly, regardless of the right of creditors to demand payment at any time.

b) Liquid portion of long-term obligations, unless they are excluded provisions 23rd point

c) Commitments for the acquisition and accrued expenses reported.

d) Reserve for tax liabilities (see International Accounting Standard 12, Accounting for Taxes on income).

e) Dividends payable.

f) Deferred revenue and customer advances.

g) Reported and unforeseen events (see International Standard raèunovodstverii 10, unforeseen events and events that occur after the balance sheet date).

23rd Liquid portion of long-term liabilities can be turned off from a firm's ongoing commitment if it intends to refinance the obligation on to the long run, so basically there is an acceptable guarantee it would be able to do.Demonstration of these capabilities would require the following:

a) the issuance of shares or long-term obligation on the date of the balance sheet, or

b) an inextricable financial contract not due to expire within one year from the balance sheet date, and for which the lender or investor financially capable.

24th When a firm excludes an obligation under the current classification in accordance with subparagraph 23rd, the amount and terms of refinancing commitments should be disclosed.

Presentation of financial statements

25th The amount by which the financial statements the current asset or liability Liquid should not be used to reduce the current refusal of some other obligation or external current assets unless there is a legally enforceable right to offset and offset is the expected payment of funds or settlement obligations. 26th Payment in stages and advances may be deducted from the amounts involved in construction work in progress, subject to disclosure in accordance with International Accounting Standard 11, Accounting construction contracts. 27th The total amount of current assets and the total amount of current obaeza should be disclosed in the financial statements.

Effective Date

28th This International Accounting Standard becomes effective and applies to financial statements for periods beginning on 1st January 1981st or thereafter.

International Accounting Standard 14

Reporting finanajske servants and by segment

Introduction

First This report deals with the report of financial information by segment firms, especially dealing with different sectors and different geographical areas where a firm operates.

Second This report relates to firms involved in such securities are publicly traded and applicable to other economic entities considerable, including affiliates. According to this report entail considerable other economic entities, including subsidiaries, are considered to be those whose height revenues, profits and assets or employees significantly in the countries in which they lead the majority of its operations.

3rd When the financial statements of the parent company and consolidated financial statements, information that we want to give those reports should be displayed only on the basis of consolidated information. If the published financial statements of the subsidiary, at this stage, asking for information by segment.

Definitions

4th In this report, the following terms have the following meanings:

Segments djeletnosti are integral parts of one of the firms each switched to fetching on various products or services, or railièite group of related products or services, primarily to customers outside firms.

Geographical segments are components related firms doing business in certain countries or groups of countries within certain geographic areas, which may in special cases be beneficial for a firm.

Segment revenue is revenue that is directly related to one certain segment or the corresponding portion of the revenue that can be reasonably attributed to a segment and arising from transactions with parties outside firms or from other segments of the same firms.

Segment expense is an expense that is directly related to one segment or one with an important part of the expenditures that are reasonably attributable to the segments.

Explanation

5th The rates of profitability, opportunities for growth, since the chances and risks of investing enough waver between business segments and geographical segments. Accordingly, users of financial statements are required segmental information in order to assess the prospects and risks of a diversified firms, which can not be determined from the aggregate data. The purpose of the presentation of segment information to users of financial statements provide information about the relative size, profit contribution and the tendency of growth of different industries and different geographical areas in which it operates a diversified a firm, in order to be able to create a real court of Company Profile as a whole:

6th Segmental information should not create the impression that the segments can be regarded as independent businesses, or to make comparisons between different segments called etcetera firms should not necessarily apply.

7th The report includes information on segments decisions partly based on judgment. Such decisions include those segments on the establishment and assignment of revenues and expenditures in these segments. Information on the basis of which was applied for the preparation of segmented reports facilitates user understanding of the data arising from it.

8th Sometimes expressing concern that obfavljivanje information segmeritima may weaken the competitive position of some firms, because in this way detailed information available to its competitors, customers, suppliers, etc. Some therefore believe that it is justified to allow the zadr'že certain information if its disclosure be detrimental to a firm. Others believe that disclosure of information is no longer regarded as a diversified a firm from the information that is required of firms that engaged in only one or djelatnošæu operates on one zemljopismom area, and that an appropriate information is often available from other sources. In addition, many believe that the analysis by segment overall financial information, one of diversified firms provides useful information that enable users to better assess the performance of the previous and future prospects of firms.

Methods of reporting by segment

Determining reportable segments

9th The business and geographical segments as usual basis for the presentation of information on operations by segment. Company Profile provides information for both the foundation, if both applicable to its operations.

10th Information on segment activity is usually presented under the general grouping of related products and services, or types of customers. Data on geographical segments are sometimes presented based on location of business firms, sometimes on the basis of the market, and sometimes based on volume. Domestic operations of some firms are generally considered a separate geographic segment. Some countries require separate reporting of exports relative to domestic operations.

11th For the purpose of reporting may be business segments and geographical segments are determined in many ways. Business Management is responsible to determine how the activities will be grouped for firms reporting by segments. In making such decisions, management certainly takes into account many factors. These factors may include the similarities and differences in the products and activities of firms, the profitability, risk, and increase the production and activity, in the areas of market areas, and the relative importance of these areas within the firms as a whole. The existence of specific prescribed conditions and characteristics of specific activities, such as banking and insurance, may generate additional factors you should consider when determining the segments.

12th Organizational groupings such as parts firms (divisions), subsidiaries or affiliates, are usually carried out according to the needs of management. Such a grouping of mainly

coincide with segments of firms, so olakšavajuæi segment reporting. Where there is not such a case; Segmental reporting may require re-classification data.

13th It is important to consider the mutual relations activities Business. For example, to determine such specific segments of those parts of the business activities of some firms that constitute the whole or each other are significantly dependent, can be misleading. The same reasoning does not necessarily apply in determining the geographical segments

14th Some believe that it is appropriate to provide guidance for orientation on to define the size of the segment before being spun off as taka will be restricted to an acceptable number of segments and avoid lack of clarity.The criterion for determining the size of a segment can be 10% of consolidated revenues or profits from business or overall funds, although such quantitative guidelines are not the only policy factors in determining the segments.

15th Sales between segments and other operating income between segments can not always be determined by the external price. Therefore, it is useful to show the amount of such income that is also defined pricing between segments (such as "fair market value", "cost" or "market price less a discount")

Segment

16th Profitability segment is published as a result of the segment. Segment result is the difference between revenue and expenditure segments and generally maintains business profits, although there is an opinion that sometimes other appropriate basis for determining the segment results. Naplaæene and prepaid interest usually are not included in segment result, unless the activity segment was mainly financial. Income taxes, minority interests and extraordinary items najæešæe not include the segment result.

17th Where the income and expenses not directly attributable to one segment, but there is an acceptable basis for their deployment, then they can be on that basis. deploy. However, many firms are common items, such as central administration expenses allocated to individual segments, as these expenses are divided in such a way that each division among the segments would have no purpose. Funds segment. Disclosure of funds segment indicates the funds for the creation of business segment results. These funds comprise all tangible and intangible assets that can be identified with a certain segment. Funds that use two or more segments may be arranged between or within these segments, if there is an acceptable basis for such a deployment. Liabilities are generally not allocated segments, either because they are considered to be related to a firm as a whole, or because you consider that they no longer affect the increase in financial results than the increase in operating results.

Reporting information

19th For each individual segment are usually required following information:

a) a description of the activities of each segment and an indication of the composition of each specified geographic areas

b) sales or other operating revenues, thereby distinguishes between the revenues generated from customers outside firms and revenues generated from other segments

c) The segment result, and

d) the means employed segment, expressed either in monetary amounts or as a percentage of total consolidated amounts.

The relationship between the collected information by individually segments and aggregate information in the financial statements clarifying the uskjaðivanjem. It also might be useful to publish other information, such as the amount of profit each segment of the investment is calculated using the equity method, the share of minorities or extraordinary items. Amortization of material assets, write-offs, depreciation non-material assets, scientific research and development and capital investment in a particular period. Sometimes they are published for each segment .. Sometimes, for each segment are published and non-financial information such as number of employees.

International Accounting Standard 14

Reporting financial information by segment

International Accounting Standard 14 includes points from 20 until 26 this Report. Standard should be read in the context of the first toèeke - 19th Preface to this Report and Reports on International Accounting Standards.

20th Enterprises involved in such securities are publicly traded and other A considerable economic entities, including subsidiaries, should provide financial information as described in points 21 to 24 for segments of activity and geographical segments that are relevant to a firm. When presenting the financial statements of the parent company and consolidated financial statements, segment information need be presented only on the basis of joint financial statements.

21st A firm must describe the activities of each reportable segment and draw attention to the characteristics specified geographic areas.

22nd For each reporting business and geographical segment should disclose the following financial information:

a) sales or other operating revenues, thereby distinguishes between revenue earned from customers outside firms and revenues generated from other segments,

b) segment result;

c) the means employed segment, expressed either in monetary amounts or as a percentage of total consolidated amounts, and

d) osnovnana which determines the prices between segments.

23rd Enterprises need to clarify the financial statements and disclose the relationship between the individual segments of the information collected and aggregated information.

24th Changes in the ordering of segments and changes in accounting practices, as evidenced by information on segments that have a significant impact on the segment information should be disclosed. This disclosure should be activated description of the nature of change, the cause of the change and, where it is possible to determine, the effect of changes.

Transitional provisions

25th It is not necessary to present comparative information in the first period in which this standard was introduced, if this information is not immediately available.

Effective Date

26th This International Accounting Standard becomes operative for financial statements covering the period from the beginning of the first January 1983 or thereafter. However, for the sake of compatibility of applications in certain countries, affiliates involved in such securities are publicly traded, this standard becomes effective when all A considerable economic entities in the corresponding native country accept in practice all the considerable demands expressed by this Standard.

International Accounting Standard 15

Information that shows the effects of changing prices

At its meeting on listopada in 1989. KMRS Committee has approved that the next report added with IAS 15:

"As regards the publication of information that shows the effects of changing prices as was foreseen when MR5 15 was issued, there has been international consensus. Therefore, the Committee KMRS's decided that firms need not disclose infbrmaciju required by IAS 15 for the purpose of meeting their financial statements, the International Accounting Standards. However, the Committee encourages enterprises to present such infornlaciju and is recommended to those who make up to release the items required by IAS 15 ".

Introduction

First This report deals with the information that shows the effects of changing prices, measured by the rebe in determining the results of the Business and its financial position in most countries, such information supplementing the basic financial statements and did their part. This report does not refer to accounting policy and reporting, which require them to apply to a firm, preparing its primary financial statements if such financial statements are presented on the basis that show the effects of changing prices.

Second This International Accounting Standard supersedes International Accounting Standards 6, accounting responses to changing prices.

3rd This report shall enterprises whose levels of revenues, profits, assets or employment of significance in the economic environment in which it operates. When the parent company and consolidated financial statements are presented, the information that this standard seeks to be presenting Raiza only on the basis of consolidated information.

4th The information required by this Standard does not apply to the activity of the subsidiary in a country where the headquarters of the parent if the parent had presented in the consolidated statement on this basis. For subsidiaries whose activities are not in a country where the headquarters of the parent, the information that is required by this Standard is required only if the Parliament accepted practice to economically significant enterprises in the country presented a similar information.

5th Presentation of information that shows the effects of changing prices are encouraged other entities in the interest of better information promaknuæa financial reporting.

Explanation

6th Prices change over time as a result of the actions of specific or different opæegospodarskih and social forces. Specific forces, such as changes in supply and demand and technological changes may cause significant growth or decline in the price of individual, independent of one another. In addition, general forces may result in a change in the general price level, and the resulting change in the general purchasing power of money.

7th Financial statements are prepared in most of the countries on the basis of accounting procurement costs regardless of any changes in the general level of prices or price changes of specific assets that are owned, except property, plant and equipment, which must revalue, or stocks or other assets that are of current should reduce the net selling value. The purpose of the information that this standard requires that users of financial statements firms become aware of the effects of price nkijenjanja the results of their operations. Financial statements, however, whether the method of preparing the procurement costs of any method that reflects the effects of changing prices, are not intended to directly display the value of firms as a whole. Reply to changing prices

8th Financial information that is intended to respond to the effects of changing prices is prepared in several ways. On one way financial information is displayed using the general purchasing power. In the second mode displays current prices, instead of purchasing costs, priznavajuæi price changes of specific funds. The third way combines features of both these methods.

9th On the basis of these responses are two basic approaches in determining profit. One recognizes income after the place The general purchasing power of shareholders' equity in firms. Other recognized gains after the firms maintain productive capacity and may, not must, activate harmonize with the general price level.

Access to the general purchasing power

10th Access to the general purchasing power has change some or all of the items in the financial statements due to changes in the general price level:

The proposals state that the contents of this changes the general purchasing power calculating unit change, but do not change the fundamentals of measurement. Under this approach, income normally reflects the effects, Applying the appropriate index of general price level changes on depreciation, cost of sales and net monetary position, and was given after Preserve The general purchasing power of shareholders' equity in firms.

Access to the current price

11th Access to the current price is a series of different methods. Generally, they apply the replacement cost as the main criterion. However, if the replacement cost higher than netoprodajne vrijetinosti and the present value, usually as a fundamental criterion applies higher of net realizable value and present value.

12th The cost of replacing certain equipment regularly derived from the current acquisition cost of similar assets, or of used or new equivalent productive capacity or possible production services. Net realizable value usually represents the current net selling price of assets. Present value itself presents the current estimate of future netoprimitaka attributed means, but it is adequately reduced.

13th Of specific price indices are often used as a way odreðivanjs position of current price, especially if the last time there was a change in their positions, or if the price lists are not available or their use is not practical.

14th Methods of the current rates usually require admission to the effects of depreciation and cost of sales when the price changes of specific to a firm. Most of these methods also require the application of some kind of harmonization which is a joint general recognition of the interaction between changing prices and financing firms. As explained in points 15-17, opinions differ about what form of harmonization should be implemented.

15th Some methods require the adjustment of the current price, which shows the effects of changing prices on all net monetary position, including long-term commitments, which, when growth rates, water loss for possession of net monetary assets or profits for possession of net monetary liabilities, and vice versa. Other methods restrict this adjustment on cash and oktveze involved in working capital firms. Both ways of harmonizing respect to the monetary position A considerable elements of the productive capacity of firms, not just non-financial assets. Feature is the usual method of the current price, just before described, the gain recognized upon which preserve the productive capacity of business.

16th Another view is that it is unnecessary to report earnings admit additional replacement cost of funds to the extent that they financed borrowing. Methods based on this view determines the profit after Preserve part manufacturing capabilities firms that financed its shareholders. This can be achieved, for example, by reducing the total harmonization of depreciation, cost of sales, and when this method requires cash working capital, in proportion to the total financing by lending financial loan and equity.

First Some methods apply the current price index of the general price level in the amount dionièarevih interest. It shows where the size of the preserved shareholders' equity in firms before ma ly of the general purchasing power, when the increase in the cost of replacing assets, originated in this period, lower than the decrease in purchasing power dionièarevih interest, during the same period. Sometimes this crackdown only recorded that enabled a comparison between net assets in relation to the general purchasing power and net assets to current prices. By other methods, which recognize income after Preserve The general purchasing power of shareholders' equity in firms, the difference between the two net amount of funds treated as a gain or loss is attributed to the shareholders.

The current status

18th Financial information easily by using different methods, sometimes includes displaying changing prices, which is immediately above, either in primary or supplementary financial statements, no of inter-national consensus on this issue. Therefore, the Committee on International Accounting Standards believes that it is necessary to continue to explore before the application is accepted that firms produce basic financial statements Applying a comprehensive and unified system of representation changing the price. Until then, will the solution of this question will be useful, if firms that present primary financial statements on the basis of cost, also provide additional information reflecting the effects of price changes.

19th There are different suggestions on what positions to be included in such information - from those that include a number of positions in the income statement to the broad view in the income statement and balance sheet.It is desirable, therefore, to determine the minimum internationally positions that need to be activated in the information.

Mininlalna publication

20th The minimum disclosures required by this Standard are:

a) to harmonize or harmonized amounts of depreciation of property, plant and equipment and costs of sales that would not necessarily show the effects of changing prices;

b) harmonizing related to the monetary position effect of debt or equity, as described in points 15-17, when they are in determining the profits of such harmonization taken into account, according to the adopted method, and

c) the total effect on the results of harmonization that has been done to show the effects of changing prices.

Moreover, the current approach to pricing, current prices of property, plant and equipment and inventories are important and will be published.

21st Description of the procedures adopted for the calculation, including the nature of any of the appropriateness index, is essential for understanding the information that is required by this Standard.

Other Disclosures

22nd Enterprises are encouraged to provide additional disclosures, and in particular, encouraging the discussion of the importance of information on the circumstances in which a firm operates. Disclosure of any harmonization to tax provisions or tax balances is usually helpful.

International Accounting Standard 15

Information that shows the effects of changing prices

International Accounting stendard contains 15 points 23rd-28th of this report. The standard should èitaæi together with toèkame 1st to 22nd Preface to this Report and Reports of international accounting standards.

23rd Enterprises applying this standard should present information that is published items listed in point 24 to 26, Applying the method of accounting that shows the effects of changing prices.

24th Items to be presented are:

a) the amount of harmonization on / or harmonized depreciation on property, plant and equipment;

b) the amount of the harmonization / or harmonized amount of cost of sales;

c) harmonization relating to monetary items, effects of borrowing or equity, when such harmonization was taken into account when determining the profit according to the adopted accounting method, and

d) the total effect on the results of harmonizing described under a) and b) and, where appropriate, c) as any of the items that indicate the effects of changing prices that reportedly under the adopted accounting method.

25th When it adopted the current cost method, must be shown the current cost of property, plant, equipment and inventories.

26th Enterprises should describe the methods adopted which is designed to account information, which is required in points 24 and 25, including the nature of any of the applied indices. 27th The information required counts in 24-26 should be provided on a supplementary basis, unless such information is presented in the basic financial statements.

Effective Date

28th This International Accounting Standard supersedes International Accounting Standards 6, accounting responses to changing prices, and becomes effective for financial statements which comprise the period that begins with the first January in 1983. or thereafter.

International Accounting Standard 16

Accounting of property, plant and equipment

Introduction

First International Accounting Standard 5, information that should be disclosed in the financial statements required by a particular information that should be disclosed in the balance sheet including property, plant and equipment. In many firms these funds are grouped into several different categories, such as land and buildings, machinery equipment, inventory and vehicles. This report deals with the Accounting of property, plant and equipment, except as described in points 2-5.

Second This report does not deal with specific aspects of accounting property, plant and equipment because it belongs to a comprehensive system reflecting the effects of price changes (see International Accounting Standard 15; Information that shows the effects of changing prices). 3rd This report does not deal with the Accounting for:

a) forests and similar renewable natural resources:

b) expenditure on mineral rights, exploration and mining of ores, oil, natural gas and of similar non-renewable resources, and

c) expenditures for the development of real property

Expenses for items of property, plant and equipment used for development and maintenance activities specified in a), b) and c) - but separate from these activities should be computed in accordance with this Izrještajem.

4th This report does not address the allocation of the depreciable amount of property, plant and equipment for the given period, because it deals with the International Accounting Standards 4, Accounting depreciation.

5th This report does not deal with the conduct of government subsidies, but rather only briefly discusses the classification of the right to lease property, plant and equipment, capitalization of borrowing costs and assets acquired in a business combination. These concepts require greater attention than they can be given in this report

Definitions

6th In this Report, the next terms are used with specific meanings:

Property, plant and equipment are tangible assets that:

a) holds a firm and used them in production or supply of goods and services, for rental to others, or for administrative purposes and may include items for the maintenance and repair of such funds;

b) were acquired or constructed with the intention of continuous use, and

c) are not intended for sale in the ordinary course of business.

Rental Rights for funds that meet the criteria a), b) and c) may in certain circumstances also be considered as property, plant or equipment.

Fair value is the amount for which an asset could be replaced between a willing buyer and a known dealer in a transaction that is unlikely.

The amount you can recover is that part of the net carrying amount of assets that a firm can recover of any future use of the funds, including the net sales value during ALIENATION.

Explanation

7th Property, plant and equipment often comprise a large portion of the total assets of firms, and are therefore of significance in the presentation of financial position. In addition, udreðivanje whether an expenditure represents an asset or an expense can have znaèaian effect on the operating results of proposition being published.

Identification of property, plant and equipment

8th Llefinicija point in the sixth sets out criteria for determining whether the individual items should be classified as property, plant or equipment. In the specific circumstances or for specific types of enterprises should be the judge of that criterion will be applied. It may be appropriate to add a little considerable items, such as molds, tools and dies, and to apply the criteria to the summation value. Alternatively, a firm may decide to dispose of an item that would otherwise be able to activate in property, plant and equipment, because of the amount of expenditure neznaèajan.

9th Large spare parts and auxiliary equipment usually are capitalized and classified as a long-term funds. Other spare parts and maintenance equipment are usually carried as inventory and charged to income as spent. But if the spare parts and maintenance equipment may only be used in conjunction with an object property, plant and equipment, and it is expected that their use will be irregular, it may be justified to allocate the total cost on a systematic basis to each accrual per diagnosis during the useful life of capital items.

10th In certain circumstances it may be Accounting for property, plant and equipment to improve if the total expenditure allocated to its component parts in case they are practically separable, and that the working estimate of the useful life of these components. For example, place the aircraft and its engines as a single unit would be better if the engine is treated as a separate unit because it is likely that their useful life shorter than the aircraft as a whole.

Components of cost

11th The cost of that of the individual items of property, plant and equipment includes the purchase price, customs duty and sales tax, which is not coming back and all costs directly attributable to bringing the assets to working condition for its intended use, all trade discounts and allowances poprispjeæu deducted from the purchase price. Examples of costs that are directly attributable to the following:

a) site preparation

b) the costs of delivery and transfer

c) the cost of installation, such as special foundations for plant;

d) fees for professionals (architects, engineers, etc.). Finance costs attributable to a particular project and incurred until completion of construction is also sometimes included in the gross carrying amount of the asset to which they relate.

12th When paying for an item of property, plant and equipment in working order delayed beyond the normal credit terms, it may be justified to show the purchase amount of cash and the amount of the difference between that amount and the total amount of payments recorded as interest in deferred payments.

13th Administrative and other general administrative expenses are not considered an integral part of the cost of property, plant and equipment, unless in some way be linked to the acquisition of assets or his bringing in working condition.

14th The test costs as well as those relating to the period prior to the start of production will not be part of the cost of property, plant and equipment unless they are required for bringing the assets to working condition.

Property, plant and equipment produced for own use

15th In order to arrive at gross book value of building self-produced, the same principles as those described in points 11-14. The gross carrying amount includes the cost of construction which relate directly to the asset and the costs attributable to construction in general and can be allocated to a certain asset. In order to avoid such costs, it does not include any internal profiti.1

16th Costs incurred due to inefficiency in the production of their own needs due to the temporary idling of capacity, strikes, or for any other reason, are not normally included in the gross carrying amount. They usually are compared to the cost of assets purchased, or the equivalent, if a firm Gentle similar to agents for sale in the normal course of business, the cost of production assets for sale.

Non-financial benefits

17th When the agent activated in property, plant and equipment acquired in exchange for another asset's cost is usually determined by the fair value of the consideration given. Perhaps it would be appropriate to consider also the fair value of purchased assets, if appropriate., According to an alternative accounting procedure that is sometimes used for the exchange of resources, especially if they are similar to the exchange agent, purchased asset is recorded at the carrying amount of a given asset. In any case, the adjustment is carried out for each balance receipt or payment of cash or other compensation.

18th When the agent is activated in property, plant and equipment is acquired in exchange for shares or other securities in firms, usually is recorded at its fair value and fair value of the securities issued, but rather about what is appropriate.

1U some countries, internal profits do not switch off until the size of that public enterprises are recognized in determining the fee paying customers in compliance with state authorities

Improving and maintaining

19th Often it is difficult to determine whether subsequent expenditure relating to property, plant and equipment amounts to a improvements that should be added to the gross carrying amount or repairs that need to be treated income. Only expenditure that increases the future use of the existing resources more than its previous estimate of standard capabilities are included in the gross carrying amount of the examples of such future uses include:

a) an extension of the estimated useful life of the asset,

b) increase the capacity, or

c) significant improvement in the quality of production or decrease before the estimated production costs.

Return of the carrying amount

Gross carrying amount of property, plant and equipment are depreciated usually returns on a systematic basis during their lifetime. If korisnqst an object or group of objects permanently worse, for example due to damage or technological obsolescence, refundable amount may be less than the net carrying amount. In these circumstances, the net carrying amount is reduced to the amount recoverable, and the difference is immediately charged to income

The amount that replaces the cost

21st Sometimes financial statements that are otherwise of preparations on the basis of cost, include part or cjelolkupnu property, plant and equipment at an estimated value instead of at cost, and depreciation is calculated accordingly. These financial statements should be distinguished from financial statements prepared with the intention to comprehensively reflect the effects of changing prices. (See International Accounting Standard 15, information that shows the effects of changing prices).

22nd Generally Parliament accepted method for restating the value of property, plant and equipment is an estimate, which usually operate professionally qualified valuers. Sometimes apply other methods, as well as indexation and reference to the current price.

23rd There are two methods for presenting the revalued amount of property, plant and equipment in the financial statements. According to one method, the gross carrying amount and accumulated depreciation are presented again to determine the net carrying amount is equal to the net revalued amount. According to another method, allowance is switched off, and the net revalued amount is treated as a new gross carrying amount. The applied method is disclosed. In any case, increase the value of the revaluation and impairment exists at the date of revaluation is not a basis for increasing revenues.

24th Different measurement basis is sometimes applied in the same financial statements to determine the carrying amount of separate items within each category of property, plant and equipment or for different categories of property, equipment and postrojellja. In these cases it is necessary to publish activated gross carrying amounts for each basis.

25th Selective revaluation of assets can lead to display neodgovarajuæih amounts in the financial statements. Thus, when revalorlzacija does not cover all funds given group is appropriate that the choice of funds should revalue making on a systematic basis. For example, a firm may revalue all of its assets navremenskoj basis or may revalue the entire group of assets within a unit or poslujuæe company.

26th It is not acceptable to revalued net, when the revaluation, the carrying amount of group assets is greater than the amount of the group means, which can be recovered.

27th The increase in the net book value that result from the revaluation of property, plant and equipment is usually attributed directly to the interests of the joint-stock entitled revaluation surplus and usually are considered to be not available for distribution. The decrease in net carrying amount arising from the revaluation of property, plant and equipment is expensed, unless such reduction relates to the previous revaluation increase that is activated in revaluation surplus may be charged when the previous increase. Sometimes it happens that the increase to demonstrate correction of earlier reductions resulting from the revaluation of chargeable income, in which case the increase to the extent that making up before the stated reduction attributed income.

28th The effects on income taxes, if any, arising from the replacement of other amounts for cost, deals with International Accounting Standard 12, Accounting for Taxes on profits.

Withdrawal and ALIENATION

29th Item of property, plant and equipment is switched off in the financial statements when it is alienated or when a firm for longer expected benefit from its use and ALIENATION.
30th Items of property, plant and equipment were decommissioned from active use and held for sale are carried at the lower of either the net carrying amount or net sales vrljednost and shown separately in the financial statements. Each the expected loss is recognized immediately in the income statement.

31st The financial statements based on cost gains losses arising from ALIENATION usually recognized in the income statement.

32 When revalued items of property, plant and equipment be alienated, the difference between the net income from the alienation and the net carrying amount usually charged or credited to income. The amount that exists in the revaluation surplus after withdrawal or ALIENATION resources, and relates to that asset may be transferred to retained earnings.

Publication

33 Certain Specific disclosures on accounting for property, plant and equipment has already been determined at the International Accounting Standards 4, Depreciation Accounting, and International Accounting Standard 5, information that should be disclosed in the financial statements.

34 Further disclosures are sometimes given in the financial statements include:

a) The adjustment amount of property, plant and equipment at the beginning and end of the accounting period, showing additions, sales, acquisition through business combinations and other activities;

b) the amount of payments for property, plant and equipment during the construction or acquisition, and

c) the carrying amount of temporarily unused property, plant and equipment.

International Accounting Standard 16

Accounting of property, plant and equipment

International Accounting Standard 16 contains points 35-51. this report. Slandard should be read in the context of the counts in 1-34 lzvješteje Foreword and Reports of international accounting standards.

35 Cases determined in accordance with the definition in point 6th this report should be activated under property, plant and equipment in the financial statements.

36 Gross - the carrying amount of the asset uključenog in property, plant and equipment should be either cost or revaluation computed in accordance with this Standard. Means of calculation involved at cost given in points 37-43, the method of calculation of revalued assets is given in points 44-49.

Expression of assets at cost

37 The cost of funds uklju竪enog in property, plant and equipment should include the purchase price and any directly attributable costs of bringing the asset to a working condition for its intended use.

38 The cost of property, plant and equipment built for their own use should include those costs that are directly related to certain assets, as well as those that can be associated with the construction in general and can be allocated to a certain asset. The cost of inefficiency can not be activated as part of such costs.

39 When an item of property, plant and equipment acquired in exchange or part exchange for another asset, the cost of the acquirer's assets should be recorded either at fair value or at the net carrying amount of the ceded funds, the harmonized balance for each payment or receipt of money or other compensation. For these purposes, the fair value may be determined by reference to any ceded means to have acquired any means, but rather about what is appropriate. Property, plant and equipment acquired through the exchange of shares or other securities in firms should be recorded at their fair value or at the fair value of the securities issued, but rather about what is appropriate.

40 Subsequent expenditure in connection with an object property, plant and equipment should be added to their £) igovodstvenom amount only if the increase in future benefits from the existing asset exceeds its estimated prior standard of success.

41 If permanent damage to assets or groups of assets Property, plant and equipment causes the amount you can recover sales fall below the net book value, net carrying amount must be reduced by the amount that can compensate for the sale, the difference is expensed immediately. Items that were decommissioned from active use and held for alienation should be treated and so forth separately in the financial statements show.

42 Property, plant and equipment should be turned off on the financial statements after ALIENATION or when you do not expect benefits from its continued use and alienation.

43 Gains or losses arising from the withdrawal or alienation of immovable property, plant and equipment, which are stated at cost, should be recognized in the income statement.

Expression of assets at revalued amounts

44 When property, plant and equipment in the financial statements revalued, the entire class of assets should be revalued, or the selection of assets for revaluation should be done on the basis sklstavnoj. This basis should be disclosed.

45 Revaluation of financial statements, the group means can not have the result that the net carrying amount of the group becomes larger than the amount of the refund that group.

46 When the revaluation of the increased value of property, plant and equipment each impairment exists at the date of revaluation is not attributable profit. 47 The increase in the net book value that result from the revaluation of property, plant and equipment should be directly attributable to the joint-stock interests as a revaluation surplus, except in cases when such an increase is not greater than the reduction resulting from the previously recorded revaluation of chargeable gains, when it can be attributed to profit. The decrease in net carrying amount arising from the revaluation of property, plant and equipment should be charged directly against income, except in the case when such reduction relates to the increase that was recorded prior to such increase in the revaluation surplus and not subsequently corrected or used, you should be directly charged to the account .

48 The provisions of points 40, 41 and 42 also applicable to property, plant and equipment included in the financial statements of the revaluation.

49 In ALIENATION before revalued items of property, plant and equipment is the difference between the net income from the alienation and knjigovodstvenoo net amount should be reported to the expense or income.

Publication

50 In addition to the publication required by International Accounting Standards 4, Depreciation Accounting and International Accounting Standard 5, information that should be disclosed in the financial statements should disclose the following:

a) fundamentals applied to the determination of the gross carrying amounts of property, plant and equipment. When you have used more than one basis, should be reported gross carrying amount of any basis in each category, and

b) The method adopted for the calculation of revalued amount including policy with respect to the frequency of revaluation in cases where property, plant and equipment are stated at revalued amounts. The nature of each of the applied indices, each year the assessment and whether the external assessor was switched on, should also be disclosed.

Effective Date

51 This International Accounting Standard becomes operative for financial statements comprise the period starting with the first January in 1983. or thereafter.

International Accounting Standard 17

Accounting for leases

Introduction

First This report deals with the Accounting for leases. He is not concerned with following the specific types of loans:

(A) lease agreements for the exploration or exploitation of natural resources such as oil, gas, forests, metals, and other mineral rights.

(B) The license agreements for such items such as films, video recordings, plays, manuscripts, patents and copyrights.

Definitions

The following terms are used in this report with specific meanings:

Lease: an agreement pursuant to which the lessor conveys to the lessee, as a replacement for najamniilu, the right to use an asset for an agreed period1

Finance lease: lease which most part all the risks and rewards of owning the asset. Ownership may be, but need not, be transferred.

Operating lease: lease except finance lease

Non-cancellable lease: rent, which can be revoked only if: (a) in the case of an unforeseen event, (b) with the permission of the lessor, (c) if the lessee conclude a new lease of the same or equally valuable asset with the same lessor, or (d) after the tenant pay an extra amount, so that from the beginning quite certain that it will continue to hire. The beginning of the lease, the earlier of the date of the signing of the lease or the date of the obligations of the parties shall adhere to the main provisions of the lease.

Duration of the lease: the irrevocable period for which the lessee has contracted that will hire agent together with a further period for which the tenant has a choice to continue rental agents with or without additional payment, provided that at the beginning of the lease fairly certain that the lessee will use that option.

Miniminalna payment of rental payments for renting that the tenant seek or may be required (excluding) the costs for services and taxes to be paid by the lessor, and that he should be compensated) together with:

a) in the case of a lessee, any amounts guaranteed by one or party associated with him or

b) in the case of the lessor, any residual value guaranteed to him by the lessee or party associated with him or A third independent party financially capable to comply with this warranty:

However, if the lessee has an option to buy an asset at a price which would be expected to be much smaller than the fair value at the date when the purchase option can be realized when at the beginning of the lease would be likely to achieve the minimum lease payments include minimum lease payments that are pay during the lease period and the payment required for the implementation of the option to buy.

Fair value: The amount for which an asset could be exchanged between a willing buyer and upuæenog upuæenog, willing dealer in a transaction that is arm's-length.

Useful life: either (a) the period over which it is expected that a firm will use the means that are amortized or (b) a number of similar products or units that a firm expects to get the funds.

Nezajamèeni residual values: that portion of the residual value of leased assets (estimated at the beginning of the lease) of whose realization lessor does not guarantee or guarantees of whose realization only party povezaila with the owner.

Gross investment in the lease: the total amount of the minimum lease payments at the finance lease from the standpoint of the lessor and any nezajamèeni residual value that is attributable to the lessor.

1Definicija lease includes contracts for the hire of resources that contain provisions by which the lessee provides the possibility of acquiring ownership of the asset after the complete fulfillment of agreed conditions. In some countries, these contracts are described as contracts-purchase. In some countries, different names are used for agreements which have the characteristics of the lease (for example charter party).

Nezaradeni financial income: the difference between the gross investment in the lease and the lessor of its present value. Net investment in the lease: Brug investment in rental nezaraðeni net of finance income.

Net cash ulagenja: the balance of inflows and outflows in respect of rent excluding inflows related to insurance, maintenance and similar expenses that can be re-charged to the tenant. Monetary outflows include payments for the purchase of assets, tax payments, interest and participation in the financing of third parties. Inflows include receipts from the rental income from the residual value, subsidies, tax reductions and other tax benefits or charge that draws on the lease.

The interest rate contained in the lease: the discount rate that equates the present value of the total, a) the minimum lease payments from the standpoint lessor b) nezajamèenog residual value with fair vrijednošæu leased assets at the beginning of the lease minus any subsidies and tax reductions received by the lessor.

The incremental borrowing rate of interest on the tenant: the interest rate that the lessee would have to pay for a similar lease or if it can not be determined, the rate that would have at the beginning of the lease in a similar period of time and with a similar certainty charged for borrowing the money needed to purchase the assets.

Conditional rents: rents that are not determined in the amount, but rather is based on factors that are not only refers to the passage of time (ie, percentage of sales, amount of usage, price index, market interest rates).

Explanation

Classification of leases

3rd The classification of leases adopted in this Standard is based on the extent to which the risks and rewards inherent to ownership of the leased asset weigh down the lessor or lessee. Risks include the possibility of loss.From unused capacity or technological obsolescence and of variations in revenue due to changes in economic conditions. Uses may represent expectations of lucrative jobs during the economic lifetime of the assets and profits of pðveæane value or realization of residual value.

4th Since the transaction between a lessor and a lessee is based on a lease agreement that applies to both sides, exemplary use consistent definitions. Usually that both sides rent classified in the same way. Despite the application of these definitions in different circumstances of the two parties may sometimes result in the same lease is classified differently lessor and lessee.

5th Would you hire a finance lease or not, depends more on the substance of the transaction rather than the form of the agreement. The lease is classified as a finance lease if it transfers substantially all the risks generally inherent in the ownership and use. Such a lease is usually irrevocable and guaranteed return on the lessor of its capital expenditure increased by the income from invested monetary sredstava2 lease is classified as an operating lease if the most part all the risks and rewards inherent to ownership are not transferred.

2Primjeri when the lease can be classified as a finance lease are:

a) Leases are transferred ownership of the asset to the lessee by the end of the lease term.

b) Tenant has the possibility to buy an asset at a price for which it expects will be much smaller than the fair value at the date when opportunities can be exploited and when, at the beginning of the lease, quite certainly that would be a possibility to accomplish.

c) Duration of the lease applies to most of the useful life of the assets. The right of ownership may or may not be transferred.

d) At the beginning of the lease the present value of the minimum lease payments is greater or equal to the overall fair value of the leased assets without subsidies and tax deductions (tax credits) to the lessor at the time.

The certificate of ownership to the sea but not necessarily convey.

The accounting process with leases in the financial statements of lessees

6th Transactions and other events should be computed and reported in accordance with their essence and financial stvarnošæu, not only in the legal form While the legal form of the agreement on the lease says that the lessee can not Steele legal right to the leased asset, in the case of a finance lease, the essence of the financial The reality is that the lessee overtake the economic benefits of using leased assets during the lifetime of a larger portion of his compensation for accepting the obligation to pay for that right an amount approximately equal to the fair value of assets and financial compensation in this regard.

7th If such capital redemption transactions are not reflected on the balance sheet, the economic resources and the level of commitment firms are undervalued, thereby distorting financial ratios. Therefore, it is appropriate to express finance leases on the balance sheet as an asset and as a liability for payment of future rents.

Finance leases - the determination of the amount of leased assets and the corresponding liabilities

8th The rights and obligations arising from finance leases are stated at the beginning of the lease at the fair value of the leased asset net of subsidies and tax reductions which receives the lessor or, if lower, at the present value of the minimum lease payments. At the beginning, the lease asset and obligation for future lease entries in the balance sheet at the same amounts.

9th In regarding the calculation of the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease if it is possible to determine, if not, use the incremental borrowing rate of interest to the tenant.

10th The amount that can be deducted from the leased assets are classified systematically in each accounting period-awaited time for its use in accordance with the depreciation policy adopted by the lessee for assets held and subject to depreciation. If there is a reasonable certainty that the lessee will Steele ownership by the end of the lease term, the period of use is awaited useful life of the asset, otherwise the asset is depreciated over the shorter of the lease term or its useful life.

11th The difference between the total minimum lease payments during the lease term and the start of the liability is the financial cost. This cost is allocated to periods within the term of the lease to give the same rate of interest on the remaining residue obligations during each period. In practice sometimes used some form of approximation to simplify the budget.

12th Finance lease causes depreciation of assets and financial cost for each billing period. The sum of these amounts is usually not the same as the rent to be paid for that period and therefore is not appropriate for the rent charged to income. Accordingly, assets and liabilities in this respect is likely to be equal in amount after the start of the lease.

Operating leases

13th For operating leases for the rental expenditure (excluding costs for services such as insurance and maintenance) is recognized on a systematic basis that is typical for the time pattern of the user's benefit, even when payments are not based Nat.

Raæunovodstveni procedure leases in the financial statements of the lessor

Finance leases

14th For finance leases almost all of the risks and rewards inherent property of the lessor transfers, and so received the rent, the landlord believes the return of principal and finance income to be charged as a reward for its investment and services.

15th The renter is trying to allocate finance income over the lease term on a systematic and rational basis. The distribution of income is usually based on a model that maintains the same period, income from net investment nenaplaæenih lessor in respect of the leases. Lease payments relating to the accounting period, no charges for services associated with the gross investment in the lease to reduce the principal and nezaraðeni financial income.

16th Rasporeðujuæi income on a systematic basis lessor recognizes the uncertainties relating for example to the possibility of collectability of rent or future level of interest rates. What is the duration of the lease longer the greater the risks for reasons of prudence might be executed modification of revenue recognition model in which to reflect circumstances arising.

17th Estimated nezajamèeni remains values used in calculating gross investment lessor in the lease are reviewed regularly. If any permanent reduction in the estimate of the residual value nezajamèenog distribution of income during the term of the lease shall be corrected and any reduction already recorded amounts charged to income immediately.

18th Initial direct costs such as commissions and fees for legal services often arise with the lessor during the negotiation and preparation of the lease. For finance leases, these initial direct costs incurred in order to achieve financial income and they are immediately expensed or allocated against this income over the lease term. The latter can be achieved so that the resulting cost charged to income and recognized as income in the same period the name nezaraðenog financial income in the amount of initial direct costs.

19th When assessing whether the proposed terms of the lease will give reasonable profit on the investment required, the owner will consider the cash flows associated with the lease transaction. In some cases, the cash flows associated with the leased asset will significantly affect the reduction or delay the payment of income tax benefits of signature, and funding by the people of third parties, as described in Recital 21

20th When the effects of income taxes that affect the cash flows can be fairly certain predicted, they can be taken into consideration when regarding the calculation of rental income. In these cases, the recognition of revenue from such leases is sometimes based on a pattern reflecting a constant periodic income, not on uncollected net investment lessor than on his uncollected net cash investment, which should be prudently considered.

21st Certain financial lease transactions are structured in such a way to switch on at least three parties, lessee, lessor and one or more long-term creditors, which provide part of the financing procurement leased assets is usually no charge to the owner. These lease transactions are sometimes called indirect leases (leveraged leases). In these cases, the lessor accounts for its investment in the lease without compensation and financial costs associated with third party creditors and financial income recognized on the basis of its monetary investment nenaplaæenih the basis of finance lease.

22nd With regard to the use of net investment and net cash investment can proizaæi completely dif-ferent results for the distribution of income, the method used must be consistently applied to lease the same financial character and publish.

Finance leases are producers or intermediaries (dealers)

23rd Manufacturers or brokers offer customers the choice of either to buy or to rent a tool. Finance lease assets producers and intermediaries in the role of lessor leads to two types of income:

a) profit or loss equal to the profit or loss is realized by direct selling leased asset at normal selling prices, applied to any quantity or trade discounts, and

b) finance income over the lease term.

24th Revenue from sales recorded at the beginning of the financial lease producers or intermediaries in the role najmodavea the fair value of the asset or, if lower, the sum of the present value of the minimum lease payments and estimated residual values nezajamèenog which shows the lessor, calculated at the commercial rate of interest. Cost of sales of leased assets recognized at the beginning of the rental cost, or carrying amount if different from the property. The difference between sales revenue and cost of sales of the profits from sales is recognized in accordance with the policy that a firm usually reserved in sales.

25th The manufacturer or agent in the role of lessor sometimes referred to artificially low interest rates to attract customers. Using these rates will result that will excessive portion of the total income from the transaction being recognized at the time of sale.

26th Initial direct costs are usually charged to income at the beginning of the lease because they are mainly related to the acquisition of the profits from the sale of the manufacturer or agent.

Operating leases

27th When an operating lease the risks and benefits inherent in the ownership of the asset remains the lessor. Therefore najmodavaæ tool and is considered an agent that is depreciated, and the income from the rent includes in income over the lease term.

The manufacturer or agent as landlords do not recognize profits from sales during zakljuðlvanja operating leases, since it's not just sales.

28th Costs, including depreciation, incurred zaraðivanjem rents charged to income. Lease income (excluding receipts from services such as insurance and maintenance) are usually recognized on a straight-line basis over the lease term even when receipts are not equal, unless another systematic basis is more appropriate for the weather pattern zaraðivanja procedure contained in the lease:

29th Leased assets are depreciated in accordance with the normal depreciation policy lessor for similar assets: amortized amount of funds allocated on a systematic basis to each accounting period during its useful life.

30th Initial direct costs incurred specifically for earning income from operating leases or razgranièuju or is allocated to income over the lease term in proportion to the revenue recognized from the lease or are expensed in the period in which they are incurred.

Land and buildings

31st Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. But the plot is a characteristic that it usually has an unlimited useful life and if you are not expected to get to the end of the lease term, having traveled on the lessee, the lessee does not accept substantially all the risks and benefits inherent in ownership. Therefore, such a lease properly classified as operating leases. Prepaid premium for rented land represents prepaid expenses for rent, which is amortized over the term of the lease

32 Many buildings that are rented have useful lives that are expected to get quite cross the end of the lease. In addition, long-term leases of buildings often contain provisions for regular rent increases at market rates. If it is not expected that the property will be transferred or if the rent regularly align at market rates, the lessor retains a significant portion of the risks and benefits inherent in the ownership and such leases are therefore normally classified under operating leases.

Sale and leaseback (leaseback)

33 Sales and leaseback transaction involves the sale of assets by the retailer and hire the same assets back dealer. Lease payments and the sale price are usually međuovisne because they are negotiated as a package and do not have to represent fair value. The accounting treatment of the transaction, the sale and leaseback transaction depends upon the type of lease.

34 If the leaseback is a finance lease, the transaction is the way in which the lessor provides the lessee with cash funds, guarantee funds. For this reason it is not appropriate that the excess of sales proceeds over the carrying amount is the profit realized. If such excess is recognized on a deferred and amortized over the lease term.

35 If the leaseback is an operating lease, and the income from rents and sales prices are certain at fair value, it is indeed a normal sale transaction and any profit or loss is usually recognized immediately.

36 If the leaseback is an operating lease, and the selling price is less than the fair value svalsi profit or loss is recognized immediately, except in the case if it compensates for the loss of future income from the rental market at a lower price, when you are deferred and amortized in proportion to the costs, the rent for the period through which it expects the tool to be used. If the sale price is greater than the fair value amount over the fair value is deferred and amortized over the period for which it expects the tool to be used

37 For operating leases, if the fair value at the time the transaction is less than the carrying amount, a loss equal to the difference between the carrying amount and fair value is recognized immediately. For flnancijske leases not requiring such adjustment unless any permanent decline in value, in which case the carrying amount is reduced to the amount that can be obtained from the sale of assets in accordance with International Accounting Standard 16, Accounting of property, plant and equipment.

Publication

Disclosures in the financial statements of lessees

38 It is appropriate that the amount of funds used by the lessee that are the subject of such leases are reported separately in the financial statements. Often it is useful to present this disclosure for each major group of funds.The total amount of the related liability is shown as either the total amount of the minimum lease payments, except that since the financial costs deducted separately or as a net present value of liabilities, objavljujuæi in summary form the interest rate used as the discount rate. It is not appropriate to liabilities for leased assets shown in the financial statements as a deduction from iznajmnjenih funds.

39 Rent expense for operating leases with sometimes published for each period for which an income statement is presented. With this it is intended to show how the dependency of firms leased assets to those that are owned by him.

40 International Accounting Standard with, information that should be disclosed in the financial statements, requires disclosure of the terms of repayment and interest rates for loans that mature in more than a year. For finance leases might be better suited to publish a short review of the amounts of future payments and the periods in which will reach (for example, each of slijedeæih five years and each additional period of five years).Similarly, in order to show liability firms is appropriate to publish a short review of future lease payments for operating leases that can not be revoked for more than one year and the period in which you will dospijeti (for example, each of slijedeæih five years and each additional period of five years).

41 Certain other disclosures that are important to the financial and operating leases may also be suitable. Examples of this are:

a) the nature of the contract extension possibilities, possibilities of buying or indexing clause;

b) the financial constraints imposed by the lease agreements, such as restrictions on additional borrowing or future hiring;

c) the nature of any unforeseen income from rents, such as those based on the use or sale

d) the nature of any contingent liabilities in relation to the expected costs at the end of the lease.

Disclosures in the financial reports lessors

42 Published lessor gross investment in finance leases and amount nezaraðenog revenues. As an indicator of growth it is often useful to also disclose the gross investment less nezaraðeni income in new business which concluded during the accounting period after the

revocation is appropriate reject leases. Sometimes they publish general arrangements lessor and future minimum lease payments that will be received in future periods determined.

43 Assets held for operating leases are usually included in the balance sheet as property, plant and equipment. Often reveals the amount of the leased assets at each balance sheet date presented for each important group of funds. Sometimes it gives informaeija on najmodavèevim general arrangements of the agreement, the amount of income from rents from operating leases and minimum income since the irrevocable leases, both in total and in certain future periods.

The international standard of 17 raènovodstveni

Accounting for leases

International Accounting Standard 17 contains points 44-46 of this report. Standard should be read in context with 1-43 counts in this Report and the Preface to International Accounting Reports on STENDARDO.

Accounting for leases in the financial statements of lessees

Finance leases

44 Finance lease should be reflected on the balance sheet recording of assets and liabilities at amounts equal at the beginning of the lease, the fair value of the leased asset, without the support and tax deductions receivable by the lessor or, if the value is lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount rate is the interest rate contained in the lease if it can be established, and if he can not, be used from increased interest rates for debts of the tenant.

45 Rents should be equally split between finance charges and reduction of the lease liability. The financial cost should be allocated to periods during the lease term so that he gave the same rate of interest on the remaining balance of the liability for each period. Could use some form of approximation values.

46 Finance lease causes increase in depreciation expenses for the asset as well as the financial cost for each billing period the depreciation policy for leased assets should be consistent with that for depreciation of an asset owned and tereæena depreciation should be computed on the basis exposed to the International Accounting Standards Board 4 , Accounting depreciation. If there is no reasonable certainty that the lessee will Steele ownership at the end of the lease term, the asset should be fully depreciated in a shorter period of the lease term or its useful life.

Operating leases

47 When an operating lease in income should be reported to the rent expense for the accounting period, is recognized on a systematic basis, as appropriate to the time pattern of the user's benefit.

Raèunovodslvo leases in the financial statements of lessors

Finance leases

48 Asset that is held under finance leases should be recorded in the balance sheet is not as property, plant and equipment rather than as a claim in an amount equal to the net investment in the lease.

49 With prudent consideration, the recognition of financial income should be based on a form that maintains the same periodic rate of income was nenaplaæenog net investment lessor any net nenaplaæenog cash investments relating to finance leases. The method used should be applied consistently to lease a similar one financial nature.

50 Manufacturer Or broker to invest lessor must activate, profits from the sale or loss of income in accordance with the policy that the firm is usually carried out for direct sales. If these artificially low interest rates, profits from the sales should be limited to the amount that would exist to the raèunava commercial rate of interest. At the beginning of the rental income should be charged initial direct costs.

Operating leases

51 Assets held for operating leases should be accounted for as property, plant and equipment in the lessor's balance sheet.

52 Rental income should be recognized evenly for the duration of the lease, if the alternative basis for the mjerenija weather pattern proceedings earnings contained in the lease.

53 Depreciation of leased assets should be consistent lessor to the normal depreciation policy for similar assets, and depreciation should be calculated on the basis exhibited in the International Accounting Standards 4, Accounting depreciation.

Accounting transactions of sale and leaseback

54 If a transaction is a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount should be recognized immediately in income by a retailer-lessee. If such excess shall be admitted delineated and amortized over the lease term.

55 If a transaction is a sale and leaseback transaction results in a business nafam and it is clear that the transaction is carried at fair value, any profit or loss should be recognized immediately. If the sale price is less than the fair value was any profit or loss should be recognized immediately, unless it is offset by the loss of future income from the rent at less than market prices, when it should be delineated and amortized in proportion to the payment of rent for the entire period for which it expects the the means used. If the sale price is greater than the fair value, the greater of fair value should be delineated and amortized for the period for which it expects will be a tool to use. 56 For operating leases, if the fair value at the time of the transaction prodafe and leaseback transaction is less than the carrying amount of the asset, it must be recognized immediately as a loss equal to the difference between the carrying amount and fair value.

Publication

Disclosures in the financial statements of lessees

57 You need to disclose the amount of funds that are the subject of such leases at each balance sheet date. Liabilities related to these leased assets should be shown separately from other obaeza, praveæi difference between the current and long-term.

58 Commitments for minimum lease payments in the financial and irrevocable operating leases with a term greater than fedne year shall be published in summary form in which it is given and the period in which the payment will arrive.

59 They need to release considerable financial constraints, opportunities for renewal or purchase contingent fee income and other unforeseen events arising from leases.

Disclosures in the Financial Statements lessors

60 It should be posted at each balance sheet date, gross investment in the lease is shown as finanæijski rent, as well as appropriate nezaraðeni financial income and nezajamèeni residual value of leased assets.

61 They should be used to announce a basis for distribution of income in order to obtain the same periodic rate of income, saying that if the income relates to uncollected net investment or Uncollected net cash investment in the lease. If using more than one basis, the basis must be disclosed.

62 When a substantial portion of the lessor includes operating leases lessor shall disclose the amount of funds for each major group of funds, together with matches correction value at each balance sheet date.

Effective Date

63 This International Accounting Standard becomes operative for financial statements comprise periods beginning 1st January 1984th or after that date, in accordance with the transitional provisions set forth in point 64

Transitional provisions for finance leases

64 For a period of four years from the effective date of this standard shall be applied the transitional provisions, according to which, although tenants and landlords are being urged to full application of the provisions of this standard, and they can not be applied in its entirety if the publication Next information:

a) by the lessee: either

(A) (i) amounts of assets and liabilities that would be included in the balance sheet as finance leases that were computed in accordance with the requirements of the Standards, and (or) the effect on net income that would result;

or (b) (i) the amount of rent that such leases are charged to the income and (or) rental obligations for such leases that are payable In the following accounting periods.

b) by the lessors, the methods used for revenue recognition under finance leases.

Supplement

This amendment is compiled Secretariat KMRS as a guide for interpreting the Report on the International Accounting Standards Board 17th He is not part of this report.

Classification lease

Rent a finance lease if substantially transferred all the risks and benefits inherent in ownership. Next sketch presents examples of situations in which the rent was normally classified as finance leases. Examples do not necessarily hold all the possible situations in which a lease can be classified as a finance lease or hire should necessarily be classified as a finance lease under way which is going on this sketch. The essence of the transaction determines the classification.

Ownership was transferred at the end of the lease

Not

That

Rental includes the possibility of a bargain purchase

Not

That

The duration of the lease through most of the useful lives of assets

That

Not

Present value of minimum lease payments is greater than or substantially equal to the fair value of assets

Not

That

Operating lease

Finance lease

This sketch was compiled by the Secretariat KMRS a

Accounting for finance lease LESSEE

* A detailed review of the draft is necessary to look into its original form "Official Gazette".

International Accounting Standard 18

Revenue Recognition

Introduction

First This report deals with the basics of revenue recognition in financial statements of companies. The report refers to priznavanfe revenue arising from the course of the regular activities of the firms:

- Sale of goods,

- The provision of services, and

- The use by others of the resources firms that earn interest, royalties and dividends.

Second This report does not deal with the following specific aspects of revenue recognition:

(A) dividends arising from investments which are accounted for using equity method (see International Accounting Standards 3, Consolidated Financial Statements).

(B) revenue arising from contracts of building (see International Accounting Standard 11, Accounting contracts of building).

(C) income derived from the lease agreements (see International Accounting Standards Board), Accounting for leases):

(D) income arising from government grants and others of similar aid:

(E) Income from oslguravajuæih company arising from insurance contracts.

3rd Examples of items that are not obuhvaæane in the definition of "income" for purposes of this report are:

(A) Realized gains arising from the alienation netekuæih assets and unrealized gains arising from the possession netekuæih funds.

(B) unrealized gains possession arising from changes in the value of current assets and revenue increases in herds and agricultural and forest prqizvoda.

(C) Realized and unrealized gains resulting from changes in foreign currency exchange rates and harmonization arising from INTERPRETING financial statements published in foreign currency.

(D) Realized gains resulting from the settlement of liabilities at a lower value than its carrying amount.

(E) unrealized gains arising from the Restatement carrying amount of the liability.

Definitions

4th The following terms are used in this report with specific meanings:

Revenue is the gross inflow of cash, receivables or other consideration arising from the course of ordinary activities of firms from the sale of goods, provision of services and use of resources of other firms that earn interest, royalties and dividends. Revenue is measured receivables from customers and komintenata for delivered their goods and services to those charges and merit arising from the use of resources and customers komintenata.Excluding the amounts naplaæeni on behalf of third parties of people, such as certain taxes. In respect of Representatives, revenue is the amount of commission and not the gross inflow of cash, receivables or other fees.Methods ugovora1 completion method of accounting is that revenue is recognized in the income statement only when l sale of goods or provision of services under the contract is completed or partially completed significant.

The method is dovršenosti1 degree in accounting method recognizes income in the income statement in proportion to the degree of completion of goods or provision of services under the contract.

The fair value1 amount for which an asset could be exchanged between informed, voluntary and informed dealer, willing buyer at arm's length transaction.

Explanation

5th Revenue recognition generally refers to when revenue is recognized in the income statement enterprises. The amount of revenue arising on a transaction is usually determined on the basis of an agreement between the parties involved in the transaction. When there are uncertainties with respect to determining the amount or the associated costs and uncertainties could potentially impact on determining the time of revenue recognition.

Sales of goods

6th A key criterion for determining when to recognize revenue from a transaction that involves the sale of goods is one that is conveyed by the seller to the buyer A considerable portion of the risks and rewards of ownership of the sold assets. Example out considerable risk of ownership, which could keep the salesman, would be responsible for the unsatisfactory performance of which is not covered by normal warranty provisions. If the retailer to retain significant risks of ownership, usually not appropriate to recognize the transaction as a sale. If the salesman keep neznaèajni only part of the risk of ownership, the rule will not prevent the recognition of revenue, for example, when salesman retain ownership rights only to ensure payment of the due amount.

7th Estimating when the risks and rewards of ownership are transferred to the buyer requires a review of the circumstances in which the transaction is performed. Najæešæe transfer legal ownership rights or has the effect or coincides with the transition of ownership or transfer of risks and rewards of ownership to the buyer, as is the case in most retail sales. In other cases, the transition of the legal rights trlasništva can occur at different times of transition of ownership or risks and rewards of ownership.

8th The next considerations are important in deciding whether the significant risks and rewards of ownership are transferred to the buyer:

(A) whether some considerable procedures should be more complete, (b) whether the salesman still retains some rights to manage if you have an efficient control of the transferred goods to the extent usually associated with ownership, (c) whether the payment of the debt that relating to the transferred goods depends on the origin of the goods the customer revenue.

9th At certain stages in specific industries, such as when agricultural crops have been harvested or minerals are removed, the execution can be completed well before the completion of a transaction which generates revenue.In such cases, when the sale of secured term contract or a state guarantee, or where there is a homogeneous market and negligible risk that the sale will not be made, the goods in question are often estimated net sold (ostvarljivoj) values. Such amounts, while not revenue as defined in this report, it is sometimes recognized in the income statement and adequately describe.

Provision of services

10th Revenue from transactions usually provide services is recognized when the services performed or to the percentage of completion method or the completed contract method according to,

1 The term is also applied to the International Accounting Standard 11, Accounting of building contracts.

(A) the percentage of completion method - execution consists of performing multiple procedures. Revenue is recognized in December proportionally by reference to the execution of each process. Revenue recognized under this method would be determined on the basis of sales value, associated costs, the number of procedures or other appropriate bases for practical reasons, when the services are provided on the basis of undefined number of procedures through a certain period of time, revenue is recognized evenly for a certain period unless clearly that some other method better presented by a form of execution.

(B) the completed contract method - execution consists of the performance of a single procedure. Alternatively, services are provided in more than one process, and services that still needs to provide so important in relation to the transaction as a whole that can not be considered a job completed until the execution of these procedures. The completed contract method meets these forms of performance and accordingly revenue is recognized when it is released one or final process.

Using the resources of other firms that earn interest, royalties and dividends.

11th The use of such resources of other firms adopted: (a) interest-charges for the use of monetary resources or

the amount that should reach Company Profile:

(B) royalties-charges for the use of such assets such as patents, trademarks and copyrights;

(C) the dividend-earnings from holding investments that are not included by the equity method accounting.

12th Grown interest in most of the cases determine the day on the principal outstanding and the applicable rate. Discount or premium on debt securities are considered as interest pritjeèu over the period to maturity.

13th Pritjeèu royalties in accordance with the terms of the agreement and a compatible usually recognized on that basis unless more appropriate, considering the substance of the transaction, the income recognized by some other systematic and rational basis.

14th Dividends from investments that are accrued by the equity method accounting is not recognized in the income statement until there is a right to payment (see International Accounting Standards 3, Consolidated Financial Statements, for the situation where the investment is accounted by the equity method accounting).

15th When interest, royalties and dividends from abroad require a license exchange, and is expected to delay monetary permits, perhaps will be required to defer the recognition of revenue.

The effects of uncertainty on the invocation of income

16th Revenue recognition requires that the revenue can be measured and that at the time of sale or service delivery can realistically expect his fee is final. Realistic Expectation final payment does not provide, by itself, this charge.

17th Lacking the possibility to assess with reasonable certainty at the time of collection of sales or service provision, revenue recognition is postponed. In such cases it may be appropriate to recognize revenue only when the money is received. Where there is uncertainty as concerns the final billing, revenue is recognized at the time of sale even when the cash payments carried out in installments.

18th When uncertainty is related to the possibility of billing and appears after the time of sale or service delivery, appropriate to prepare a special reserve to reflect this uncertainty, rather than correct the amount of revenue originally recorded.

19th Uncertainty relating to the measurement of income can activate one or more of the following elements:

a) Compensation

The essential criterion for revenue recognition is that the minimum fee, which can be obtained from the sale of goods or services or from the use of resources of other firms may reasonably determine. When such compensation can not be determined urutar acceptable limits, the recognition of revenue is postponed. b) Costs (including guarantees)

In most situations can be the total costs (including warranties and other costs related to the team, which will occur after the delivery of products or services) reasonably determine and report, and therefore, does not delay the recognition of revenue. However, when the costs that will occur can not be reasonably determined, it is delaying the recognition of revenue.

c) Refunds

When a firm is exposed to significant and foreseeable quantities of merchandise that is returned can be enough to make a reservation. However, where a firm is exposed to significant and unpredictable quantities of goods which can be referred back to the criteria for revenue recognition has not been fully met and, therefore, the recognition of revenue is postponed.

20th When uncertainty is related to the possibility of measuring the amount of revenue arising from the transaction, usually such revenue is not recognized until the uncertainty resolved. In such a case, provided the existence of a compatible guarantee that will cost at least that can be clearly identified with the transaction will be reimbursed, it is appropriate to defer such costs for later connection with income.

Non-financial benefits

21st For the exchange of non-monetary assets usually applies fair value rezmijenjenih funds or services for determining the amount of revenue involved. Where the fair value of the assets on one side of the transaction can be determined, the fair value is applied in determining the amount obuhvaæenog revenue in exchange for neslièna funds. Non-monetary exchanges of similar assets or services, such as transaction replacement (swap), are not considered transactions that provide income.

International Accounting Standard 18

Revenue Recognition

The International Accounting Standards Board lens captures points 22-27 of this report. Standard should be read in cotexts with subparagraph 1 -21 of this report and the Preface Reports of international accounting standards. 22nd Revenues from sales and service transactions should be recognized when the requirements in connection with the performance specified in points 23:24 met, provided that at the time when it is not unreasonable to expect at last of charge. If at the time of sale or service delivery unreasonable to expect finally of charge, revenue recognition should be postponed.

23rd In a transaction that involves the sale of goods, performance should be considered as completed when they met the next conditions:

(A) the seller of the goods is transferred to the buyer most of the risks and rewards of ownership, and if all A considerable procedures executed by the seller and not stay still or managing an efficient control of the transferred goods to a certain degree that is usually associated with ownership, and

(B) there is great uncertainty with regard to:

(I) the remuneration that would proizaæi from the sale of goods, (ii) the related costs incurred or will incur in the production or purchase of goods;

(Iii) by the extent to which the goods can be returned 24th The transaction, which involves the provision of services, the execution should be measured according to the method or the completed contract or by the percentage of completion method, according to which of these are related to income from work performed. In any case, such an execution should be considered as completed when there is great uncertainty about:

(A) The fees that will proisteèi of service provision, and (b) the related costs incurred or will incur in

provision of services.

25th Revenues arising from the use of resources of other firms that bring interest, royalties and dividends should be recognized only when there is great uncertainty with regard to the possibility of measuring or billing. These revenues are recognized on the basis of sljedeæoj:

(A) Interest: on a time proportion basis, taking into account the uncollected principal and the applicable rate;

(B) royalties: on the basis of origin in accordance with the terms of a compatible contracts;

(C) dividends from investments, which are computed by the equity method accounting, when the shareholder's right to charge ascertained.

Publication

26th In addition to the publication of that required by the International Accounting Standard 1, Disclosure of accounting policies and the International Accounting Standards 5, information that should be disclosed in the financial statements, companies should also disclose the circumstances in which matter is revenue recognition was deferred during the provision of significant uncertainties

Effective Date

This International Standard becomes operative for financial statements comprise the period from the beginning of the first January 1984th or thereafter.

Supplement

This appendix is illustrative only and does not form part of the accounting standards set forth in this report. The purpose of the appendix is to demonstrate the application of the Standards in a number of commercial situations, trying to assist in clarifying the application of the Standards.

A. Sale of Goods

First "The bill is enacted," sales, that is, delivery is delayed at

customer's request, but the buyer takes title and accepts bill

Revenue should be recognized regardless of which physical delivery is not completed, and until there is any expectation that delivery will be made. However, the item must be on hand, identified and ready for delivery to the buyer at the time the sale is recognized, not only when there is an intention to goods at the time of purchase or produce for delivery.

Second Supplied with conditions

(A) setting up and monitoring that is, goods, sold under the condition that it postaljena, supervised, etc.

b) Upon approval

c) Guaranteed sales ie delivery is made by the buyer full rights to a refund

d) consignment sales ie delivery is done so that the recipient undertakes to sell the goods for the account of the sender

e) Payment of on delivery

3rd Booked sales, that is, those sales where the buyer pays dealer for goods in installments, a salesman isporuæuje goods only after commission's final payment.

4th Special orders and deliveries, that is, where the payment (or partial payment) received for goods which at the moment is not in stock, ie, goods, supplies are yet to produce or deliver them directly to consumers by third parties.

Revenue is usually not be recognized until delivery to the consumer accepts, and postavIjanje and supervision has not been finalized. However, in some cases, the setup process can be simple in nature so it would be appropriate to acknowledge the sale despite the fact that setup has not been completed (eg setting up the factory test TVs usually only requires unpacking and connection to the power and antenna), in other cases, surveillance is can be done only for the purpose of determining the contract's final price (for example, delivery of ore, sugar, soy, beans, etc.) and it may be appropriate to recognize the estimated amount of income on the date of delivery or other appropriate date. Revenue should not be; recognized until delivery has not formally accepted the buyer or until the time limit for refusal has not expired. The recognition of revenue in such circumstances will depend on the substance of the agreement. In the case of normal retail sales (eg chain the trading house offers restoring the money if you are not completely satisfied) may be appropriate to acknowledge the sale, but to introduce adequate provision for returns based on previous experience. In other cases, the substance of the agreement may actually be a sale on consignment, you should proceed as those outlined below.Revenue should not be recognized until the goods are not sold them to a third party.

Revenue should not be recognized until the salesman or his agent does not receive the money. Revenues from such sales should not be recognized until the goods are not supplying. However, when experience indicates that most such sales are carried out to the end, revenue can be recognized when it received a substantial deposit. Revenues from such sales should not be recognized until they are supplying the customer.

5th Agreements on sale / repurchase (excluding barter transactions), that is where the salesman accepts both later re-buy the same goods.

6th Sales agents, that is, where the goods are sold to distributors, resellers or other entities for resale.

7th Subscriptions to printed works and recorded material

8th Sales on the installment plan

9th Sale of immovable property

In such transactions, which are essentially financial agreements; cash inflow that comes from it is not income, as defined and should not be recognized as income. Revenue from such sales can generally be recognized if it is transferred most of the risks of ownership, however, in some circumstances the customer may actually be a mediator, and in such cases, the sale will be considered as a sale on consignment. Received or zaraèunan income should be deferred and recognized evenly over or vremeila or where the delivered items vary in value from period to period, revenue should be based on the sales value of the delivered items in relation to the total sales value of all items obuhvaæenih subscription. When you receive the compensation payments, income attributable to the sale price, without interest should be recognized on the date of sale. Part of that relates to the interest should be recognized as revenue in proportion to naplaæenom balance owed to the dealer. If the fee is not objectively safe, revenue should be recognized as payments arrive. When the property is sold, the proceeds are usually recognized when the buyer takes over possession. However, paying customers or other obligations of the buyer may be insufficient to provide security on the final worth. Although the security dealer usually guaranteed his moguænošæu seizure of real property or the use of other remedies in the event of default the buyer, it would be inappropriate to recognize revenue in its entirety at the time of sale. In these circumstances, the transaction is to be computed to arrive repayment.

10th Trgovaæki discounts and rebates quantifying

Obtained a shopping discounts and rebates quantifying not included in the definition of income, because they represent a reduction in cost. Such a shopping discounts and quantitative rebates should be deducted when determining a revenue.

B. Provision of services

First Fees for posting

In cases where no setup fees associated with the sale of the product should be recognized as revenue only when the equipment is installed and when Parliament accepted by the customer.

Second Servicing fees included in the price of the product

Where is the selling price of the product is switched amount for subsequent servicing, which can be identified, for example, during the warranty period, usually it is appropriate to postpone the appropriate part of the sale price and recognize it as revenue for the corresponding period.

3rd Commissions and advertising agency osiguravajuæih

Revenue should be recognized when the service is completed. For

propagandrie agencies, media commissions will be usually recognized when the piece or advertisement advertisement appears in public, contrary to production commission which is recognized when the project is completed.The insurance agency commissions should be recognized on the date of actual start or renewal of appropriate policies. In some circumstances, the Commission can coordinate based on previous experiences with shelves tort requirements regarding policies issued by the agent. In cases where it is expected that the policy will need to be serviced during its lifetime, commission or its corresponding part could be recognized in that period.

4th Fees for financial services

Financial services can be performed as a single procedure

or may be provided by a certain time. Similarly to this,

Claims for such services can be expressed in one sum or in parts, in the period of service or the life of the transaction to which they relate. Such claims may be charged in full when they are created or added to the loan or other accounts and collect the parts. The recognition of such revenue should therefore bear in mind the following

a) whether the service is provided "once and for all," or based on "an ongoing basis";

b) the emergence of the costs associated with the service;

c) will be charged for the service provided.

Generally, commissions zaraèunane preparation or approval of the loan or other benefits should be recognized when contractual obligations entered into force. Fees for commitments, benefits or manage loans relating to continuing obligations or services usually be recognized over the life of the loan or benefits, bearing in mind the amount of uncollected liabilities, the nature of the services provided and the time deployment costs which are related to it.

5th Fees for admission

Revenue from 'art performances, banquets and other special events should be recognized when the event is held. When a subscription to a certain number of events were sold, a fee should be allocated to each event on a systematic and rational basis.

6th Fees for poduæavanje revenue should be recognized over a period of teaching.

7th Fees for access, entrance and membership

Recognition of revenue from these sources depends on the nature of the services provided. If compensation is the only membership, and all other services or products pay separately, or if there is a separate annual subscription, the fee should be recognized when received. If compensation allows member in services or publications that will receive during the year, the fee should be recognized on a systematic and rational basis, taking into account the adjustment of time and nature of the services provided.

8th Franchisees

Generally, the franchisor may include the provision of any combination of initial and subsequent services, equipment and other supplies, "know-how", etc. Often the determination of such items and franchise arrangement difficult and requires odrobnu assessment. As a guide general may be appropriate following methods for recognition:

- The initial part of the franchise that relates to tangible assets (if any) should be recognized when the items were delivered;

- The part that relates to future services (if any) it should be administered to delay and recognized as revenue when the services are performed;

- If not continuous, charges that are under contract receive enough to cover the cost of a reasonable level of profit for the continuing services, recognition of some or all of initial franchise should be postponed.

International Accounting Standard 19

Accounting pensions in the financial statements of employers

Introduction

First This report deals with the pension accounting The financial statements of employers. Retirement benefits, deferred compensation pay, severance pay for debt service, special plans earlier or later retirement plans for health and welfare plans or specific premium is not processed in this report, though, if their prevailing characteristics same as those in retirement, it would be Accrued usually applied them in a way similar pension plans.

Second Pension plans often include separate funds into which contributions are paid into and from which the pension is paid, this report is applicable regardless of whether such a fund is created or not. He is not concerned Accountancy such funds.

3rd Traditional carrier investments in such funds is an insurance contract. Pensions provided such contract need not have a direct or automatic relationship with the commitments undertaken by the employer. Relationships of accounting and investment in funds for pension plans, which include insured scheme is the same as for private investment arrangements and, therefore, within the scope of this report. 4th Although under certain circumstances (eg when pension plans comprise only a few employees), with some actuarial assessment methods (such as some methods of estimating the planned pension), Actuarial calculations are performed for each employee, the discussion in this report, for simplicity, more written in terms of groups of employees rather than in terms of individuals.

Definitions

5th The following are terms used in this report apply to certain meanings:

Pension plans are arrangements, formal or informal, where the employer provides pensions for employees at the end or after the end of service (either in the form of an annual income or as a lump sum) when such pensions can determine or estimate prior to his retirement from the provisions of a document or from poslodavèeve practices.

Defined contribution plans are retirement plans under which amounts to be paid as laid down by the pension fund contributions, together with earnings from investments in the fund.

Defined peace plans are pension plans under which amounts to be paid as pensions usually identifiable in relation to the earnings of the employee and / or years of service.

The final schedule of payments is defined pension plan that promises pensions based on the employee receiving retirement benefits or just before retirement. Receive taken into account for this purpose once it is in the last year, and sometimes it's an average of a certain number of years, as specified in the plan.

Investing in funds is irrevocable transfer of funds to an entity that is separate from poslodavèeva firms, in order to meet future obligations to pay pensions. Akturijska assessment is a procedure that uses an actuary to assess the present value of pensions to be paid to the Pension Plan and the present value of the plan assets and, sometimes, future contributions. Assessment methods are overdue pension actuarial assessment methods that reflect pension based on the service that the employee performed to date estimates. Such methods may include assumptions regarding the planned level of wages up to date umirovljenja.1

Methods of assessment are planned pension actuarial assessment methods that reflect pension based on the service that the employee performed and that will be done to date actuarial estimates and assumptions can be activated with respect to the planned level of wages up to date umirovljenja.1

The cost of the current service means the cost to the employer by the pension plan for tenure zaposleriih who participate in the plan, from which they are excluded cost elements that have been identified as the past-service cost, empirical adjustment of the effects of changes in aktuarijskoj assumption. Past service cost is the Actuarial Still a cost that resulted from the introduction of the pension plan, the improvement of such a plan, or the fulfillment of the minimum requirements of service set out in this plan, and it gives all employees the possibility of greater pension base for service before the appearance of one or more of these events.

Experiential adjustment, whether the adjustment of pension costs arising from differences between the previous actuarial assumptions about future events and what really happened.

Fortified pensions are pensions to which rights under the terms of the pension plan are conditional on continued employment.

Finally investing in the Fund's recognition of the planned cost of pensions only at the time when the employee is retiring.

Withdrawals prior to departure is the method of recognizing pension cost only at the time when employees isplaæuje cash at or after retirement.

Explanation

6th Pension plans normally are relevant elements poslodavèeva program for rewarding employees. Therefore, the

important that pensions are properly accrued and to perform suitable disclosures in the financial statements of the employer.

1Pretpostavke regarding the planned level of pay normally include factors, such as: changes in the level of productivity used by the public in a country or an industry; increase in by individually according to merit and changes used by the public Reini potrošaèhih price for the duration of the expected remaining service lives of current employees obuhvaèenih Plan (the last factor can be , to a certain extent, and annulled the changes in the assumptions that concern the earnings of investment funds in the pension fund).

7th While some pension plans are informal and are shown only in the practice of the employer, most of these plans is based naformalnom agreement, the two others allow employers to wind up its commitment to the plan, it is usually difficult for an employer to cancel a plan if you need to keep busy. Under these circumstances, the same foundation of calculating appropriate for such plans as well as for non-cancellable contractual agreements.

8th Retirement plan often allows to establish a special fund to which the employer pays contributions and employees may have. Such a fund is usually managed by procurators who can appoint the employer and / or employee and representing employers and / or employees, or may be independent with regard to their investment fund.

9th The plan is usually determined by the pension that will be isplaæivati. When there is a special fund, the fund may be procurators shall be obliged to pay pensions for employees. Under these circumstances, the legal obligation of the employer may be limited to the agreed contribution to the fund. Procurators can not, or not entirely free to decide on the use of funds under this plan.

10th Defined pension plans, particularly those who Pledge pensions in relation to rewarding at the time of or immediately before retirement present considerable difficulties in proejeni costs. Scope poslodavèeve obligations under these plans is generally unsafe and will probably remain so for a long time. Moreover, in assessing liability may be required to Do assumptions with respect to future events and conditions, which are mainly outside poslodavèeve control.

11th As a result of many factors that are often included in the calculation of pensions to defined pension plans and by the length of time for which the pension was earned, problems arise in deciding how they should allocate the costs of pensions and recognized in the financial statements of the employer. Furthermore, long-term, uncertainty may affect the adjustment estimates in previous years, which can be very significantly compared to the current cost of the service.

12th The cost of pensions for the employer derives from service employees who are entitled to receive such a pension. Consequently, the cost of pensions accrued in the period through which it is carried tenure. Calculation of pension costs only when employees are going to retire or receive pensions and expenses not allocated to the period in which the service is performed.

Discernment accounting objectives and targets investments in funds.

13th When there is a special pension fund, sometimes it is understood that the amount that the employer pays the fund during the accounting period provides adequate tereæenje get. While in many cases the amount invested in the fund can provide a reasonable approximate amount which would be charged to earnings, there is no significant difference between the periodical investments in the pension fund and the distribution of the cost of acquiring these pensions.

14th The aim is to create a fund investing in the resources available to meet future liability to pay pensions. Investing in the Fund's funding process and, when determining a periodic amount that will be invested in the fund, the employer may be influenced by such factors as the availability of money and tax circumstances.

2U some zemljsma the employer required to provide pensions in accordance with the law laid down plan.

15th On the other hand, the aim of calculating the cost of a pension plan to provide a systematic deployment of cost accounting periods associated with the performance of the service employees.

16th Indicator of the dynamics of investment and fund plan, the difference between the amount invested in the fund since the beginning of the plan and the amount which is tereæena profit during the same period (together with any adjustment of retained earnings resulting from changes in accounting policy, see International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies). For this reason it is useful to publish the amount of any differences.

Determination of the cost

17th Under a defined contribution plan, poslodavèev cost is determined by the formula specified in the plan and can normally calculate each year with certainty.

18th According to the defined benefit plan, poslodavèev cost can only be estimated since there are many variables that affect the amount of pension finite and therefore the cost of those pensions. For example, the amount of future pensions can only be ordered their earnings or their years of service. On poslodavèev will also affect the cost and policy factors such as income from investments in the pension fund and employee earnings.

19th The pension plan can establish the basis on which the contribution is determined by law. Therefore Th look like it's defined pension plan. However, the provisions of the plan may also have the effect of poslodavèevu responsibility for specified retirement or specified levels mirovintk. In this case, the plan is, in essence, defined plan nkirovina and should be accordingly computed.

20th Pension plans with defined Final payment include scheduling problems, and with regard to the current service cost and changes regarding the adjustment of previous years (the latter being considered in points 27th-32nd). However, it is often the case that the average seniority and simple pension plans (and also the defined contribution plans) adjusted periodically to compensate for the erosion in the level of pensions caused by inflation.If such adjustment, conducted regularly, similar to the solutions can be applied to these plans as the final payment plans.

Past service cost

21st Have different views about how Accrued past service cost. One view is that the rights for which the related costs of past labor employed earned through their service in prior periods, and therefore the cost should be expensed as soon as he laid down.

22nd Drugl believe they have rights that give rise to past service cost on return to work of employees who will perform in the future and that, therefore, the cost should be spread out over the period during which the work is to be done. Those who support this view argue that, regardless of whether those costs proraèunani by seniority employees in previous years, the cost relating to the current and future periods.

Actuarial principles

23rd Actuarial profession has developed several actuarial valuation methods to assess employers' obligations under the defined pension plans. Although originally designed for the calculation of the fund's establishment, and the method is often used for determining the cost of pensions accounting purposes.

24th Actuarial method chosen in accounting purposes, and derived assumptions may have a significant effect on expenditure, which will be presented in each accounting period. Therefore, the expression of periodic assessment, the actuary selects the appropriate method of assessment and, in consultation with the employer, performs appropriate assumptions of variable elements that have an impact on the computation.

25th Assumptions applied on the expected influx of future contributions and inflow of investments, as well as on the expected outflow of pensions. Uncertainty inherent in the planning of future trends in inflation, wage levels and earnings from investments, the actuary considers the Actuarial izvodeæi a range of appropriate assumptions (eg, that the basis of assessment of funds in accordance with the assumption of interest used for the determination of actuarial liabilities). Usually these plans will be extended until the date of death of the last previously expected, retirees, and are, therefore, long-term.

26th Present value of future cash flows actuary will ukljeèiti to report assets and liabilities of the plan and, if it results from an excess or deficiency, is usually recommended adapting poslodavèevog doprinasa. An alternative approach is to switch off from the report poslodavèevi contributions since, in this case, the actuary will assess an appropriate contribution to meet the uncovered liability.

Suitability evaluation method for the recognition of expenses

27th Compensation paid to employees provides the best available estimate of the accounting used by a firm received during the working lives of employees. Accordingly, the scheduled cost of pensions over the period that the employees who served, usually it is appropriate to use the Actuarial method that will, with the assumption was accepted, will result in annual cost of the current services that are reasonably stable compared with the benefits.

28th When deployment costs of pensions during the working life of employees participant may incur significantly different tereæenja get, depending on whether the method of assessment of overdue pensions or estimation methods planned miroviria. It is therefore essential that the used method and published in order to be properly understood poslodavèev calculation of pension plallove. Methods of overdue pensions usually generate annual cost that significantly increases in proportion to the respective for ongoing wage increases as the average age of existing employees. This effect may be direct if pensions are based on final pay and can still be flattened impact of inflation on the level of wages, although some methods of overdue pensions take these actors in mind.

Review actuarial assumptions and estimates

29th Assumptions, which are made by actuarial valuations, such as the planned level of wages and turnover of employees, based on long-term considerations. It may therefore be necessary that these estimates are periodically reassess. For example, increases in wages could have exceeded the assumed rate of increase and is expected to continue this trend. On the other hand, higher wages could be due to unexpected special circumstances. so it is expected that an initial presumption raised pay valid in the future. In the second case, the prerequisites of the Salaries would not be changed.

30th If the estimated cost for the employer since been amended as a result of changes in actuarial assumptions, the traditional is the accounting process to a new cost schedules through the expected remaining service lives of employees involved or, alternatively, it can be immediately charged to income.

31st Actuarial estimates may lead to the identification of empirical adjustment, because the events, encompassed by assumptions derived in the previous assessment, did not fit with what really happened. For example, rates of employee turnover can be the time of previous estimates differ from those that were assumed.

32 Since the empirical adjustment, necessary to correct previous estimates, one view is that they are similar to certain other changes in the accounting estimates as provisions for doubtful debts, and will therefore be payable on or charged to the profit when they occur. Another view is that the experiential in adjustment to just the normal fluctuations of the cost of long-term plan that will be distributed through the expected remaining service lives of employees participants. Given the difficulties in knowing whether empirical adjustment, amounts to a fluctuation in the cost of long-term trend or a significant shift of the trend, sometimes adopting the middle path, and the costs are spread throughout a period that is shorter than expected remaining service life of employees participants. No matter which is the basis of recognition of normal use, if experiential customize the result of a lone events such as the closure of the factory, can be primjerenn balancing charge income in the period in which the event occurred.

33 Because of possible effects of significant differences between the assumptions and experiences, it is necessary to work in an actuarial assessment to frequent intervals. It would be appropriate to have it at least every three years, with additional estimates: between years, when it is known to have occurred important changes in the conditions of the plan or when events indicate that the will may need to change one or more assumptions.

State and Economic Plans

34 Some payments that are required by employers following the state legislature or business plans as well as contributing to national, state or privredniln pension plans, elements of the cost of pensions which tereæena profits after the service was performed. This is the accounting method appropriate if such plans, unlike those poslodavèevih not responsible posiodavca, and the cost of such plans is estimated for all firms in the corresponding country, state or activity. Expected pension that will accomplish employed, and result from such payments are sometimes involved in the formula for the calculation of pensions according poslodavèevom own pension plan, in which case they are also taken into account as part of the actuarial valuations of the plan.

Retirees

35 When the pensions of retirees, because of inflation or other reasons, are considered insufficient, the plan may be amended to provide additional pensions to pensioners. These pensions can be extended also to the present employees. Any additional costs should be included in an actuarial estimate of the corrected plan.

36 When pensions are above plan, which constitute a permanent commitment, promised retired employees, the current vrijednošæu supplementary pension cost charged to income at the time when the promise given.

Fortified pensions

37 There may be situations, for example if the pension rights were assigned retrospectively, when the total allocated funds to meet the obligations of the plan are not sufficient to cover the fortified Actuarial value of certain pension plan. When you see such a situation, there are three main theoretical schools of appropriate accounting procedure:

a) that the deficit should be charged income in the period in which it occurs, or alternatively, the deficit should be recorded as a liability and as a deferred expense that would set aside amounts to fund payments are made to be ruled out deficit;

b) the shortfall is the unforeseen event that should be disclosed in a note;

c) ensuring continuity plan, the deficit will be compensated in future years and, therefore, assuming concern basis, this information is not important.

38 It is important that the basis luèiti some calculations that compared the pension laid down by the total available funds to meet the obligations of the pension plan by the total available funds to meet the obligations of the plan usually differently from those underlying the calculation of the phenomenal cost of the plan. For example, the value of the confirmed retirement does not take into account the effect of future salary increase, and

estimates of funds for ongoing based on net realizable value.

Completion of the plan

39 When you end the plan should be or when it is likely that will be completed over the cost of any unfulfilled obligations are recognized and it is immediately charged to profit, unless the remaining liability is not transferred to another plan.

Change in actuarial methods

40 Change in actuarial methods, which are used in determining pension costs, changes in accounting policy that is taken into account and is published in accordance with International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies.

Disclosures

41 From the standpoint of diversity practices applied in the cost of calculation of pensions is essential in order to understand the significance of such a firm cost them adequate disclosure.

42 When the financial statements of firms affect more than one pension plan (for example, in the consolidated financial statements), disclosure should be concise and substantial amounts of important information for all plans of firms. When the published information type as established in point 16, the value of such information will be reduced if the amount of deferred tereæenja in one plan or plans canceled the obligation to another plan or plans.

43 The cost of pensions is not always disclosed separately. Since they are considered employee compensation element, if it does not require that the total sum of such fees revelation, is not usual to publish pension costs separately.

44 Usually held it necessary to publish an actuarial method applied (e) estimates because it is the base. Because of the effect upon the results of some actuarial valuations, are

sometimes considered desirable to point out the principal assumptions upon which its assessment was based.

International Accounting Standard 19 Accounting pensions in the financial statements of employers

International Accounting Standard 19 obuhveæa point of 45 to 52 this Report. Standard should be read in the context of the counts in the first up to 44 Preface to this Report and Reports on International Accounting Standards.

Accounting

45 In a defined pension plan:

a) The cost of pensions should be determined by using the measured and compatible with assumptions consistent Applying the method of estimating the outstanding pensions or method of estimating the planned retirement.Method of payment upon departure and method's final investment in the Fund should not be used in the calculation of pension costs

b) the running costs of the work should be systematically charged to earnings through the expected remaining service lives of employees obuhvaæenih pension plan;

c) past service cost, experiential and harmonizing effects of changes in actuarial assumptions of pension costs should be charged to profit and profit attributable to them as they appear, or systematically allocated over the period that does not exceed the expected remaining service lives of employees of participants, and

d) the effect of changes in actuarial methods that affect the tereæenje gain in the current period or may affect tereæenje in future periods should be considered and disclosed in accordance with International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies.

46 In a defined contribution plan should poslodavèev contribution, which is applicable for any particular accounting period, charge the profit in that period. If a defined pension plan includes past service cost element, such element should be taken into account in accordance with subparagraph 45 this Standard.

47 When a pension plan is amended with the result that the additional insured pensions for retirees, the cost of additional pension shall be computed in accordance with subparagraph 45 (C).

48 When the pensions promised to pensioners added that the plan makes permanent the obligation, should the current vrijednošæu cost of additional pension charge tax at the time when the promise was given.

49 When you end a plan should or when it is likely to end its will be the cost of any unfulfilled obligations should be accrued and charged to income immediately, unless the remaining liability is not transferred to another plan.

Disclosures

50 Next informaciju3 should be disclosed in the financial statements of employers:

a) the accounting policies adopted for the cost of the pension plan, including a general description of the applied methods or assessment methods (see International Accounting Standard 1, Disclosure accountant accounting policies);

b) any other significant issues related to pensions that affect comparability with the previous period as;

c) if the amount invested in the fund since the beginning of the plan differ from the amount which is tereæena profits (or retained earnings due to the change in accounting policy) for the same period, the amount of it has incurred obligations or deferred tereæenje and adopted approach to investing in forid should be disclosed, If there is no systematic policy

investment in the Fund. (When an employer has more than one pension plan, and bad acting, so there is liability and deferred cost, the liability or deferred costs should not reduce the deduction of one another);

d) in the case of a defined pension plan:

(I) the amount of the deficit (if any) net realizable value of the assets of the fund, together with the obligation or deferred cost (if any) described under c) Actuarial laid down the value of the confirmed pensions, and

(Ii) a statement of the adopted approach to investing in the fund. (When an employer has more than one plan, the deficit funding plan to the obligation for certain pension plan one should publish without deduction of additional funds over certain liabilities from another pension plan);

e) the date of the latest actuarial valuations in case of a defined pension plan

Transitional provisions

51 When adopting ouog Standard makes a change in accounting policy, a firm should either (a) adjust its financial statements in accordance with International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policy to record a liability for the cumulative effect of the change, or (b) disclose the amount of change in the period and later announce yet unrecorded amount. Once enacted (b), unrecorded amount on the day of introducing the Standard should be recorded as a liability for a period not exceeding the expected remaining service lives of employees of participants, and it does not exceed the expected remaining service lives of employees of participants, and out of that debt should be charged in the income statement as an extraordinary item. The cost of pensions that pristjeæe get out the same way as it would be to otpoèetka used in accounting principle of the business event.

Effective Date

52 This International Accounting Standard becomes operative for financial statements comprise the period beginning on the first January in 1985. or thereafter.

Supplement

The main actuarial assessment methods

(The used titles in this section do not necessarily apply in all countries).

Actuarial assessment methods generally fall into two broad categories:

- Methods of overdue pensions and

- Methods of planned retirement.

The method estimates the outstanding pensions

According to this method:

- Tekuteg cost is the present value of the pension payable in the future in relation to the work in the current period;

- Past service cost is the present value, establishing a pension plan, the creation of such a plan or improvements at completion, the minimum tenure required to participate in such a scheme, a unit of pensions payable in the future in relation to the work performed prior to the occurrence of one or more of such events;

- Resulting actuarial liability is the present value of benefits payable in the future in relation to length of service up to that date.

The above method, assuming that there is no inflation or deflation, the cost of liquid products work applicable to the employee that increases each year as the period to retirement shortens, as there is less investment earnings accumulate on contributions and increases the likely possibility that employees will experience retirement. For a pension plan as a whole, the annual cost of liquid would work tend to be about the same each year, provided that the number and age structure of employed participants remain relatively unchanged · her. The plan related to wages, inflation will contribute to rate increases in each year, and therefore, the introduction of planning pays this method frequently changing plans for final payments According to these changes are estimated final salaries and employee pensions that are based on these Final earnings are classified on years of service in calculating the cost of each year.

Methods of assessment of planned retirement

Methods proæjene planned pension reflect the pension based on work, and to that which the employee performed and what that would do so on actuarial estimates: These methods are classified employee pension costs equally (either in absolute terms or as a percentage of salary) for the whole of the period of employment.

There are four main methods of estimating the planned retirement: a) The normal method of entry into the plan

According to this method, it is assumed that each employee entered the plan when first hired, or as soon as he gained the right to participation. (When the new plan is to begin, the presumed date of entry is oriaj that employees would become prikladanza joining in the plan that the plan at that time there). The cost of labor is the level of liquid annual amount or at a flat percentage of salary, which, when invested at an interest rate assumed Actuarial, sufficient to provide the required pension at retirement the employee. According to this method, the cost is the present value of past labor overshooting the planned retirement over the amount expected future contributions based on a current cost of labor.

While the application of these methods requires the content to make calculations for each employee, in practice it is often applied to groups of employees and often simplifies the use of an initial, date for all employees.

b) the individual level premium method

According to this method, which is generally applied associated with individual annual insurance policies, the cost of each employee pensions are allocated over the period, from the date of its entry into the plan until the date of his retiring level annual amount or to pay fixed amounts. There is a separate calculation for past service cost because the entire cost of final retirement distributed between the date when he is employed entered into the plan and the date of his retirement.

According to this method, the annual cost of liquid labor are higher than those that would arise from the normal method of entry into the plan. The reason is that, according to this method, the costs of which are established elsewhere as past service costs are charged as expenses of liquid paper. c) the aggregate method

This method uses the same basic principles as well as the individual level premium method, but is more appropriate for the application of the plan as a whole rather than to individual employees. The cost of pensions is allocated at the average years of service of active employees. The effect is that the above method uprosjeèuje cost for all Busy or group of employees, so the relatively high annual cost of the previous plan year is less pronounced than by individual level premium method.

Applying the aforementioned method, past service cost and experiential adjustment, have not been identified already extend to future periods through regular calculations.

d) The normal method attained age

This method is similar to the method zbrojnoj and individual level premium method, except that by this method, past service cost is then determined and identified by the assessment method overdue pensions. The running costs of operation are certain Applying a summation method, but only to pensions in respect of work in the future.

International Accounting Standard 20

Accounting for Government Grants and Disclosure of Government assistance

Introduction

First This report deals with the Accounting for publication državnth grants and disclosure of other forms of government assistance.

Second This report does not deal with:

a) the special problems that arise regarding the calculation of state aid in the financial statements that maintain the effects of changing prices or additional information about similar nature;

b) State aid granted to the enterprises in the form of benefits that are available in determining a taxable income or are fortified or limited on the basis of tax payable in respect of profit (such as bed rest from profit tax, tax reductions for investments, accelerated depreciation allowances and reduction in tax rate tax);

c) the participation of state-owned enterprises.

Definitions

3rd In this report, the following terms have the meanings Next:

Drževom refers to government, government agencies and kindred bodies whether local, national or international level. Government assistance is action by government designed to provide an economic benefit specific firm or a series of firms that meet certain criteria. When word of this report, government assistance does not include benefits provided only indirectly through action affect the general business conditions, such as the construction of infrastructure in development areas or the imposition of trade restrictions competitors.

State potpore1 constitute state aid in the form of money transfer enterprises in return for past or future fulfillment of certain conditions that address business firms. State aid switch off those forms of government assistance which is not possible to determine the value and transactions with government which can not be distinguished from the normal trading transactions of firms.

1Central grants are sometimes called differently, such as grants, subsidies or premiums.

Grants related to assets are government grants whose primary condition is that a firm that can compete for them should purchase, construct or otherwise acquire a long-term funds. Possible additional conditions that limit the type or placement of funds or the period in which they have acquired or held.

Grants related to income are government grants other than those related to assets.

Bespovretni loans are loans which the lender undertakes that under certain prescribed conditions forgive repayment.

Vrljednostje fair amount for which an asset could be exchanged between upuæenog, willing buyer and upuæenog, voluntary retailer in arm's-length transaction.

Explanation

4th Government assistance takes many forms that vary according to the type of assistance provided and the conditions which are usually associated with it. The purpose of the assistance may be to encourage firms to move their operations through which rendered no assistance normally would not have started.

5th The receipt of government assistance may be significant for the preparation of financial statements firms for two reasons. Firstly, if resources have been transferred, it must find an appropriate method of accounting for the transfer. Secondly, it is desirable to give an indication of the extent to which a firm has benefited from such assistance during the reporting period. It enables the comparison of financial statements firms with reports from previous periods and with those of other firms. The accounting process with state aid Capital versus winning approach

6th Possible are two broad approaches Accounting for government grants: the capital approach, under which a grant is credited directly to shareholders, and a winning approach, under which a grant is taken to income over one or more periods.

7th Proponents of capital approach argue as follows:

a) By state financial support mechanism and as such should be treated in the balance sheet, rather than being transmitted through the income statement in order to align the positions of expense which they finance. Since no repayment is expected, they should be credited directly to shareholders.

b) It is inappropriate to recognize government grants in the income statement, because they have not earned those already represent an incentive provided by government without related costs

8th Arguments in support of access and therefore against capital approach are the following:

a) Since the government grants are receipts from other sources, rather than shareholders, should not be credited directly to shareholders, but rather should be recognized in the statement of dobitl in the corresponding periods.

b) Government grants are rarely gratuitous. Company Profile

gets them to meet certain conditions and does stipulate fulfill obligations. They should therefore be in profit and matched with the associated costs of the aid is to compensate them.

c) As income tax and other taxes are charges against income, it is logical in the income statement to deal also with government grants, which are an extension of fiscal policies.

9th After reviewing the above arguments, is generally accepted as appropriate profit approach.

Recognition of gains

10th The winning approach is crucial that the government grants recognized in the income statement systematic and rational basis over the periods necessary to connect to the costs. Recognition receive state aid on the basis of receipts not in accordance with the accounting assumption in the occurrence of events (see International Accounting Standard 1, Disclosure of accounting policies) and could only be acceptable if there is no basis for deployment in support of the second period, except in those in which Received.

11th In most cases, a period in which a firm recognizes the costs or expenses related to a government grant is easy to establish. Therefore, the support, when it comes to the recognition of specific expenses are entered in the profit in the same period as the relevant expense. Similarly, grants related to financial means that are usually depreciated is allocated in earnings in the periods and in the proportions in which depreciation is charged on these funds.

12th Grants related to assets that are not depreciated may also require the fulfillment of certain obligations and will be amortized to get through periods bear the cost of meeting the obligations. For example, giving the country may be conditioned by placing the building on the site, and it may be appropriate to depreciate to get through the life of the building.

13th Grants are sometimes received as part of financial or fiscal aid, with which a number of conditions. In such cases, care is needed in identifying the conditions that stimulate growth of costs and expenses, which affects the periods over which the grant will be realized. It may be appropriate to allocate part of a grant on one part and on other grounds.

14th Under certain circumstances, a government grant may be awarded prior to the purpose of giving immediate financial support to their firms, but as an incentive to undertake certain expenditures. Such support may be limited to individual firms and may be unavailable aca category of users. However such circumstances may warrant recognizing a grant as income in the period in which a firm is authorized to have received such an extraordinary item if appropriate, and is published to ensure that its effect is clearly understood.

15th A firm can receive aid as compensation for expenses or losses incurred in previous accounting periods. Such a grant is recognized in the income statement in the period when it receives it as an extraordinary item if appropriate, and is published to ensure that its effect is clearly understood.

16th A government grant is not recognized in the income statement until there is reasonable assurance that a firm will satisfy the conditions for it are looking for, and that will be the support received. Receipt of a grant does not of itself provides their final proof that the conditions that address aid met or will be met.

17th The manner in which a grant is received does not affect the accounting method that will be adopted in respect of the grant. That aid is calculated in the same manner whether it is received in cash or as a reduction of a liability to the government.

18th Grants from the government loan is considered to be state aid when there is reasonable assurance that a firm will be eligible for loan forgiveness.

19th Once a government grant is recognized, with any unforeseen event that is related to it will be processed in accordance with Accounting Standard 10 Međunarodnlm, unforeseen events and events that occur after the balance sheet date.

Non-financial aid

20th State aid may be in the form of transfer nenovèanog resources, such as land or other resources that a firm will use. In such cases usual to assess the fair value nenovèanog assets, and accrued and support and asset at that fair value. An alternative way that is sometimes used is to record both funds and grant at a nominal amount.

Presentation of grants related to assets 21st As for the financial statements of grants (or the appropriate parts of grants) related to assets, the two methods of displaying regarded as acceptable alternatives.

22nd One method finds support as deferred income which is recognized in the income statement on a systematic and rational basis over the useful life of the asset.

23rd The other method deducts the grant in calculating the carrying amount of the asset. The grant is recognized in the income statement over the life of a depreciable asset by reducing the amortized cost.

24th Purchase of assets and the receipt of related grants can cause greater changes in cash flow firms. For this reason, because it would show the gross investment in assets, such movements are often disclosed as separate items in the statement of changes in financial position, regardless of whether or not aid is deducted from the underlying assets for the purpose of balance sheet presentation Presentation of grants related to income

25th Grants related to income are sometimes presented as odobrerije in the income statement, either separately or in general under the heading such as "Other income" in the alternative, such grants are deducted in reporting the related reshodima.

26th Supporters of the first method claim that it is inappropriate to net income and expense items and that separation of the grant from the expense facilitates comparison with other expenses not related to the support. For the second method it is argued that the expenses a firm might even not be incurred if the grant had not been available and presentation of the expense without connecting to the grant may therefore be the wrong conclusion.

27th Both methods are regarded as acceptable for the presentation of grants related to income. For a proper understanding of the financial statements may be necessary to support the publication. Usually the appropriate effect upon publication of the grants on any item of profit or expense which is required to be separately disclosed.

Repayment of government grants

28th Government grants sometimes become repayable, because they met certain conditions. A government grant that becomes repayable requires correction of accounting estimates, and no adjustment in the previous period (see International Accounting Standards 8th Extraordinary items and prior period items and changes in accounting policies).

29th Repayment of government grants related to income is applied first to any unamortised deferred credit which is stated in relation to the support. To the extent that the repayment exceeds any such claim is delayed or where no deferred credit, repayment charges directly profit.

30th Repayment of a grant related to an asset is recorded by increasing the carrying amount of the assets, or reducing balance postponed gain, the amount of which is otplaæuje. The cumulative additional depreciation that would be up to date tereæena that does not directly charged against earnings. Circumstances that affect the repayment may be required to consider the possible reduction of the new carrying amount.

Other forms of state aid

31st Certain forms of state aid, which can not be easily expressed in value and transactions with government which can not be distinguished from the normal trading transactions of firms are excluded from the definition of government grants in point 3 of this report.

32 Examples of assistance that can not reasonably have a value placed upon them are technically free or commercial advice and the provision of guarantees. An example of assistance that can not be distinguished from the normal trading transactions of firms is the state's governance policy that is responsible for part of the sales companies. The existence of a benefit might be unquestioned but any attempt to business activities of government assistance could well be arbitrary:

33 Significance level used in the above examples may be such that disclosure of the nature, size and duration of the assistance required to the financial statements would not lead to the wrong conclusion.

34 Loans at nil or low interest rates are a form of government assistance, but the benefit is not quantified net of interest.

35 In this report, government assistance does not include the construction of infrastructure by improving general road network and communication, and building modern facilities, such as irrigation or water supply network that is available on a permanent basis neodreðenoj for the benefit of the whole community.

Publication

36 Appropriate disclosures are as follows:

a) the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements;

b) types and sizes dziavnih support in the financial statements and an indication of other forms of government assistance from which a firm has a direct benefit, and

c) unfulfilled conditions and other unforeseen events related to state aid that has been recognized.

International Accounting Standard 20 Accounting for Government Grants and Disclosure of Government assistance

International Accounting Standard 20 contains points 37-44 of this report. Standard should be read in the context of 1-36 points Iziještaje and Prefaces Reports on the International reèunovodstvenim standards.

Accounting

37 Government grants, including non-financial support at fair value, should not be recognized until there is reasonable assurance that would (i) a firm to comply with the requirements, and (or) that they will be received grants.They should not be attributed directly to korlst shareholders.

38 Government grants should be recognized in the income statement over the period necessary to connect to the costs that it is intended to compensate, on a systematic basis. 39 Government grants related to assets, including non-financial support at fair value, should be presented in the balance sheet were determining grant as deferred gain any deducting the grant in calculating the carrying amount of the asset.

40 Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Company Profile no future related costs are recognized in the income statement in the period in which he receives, as an extraordinary item if appropriate (see International Accounting Standard 8, Extraordinary items and prior period items and changes in accounting policies).

41 Government grant that becomes repayable to be computed as an adjustment to accounting estimates (see International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies).Repayment of a grant related to income should be applied first against any unamortised deferred receivables, determined in relation

to the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit, repayment should be immediately charged to income. Repayment of a grant related to some sredstvoilk should be recorded by increasing the carrying amount of the asset or reducing the balance to get postponed for the amount to be repaid. Cumulative additional depreciation that would have been tereæena to date, there is no support, should be charged directly to earnings.

Publication

42 It is necessary to publish the following:

a) the accounting policy adopted for government potpbre, including the methods of presentation adopted in the financial statements;

b) the type and size of government grants recognized in the financial statements and an indication of other forms of government assistance from which a firm has a direct benefit, and

c) unfulfilled conditions and other unforeseen events related to state aid that has been recognized.

Interim accounting provisions

43 Firm that the first standard to be adopted:

a) comply with the disclosure requirements, where appropriate, and

b) either (i) adjust its financial statements for the change in accounting policy in accordance with International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies;

or (ii) apply the accounting provisions of the Standard only to grants or portions of grants to be received or due to be repaid after the effective date of the Standard.

Effective Date

44 This International Accounting Standard becomes operative for financial statements comprise the period starting 1st January 1984th or thereafter.

International Accounting Standard 21

Accounting effects of changes in foreign exchange rates

Introduction

First This report deals with the Accounting transactions in foreign currencies in the financial statements of the Business and translating financial statements of foreign operations into a single reporting currency for the purpose of their inclusion in the financial statements izvješæujuæega firms.

Second This report does not deal with the translation of financial statements of firms from its reporting currency into another currency in order to suitability readers accustomed to that other currency or for other similar reasons.

Definition

3rd The following terms are used in this report with specific meanings:

Izvještejna currency is one currency that is used in the presentation of financial statements.

Foreign currency is a currency other than the reporting currency of business.

Nut (for purposes of this report) is reporting firm that has one or more foreign activities.

Foreign activity is a subsidiary affiliated companies. joint venture or branch whose activities are established or managed in another country than the country of the parent. Such foreign activity may, but need not Einit foreign entity, as hereinafter defined.

Foreign entity is a foreign business whose activities are an integral part of the activities of the parent.

Net investment in a foreign entity is the parent company shareholders' share of the net assets of the entity.

The currency exchange rate is the ratio at which the currencies of the two countries exchanged at a certain time.

Spot exchange rate is the currency exchange rate on the relevant date for the exchange of foreign currency on the day.

Forward currency exchange rate is the exchange rate that is available under the terms of the agreement for the exchange of two currencies since the date.

Closing rate is the spot exchange rate existing at the balance sheet date. Monetary assets are money held and items that will be received in cash or prepaid. All other assets and liabilities are non-monetary.

Loan in a foreign currency loan is repayable in foreign currency, regardless of the currency or the form in which the loan is received. Settlement date is the date on which the claim naplaæeno or obligation prepaid.

Long-term items are those assets and liabilities that are not expected that will be realized or settled within one year from the balance sheet date.

Explanation

4th Reporting a firm can take a foreign operation in two ways:

(A) It may have transactions in foreign currencies. For example, what niože buy or sell goods with payment in foreign currency, or it may give or take a loan in foreign currency. Transactions in foreign currencies shall be expressed in the reporting currency of the entity to prepare its financial statements.

(B) It may have foreign operations. To be able to prepare the financial statements of the reporting firms in its reporting currency, the financial statements in foreign currencies such activities must be translated

Accounting transactions in foreign currency

5th Transactions in foreign currencies are recorded in the financial documents of the subject at the date when the transaction occurred, usually Applying the currency exchange rate on that date. For practical reasons, the usual applicable exchange rate that approximates the exchange rate.

6th When changes in the exchange rate between the currency of the transaction date and the date of settlement of any monetary items arising from the transaction, proizaæi will exchange differences.

7th When the transaction is settled within the same accounting period in which it occurred, exchange differences between the amounts originally recorded and the amount of the settlement is dobitek or loss, except as indicated in point 20th

8th When the transaction is not settled within the same accounting period in which it occurred, rezultirajuæi foreign monetary item sometimes includes the financial statements at the end of the accounting period, the exchange rate at the date of the transaction Supporters of this practice argue that in the period fluktuirajuæih initial exchange rate of currency exchange rates as good a guide as well as an ending exchange rate until the exchange rate at which the transaction will be finally settled. However, most believe that, despite the exchange rates can fluctuate in the future, expression of foreign currency monetary items in an amount equal to the ongoing reporting currency allows useful presentation of the financial position of firms in the balance sheet date. Thus, any difference between the amounts presented in the financial statements for ongoing and the amount by which the transaction was recorded during the period, or by whom it is presented in the previous financial statements, shall be considered as gain or loss from changes in foreign currency exchange rates.

9th Fluid practice differs with respect to the accounting treatment of gains and losses arising from transactions denominated in foreign currencies that have not been settled at the balance sheet date. Gains and losses on short-term monetary items usually are recognized in profit as they are identified. A similar practice is often carried out for long-term monetary items. However, some caution for the sake of delaying gains and losses are recognized in income, except to the size of previously deferred gains. Some Delay and gains and losses on long-term monetary items are recognized and get them systematically in the external current or future periods through the remaining time of monetary items to which they relate.

10th In certain circumstances, forward contracts in foreign currency conclude that to determine the amount of the reporting currency required or available at the settlement date of transactions in foreign currencies. The difference between a forward exchange rate and spot exchange rates at the beginning of the contract indicates, among other things, the difference in interest rates that exist in the two markets and currencies are recognized in income for the duration of the contract. For short-term transaction of buying and selling the usual practice is to apply the currency exchange rate, which is determined in the underlying futures contract, as a basis for measuring and REPORTING transaction. It is also possible that the protective effect of a forward contract to be achieved in other transakèijama, such as loans in foreign currency.

11th When the exchange differences arose as a result of the large devaluation or depreciation of the currency against which there is no practical sredstavs protection and acting on the obligations arising directly on the latest procurement funds invoiced in foreign currencies, the difference is sometimes considered the balancing cost and includes the amount of the respective knjiigovodstveni means: It is, of course, achieved provided that in each case the harmonized carrying amount does not exceed the lower price of the replacement cost and the amount that can be gained from the use or sale of assets.

Translating financial statements of foreign operations

12th Currently apply different methods for translating financial statements of foreign operations. Numerous methods apply different currency exchange rates exchange on various assets and liabilities. Key among them is the method that translates monetary items at the closing rate, while other items are translated using the exchange rate that were in effect when the amount of matching items were certain. When this method is used, the exchange rate differences arising when translating foreign financial statements are usually considered and gains or losses are recognized in earnings. The second method is used for translation of assets and liabilities in foreign financial statements at the closing rate. Apply if such a method, foreign exchange rates exchange, arising from INTERPRETING foreign financial statements, sometimes recognized in the profit and sometimes add shareholders equity.

The approach adopted Standard

13th According to the Standard, the method INTERPRETING financial statements of foreign operations determined the assessment of business and financial characteristics of these activities. For this purpose, foreign operations are considered as belonging to one of two categories.

14th In the first category are those foreign activities accumulate money and other monetary items, causing expenses and costs, generate revenue and may regulate borrowing, all mainly in the domestic currency. When changes in currency exchange rates, there is little or no direct effect on the activities of current or future cash flows from the activities of, any parent of any foreign activities, because overseas activity is not part of the parent.Significance of changes in the currency exchange rate for the nut will be based more on its net investment in foreign operations than on a particular mix of monetary and non-monetary items held by the foreign activity at the time of exchange rate movements. These kinds of foreign operations are listed in this report as "foreign agents".

15th The second category includes those foreign activities that are an integral part of the activities of the parent. In these cases, the effect of changes in currency exchange rates is different. In the simple case, to foreign activities may be limited to the sale of goods imported from the parent company and the parent company doznaèavanjem proceeds. In the event of changes in currency exchange rates effect on cash flows from the activities of the parent will be almost immediate and will be similar to that which would occur if the queen herself managed djelatnošæu. Therefore, the effect of changes in currency exchange rates when it comes to a foreign activity that is integral part of the parent, before relating to monetary items held by the foreign activity, rather than on matièino net investment in this activity.

1s. There is no significant difference in poslovrlim odnosime between the parent and their foreign activities. To foreign activity could be considered a foreign entity or an integral part of stem activity, depending on the particular circumstances. Issues that are discussed in this decision include:

(A) Whether the work, the cost of materials and other costs of products overseas activities primarily local costs, or foreign activity depends on the products and services that come primarily from the country where the parent company is located?

(B) Is there a weak međuoodnos between the activities of daily activities and those of the parent, or međukompanijske transactions with nut represent a high share of foreign activities of daily living activities?

(C) Are the daily activities of foreign-funded activities mainly from its own activities and domestic loan or are they mainly dependent on supplying financial resources by the parent company?

(D) Whether the foreign market activities generally izvaIk country nuts or internal?

(E) Is there any other factor that would indicate that the cash flows of the parent being protected from everyday activities overseas activities, or vice versa, are directly affected by daily alstivnostima these activities?

17th In translating the financial statements of a foreign entity is appropriate to preserve as much as possible the results of the interaction of the amounts that appear in the foreign financial statements. It is believed that the interaction of these results and provide the most reliable indicator of success and financial position of foreign operations for inclusion in the consolidated financial statements and aggregate companies. This is accomplished by conducting all assets and liabilities of foreign, one entity at the exchange rate - the closing rate. Differences arising at LIAISON switch off from the profit and transferred directly into the joint-stock equity, because of changes in foreign currency the exchange rate has a weak or indirect effect on the activity or the present and future cash flows from the activities of the parent, or a foreign entity, it would be the inclusion of such differences distorted report get. Detailed procedures for translating the financial statements of a foreign entity are given in point 32 18th When the foreign activity integral part of the nut is appropriate in translating financial statements incorporate the individual items of foreign financial statements to those of the parent, and that the way to achieve the same effects as if all transactions in foreign activities performed alone nut. Therefore, apply descriptive methods in point 34

Dealing with međukompanijskim monetary items

19th Switching on the financial statements of a foreign entity in those of the reporting firms followed the usual procedures, such as mute unrealized profits from transactions among the companies (see International Accounting Standards 3, Consolidated Financial Statements). However, exchange differences arising from monetary međukompanijskog traffic, whether it is a short-term or a long-term, can not be eliminated. So although monetary item shows međukompanijsku indebtedness, if an obligation that one currency is converted into another, it exposes the profit or loss through currency fluctuations. Accordingly, such exchange differences will continue to be recognized, in the summary or consolidated financial statements firms on the same basis as was recognized in the financial statements of each entity. If, however, međukompanijska monetary item actually increase or smarljenje matièina net investment in a foreign entity, the gains and losses arising from changes in foreign currency exchange rates in this case be transferred to the joint-stock or equity, in the summary consolidated financial statements.

Net investment protected foreign loans

20th According to the provisions of this standard gains and losses arising from changes in foreign currency exchange rates with loans in foreign currency that took nuts, normally recognized in income for the period, while the exchange rate differences arising from the net investment in foreign entity nuts, summed shareholders' equity. If, however, loans in foreign currencies and other transactions in foreign currency meant as effective protection, and constitute effective protection in a net investment in a foreign entity, it is appropriate to align the exchange rate differences that appear in each transaction

Translating the financial statements of entities affected by high rates of inflation

21st Where there are high rates of inflation, it is appropriate to align the financial statements for the effect of changing the price before you take the process INTERPRETING (see International Accounting Standard 15, Information that shows the effects of changing prices). An alternative is then to translate the financial statements of a foreign entity Applying the procedures given in point 34. (A) - (e).

The tax effects of exchange rate differences

22nd Gains and losses on transactions in foreign currency and exchange rate differences arising during LIAISON may have associated tax effects which are accounted for in accordance with International Accounting Standard 12, Accounting for Taxes on profits.

Publication

23rd The financial statements are generally published methods applied in translating the financial statements of a foreign entity. Understanding financial statements, disclosure of net helps firms in exchange rates for the period that they get transferred, as a result of the applied procedure in point 34, and the net exchange differences for the period corrected with the joint-stock capital as a result of the application of procedures in points 32-33. It is also necessary to publish a procedure that has been chosen for translation of the income statement lnozemnih subjects. Additional disclosures are required if the financial statements include exchange differences that were postponed, or if the exchange differences arising from a monetary transaction, been included in the carrying amount of the assets.

International Accounting Standard 21

Accounting effects of changes in foreign exchange rates

International Accounting Standard 21 includes points 23-39. this Report. Standard should be read in the context of 1-23 points Izvješæaja and Prefaces Reports of international accounting standards.

Accounting transakcja in foreign currency

24th Transactions in foreign currencies, except as provided in point 26th, should be recorded in the reporting currency of the entity, Applying for foreign currency amount of the currency exchange rate that exists at the time of the transaction or the exchange rate that approximates the actual exchange rate.

25th At each balance sheet date, monetary items of foreign currency arising from the transactions subject, to be presented at the closing rate, except as provided in point 26th

26th When close in agreement with forward currency exchange rates in order to determine the amount of the reporting currency required or available at the date of settlement of transactions in foreign Valte, the difference between a forward exchange rate and spot exchange rates at the beginning of the contract should be recognized in income for the duration of the contract. For short-term transactions can be applied forward rates, which are specified in the contracts with foreign currency exchange rates, as a basis for measuring and reporting on transactions.

27th Foreign exchange differences (except those that have been treated in points 29 and 30) arising on the settlement of monetary items or when reporting on the subject's short term monetary positions denominated in foreign currencies at teèajevma different from those that were recorded during the periods presented or the previous financial statements, should be recognized in the profit of the period, except as specified in point 31st

28th Foreign exchange differences (except those that have been treated in points 29 and 30) that emerged when reporting on the entity's long-term monetary items denominated in foreign currencies at rates different from those at which they were recorded during the period, or presented in previous financial statements, usually are recognized in the profit of the period (except as defined in point 21). However, such exchange differences may be deferred and recognized systematically obtain external current or future period during the remaining useful life of monetary items to which they relate, except that losses arising from changes in currency exchange rates on items you do not need to delay for recognition in future periods if the objective is expected to will be in the future body often appear losses from changes in currency exchange rates on this item.

29th Exchange differences arising on a monetary item meðukompanijskoj, which actually increase or decrease in net parent investment in a foreign entity should be attributed dionièarskoj in equity and consolidated financial statements.

30th If you have loans in foreign currency and other transactions in foreign currency meant as effective protection, and provide effective protection in a net investment in a foreign entity, exchange differences that occur when loans or transactions should be transferred dionièarskoj equity to size up covered exchange differences arising from the net investment.

31st Exchange differences arising from the large devaluation of some currencies against which there is no practical protection measures and that affects liabilities arising directly from the recent purchase of assets invoiced in foreign currency, may be included in the carrying amount of the underlying assets, provided that the harmonized carrying amount is lower than or cost of replacing or amounts to be recovered from the use or sale of assets.

Translating financial statements of foreign

subject

32 Working obuhvaæanja in financijsltim reports Business (except as defined in point 33) in translating the financial statements of a foreign entity should be applied the next procedures:

(A) the assets and liabilities, monetary and non-monetary, are performed at the closing rate;

b) Exchange differences arising on the LIAISON initial net investment in a foreign entity at the exchange rates different from those at which the previously stated transferred dionièarskoj equity;

c) items of the income statement are translated at the closing exchange or by currency controls or the date transakclje (or the exchange rate that approximates the actual exchange rates used). Differences arising from INTERPRETING item of the income statement by currency controls except zakljuènog dnosno exchange rate of the balance sheet, which are translated at the closing rate, can be transferred dionièarskoj equity or profit.

(D) BLLO that exchange differences arising from other changes in equity dionièarskoj foreign operation is recognized in equity dionièarskoj.

33 Preferably, the financial statements of a foreign entity that was hit high inflation rates adjusted for the effects of changing prices before the process of translating undertaken. Alternatively, the procedures given in point 34(A) - (e) should be applied,

Translating financial statements of foreign operations that are integral part of the parent

34 In translating financial statements of foreign operations, which are an integral part of the activities of the parent, should be applied to the next procedures:

(A) All monetary items other than those referred to in (b), are translated at the closing rate;

(B) monetary items that includes all contracts with forward rates in the currency of the parent company are translated into: (i) the closing rate (if the gains and losses on

futures separate measures), or (ii) the spot exchange rates existing at the beginning of the appointment

contracts (in compliance with any amortized discount or premium in the contract), or

(Iii) forward rates applicable to the contract, for short-term transactions

(C) non-monetary items that are tracked in terms of past events, such as cost, are translated at the exchange rate of the currency that existed when the underlying transaction occurred;

(D) non-monetary items that are revalued in foreign financial statements are translated using the exchange rate at the date of their revaluation;

(E) items of the income statement are translated at the exchange rate of the currency, which coincide with the dates of matching transactions. If the transactions are numerous and extend over a longer period, it can be applied average rate that existed during this period in order to osigui'ala rate approximates the actual rate.

Exchange differences arising from the above procedures are transferred to the profit for the period, except that:

(I) the exchange differences relating to long-term mortetarne items can be systematically ndgoditi and recognized in the profit of the external current or future periods over the remaining life of monetary items to which they relate, except that losses resulting changes in currency exchange rates on an item can not be postponed for recognition in future periods if the objective is expected that the body often appear in future losses from changes in currency exchange rates on this item,

(Ii) when differences arise in the circumstances described in point 31st can be applied to the accounting method allowed this point.

Publication

35 If you have postponed exchange differences on long-term monetary items arising from transactions in foreign currencies or INTERPRETING financial statements of foreign operations that are integral part of the parent company, deferred cumulative amount that has not yet been approved or tereæen to get, should be published.

36 If the exchange rate differences arising from the liabilities associated with the acquisition of assets been included in the carrying amount of the related assets in accordance with subparagraph 31, the amount arising during the period should be disclosed.

37 Regarding INTERPRETING financial statements of foreign operations for inclusion in the financial statements izvješèujuæeg firms, the following should be disclosed:

a) The methods;

b) net exchange differences periods, transferred dionièarskoj equity as a result of applying the procedure in points 32-33;

c) the net exchange differences periods transferred to earnings as a result of applying the procedure in point 34, and

d) The selected method (an ending, and the average exchange rate) for translating income statements of the foreign operation.

Transitional provisions

38 The first occasion when a firm applies this standard, the amount of harmonization resulting from any changes in accounting policies and to comply with the Standard, should be presented in accordance with International Accounting Standard 8, Extraordinary items and prior period items and changes in accounting policies, except that the restatement comparative information in respect of previous years also encouraged, though not required.

Effective Date

39 This International Accounting Standard becomes operative for financial statements relating to periods which are starting first January in 1985. or thereafter.

International Accounting Standard 22

Accounting for business combinations

Introduction

First This report deals with the Accounting for business combinations and treatment with each occurring in goodwill. The report is primarily focused on the consolidated financial statements of incorporated enterprises, although some of its requirements apply to financial statements of the individual companies.

Second This report does not deal with investments that are accounted for using equity method in accordance with International Accounting Standard 3, consolidated financial statements does not include any transmission or exchange of assets between companies under common control.

Definitions

3rd The following terms are used in this report with specific meanings:

A business combination is a result of the acquisition of control of a single firm or more of them by other firms or objedinjevanje interests of two or more firms.

Control is owned, directly or indirectly, through subsidiaries through more than half the ballot power companies. Minority interest is that part of the net results of operations and net assets of some subsidiaries attributable to shares that are not directly owned parent company, nor the parent company owns indirectly through another subsidiary.

Branch is a firm controlled by other firms (known as the parent).

A parent is a firm that has one or more subsidiaries.

Consolidation of interest exists when two or more shareholders firms merged net assets and business firms in the subject as a single unit or an efficient unit, in such a way to achieve continuous mutual participation in the risks and benefits of the combined entity.

The acquisition is a business combination that is not a uniting of interests.

The fair value jeśli amount for which an asset could be exchanged, one between informed, willing and informed buyer, willing dealer in arm's-length transaction.

Explanation

4th Generally it is considered that most of the business combination is essentially the acquisition.

5th In order to classify a business combination as a uniting of interests, is also generally was accepted that it is essential that, in addition to the criteria specified in the definition in point 3, the basis for the transaction is the exchange of ordinary voting shares in affiliated companies. Unifying interests further demonstrates continuing management involvement in the management of the merged firms merged strategy.

6th There are, however, other opinions about the nature of any further conditions that may apply. Some believe that, in addition to the exchange of ordinary shares with voting rights, it is necessary that each party to a pooling of interests receives a substantial part of the merged Company Profile, even to the level where it will be impossible to determine any side as dominant. This belief is based in part on the notion that exchange control firms for one insignificant part of the bigger Company Profile does not mean sharing of risks and rewards.

7th Others believe that the essence of a uniting of interests demonstrated by certain criteria are met in adnosu the relationship between the parties, as well as earlier independence firms that come together, the way their merger and the absence of planned transactions that would undermine the effect of unifying interest.

8th There are two main methods of accounting for business combinations:

(A) the purchase method and

(B) the pooling of interests method (sometimes called the method of integration)

9th The aim of the purchase method Accrued have acquired a firm using the same principles that are applied at normal purchasing agents. This method is always used in the acquisition of calculation, and sometimes in the unification of calculation of interest.

10th The aim of the pooling of interests method Accrued associated enterprises as the separate operations continue as before, although now the joint property and have a joint administration. Accordingly, constitute only minimal changes in the earning individual financial statements.

11th Using a pooling of interests method is limited by the circumstances that meet the criteria set out in point 5 union interests.

Method of purchase

12th Under the purchase method calculates the cost of customer acquisition to re-express the assets and liabilities that can be identified at their fair value at the acquisition date. Acquired assets and liabilities that can be activated to identify the assets and liabilities that are not recorded in the financial statements of the acquiree companies. However, in determining the fair value of acquired assets and liabilities is not appropriate to increase reserves for future losses poslovlke.

13th For the determination of fair value may affect the customer's intentions. For example, a customer may have a specialized use of means that are not available to other potential buyers. The buyer may intend to implement changes in the activities of the acquirer's enterprises, which requires the creation of special reserves for Anticipated costs, ie costs for the planned termination of employment of employees and transfer facilities.

14th Commonly, the operating results of the acquirer's Business Activate the customer's income statement from the date of acquisition is the date when control is acquired in the business is transferred to the buyer. When the acquisition is performed in stages, such as when he realized shopping on the stock exchange, is considered to be the date of acquisition time when control is achieved.

When an acquisition is done by buying shares, subject to the conditions set by the buyer, it is considered that control is acquired until all A considerable conditions are not met.

Cost of acquisition

15th The cost of acquisition of the financial statements of a parent is a fee for purchase along with expenses that are associated with them.

16th Fee for purchase may consist of cash, securities or other assets. In determining the value of the consideration for the purchase of estimated fair value of its parts. In calculating fair values apply different techniques. For example, when the fee for purchase includes listed securities, usually applicable market price to obtain the fair value of the securities, provided that excessive fluctuations or narrow market does not constitute a market price unreliable indicators. When the market is unreliable or no quotation, the fair value of securities is estimated according to their proportionate share of the fair value of the Kupa operations or the fair value of the acquirer's business, but rather according to which of these two possibilities more obviously.

17th Many agreements on acquisition is recognized that in the light of one or more future events may be necessary to carry out the adjustment of fees for the purchase. When the additional payment and probably when you can objectively assess the acquisition date, the payment is included in the calculation of the purchase. In all other cases the adjustment is recognized as soon as the amount can be determined (see International Accounting Standard 10, unforeseen events and events that occur after the balance sheet date).

18th The accounting procedure any harmonization of the purchase varies by the nature of unforeseen events. For example, when a contingent event refers to the level of earnings or verify the value of the acquiree's net assets firms, the buyer acts with or upon receipt of payment as well as the adjustment of cost. In fact, it seems to have acquired a firm has a higher or lower value of the interim assessment carried out at the acquisition date.Accounting procedures in the consolidated financial statements when it is appropriate to align the respective assets or goodwill arising from the acquisition.

Treatment of goodwill arising from the acquisition

19th Any overdrafts cost of acquisition over the fair value of acquired net assets that can be identified or recognized as an asset in the consolidated financial statements and as a goodwill arising from the acquisition, or joint-stock co-ordinates the principal immediately.

20th Those who recognize the goodwill arising from the acquisition as an asset in the consolidated financial statements believe that it represents a payment made in advance in the expectation that future income jeprllkladno treat it as a vehicle that will be systematically amortized to the profit during its useful life.

21st Factors that may be considered in estimating the useful life of goodwill on acquisition proizišlog, include:

- Predictable service life or business activities,

- The effects of product obsolescence, changes in demand and other economic factors, including

- Predictions regarding the duration of life of key person or group of employees,

- Expected actions by competitors or potential competitors, and

- Legal, regulatory and contractual provisions which affect the useful lifetime.

22nd Sometimes I think that the goodwill arising from the acquisition can keep as a tool until you consider that it has an economic value. However, this view ignores the fact that the passage of time, goodwill firms increasingly stems from the efforts of continuous operation, more than the amount that the customer has spent on the acquisition date.

23rd Others believe that any difference (either positive or negative) between the cost of acquisition over the fair value of acquired net assets that can be identified, it should align the interests of shareholders in the period of acquisition. They argue that goodwill is not a tool that can be used independently, it has indefinite useful life for depreciation which each program is arbitrary, and since they are wild, goodwill is not recognized, it is not appropriate to recognize goodwill arising from the acquisition.

24th In any case, if it becomes clear that overdrafts cost of acquisition over the fair value of net assets that can be identified is not a payment made in advance of future expectation of profit, loss incurred is charged to profit in the consolidated financial statements. In these circumstances usually requires harmonization of the carrying amount of investments in the financial statements of the customer. 25th Sometimes it happens that the cost of acquisition is less than the aggregate fair value of assets that can be identified and acquired liabilities. The difference is (sometimes nazvsnom negative goodwill) can act either as a deferred gain and recognize it as income over the period, etcetera that in point 21, or it is allocated in proportion to their fair values on acquired A particular non-financial assets that can be depreciated.

Minority interest

26th Different methods of calculation applied in, the minority interest in a subsidiary, which proistjeæe from business combinations. The interest of minority proistjeæe directly from the business combination in the balance sheet are stated in different ways as a minority share in:

(A) the value after acquisition (ie fair value) obuhvaæenih net assets that can be identified;

(B) the book value of net assets before the acquisition of subsidiaries. In this case, restating net assets to fair value is restricted to the extent attributable to the customer;

(C) value after acquisition (ie fair value) of acquired net assets that can be identified harmonized; goodwill arising from the acquisition (or difference to fair value) which would appear to be a subsidiary acquired in 100 percent substantive size. In this case, goodwill arising on acquisition is recognized on an equivalent basis.

27th Advocates of the method (s) claim that any re-statement of the value of funds should be done for the whole of funds and to the consolidated financial statements should show the funds managed by the Group to the values calculated in accordance with the accounting policies of the group. Support method (b) is based on the claim that the proportion of the assets not acquired a minority and therefore should keep at values prior to the acquisition. For method (c) states that the amount shown as goodwill arising on acquisition was beneficial that been calculated with respect to the total net assets branches, but due to the extent that it has acquired the parent.

28th The first and second methods are acceptable alternatives to calculating the minority interest, but The third method is not acceptable because it can not be assumed that the nakllada to purchase minority interests can expand the assumed purchase of all shares.

The pooling of interests method

29th The aim of the pooling of interests method associated enterprises be calculated in a manner such that they continue to operate separately as before, although it is now in common ownership. The pooling of interests method does not recognize any goodwill arising from the acquisition and applies only to cases where the consideration for the purchase of primarily exchange ordinary shares with voting rights, rather than the payment of money or other resources. Under the pooling of interest method are recognized related assets, liabilities and reserves at their existing carrying amounts (after carrying out the harmonization of which are required in point 30).The difference between the amount expressed as a broadcast Share capital (increased by any additional compensation in the form of cash or other assets) and the amount reported for the joint-stock capital Achieved adjusted joint-stock equity. The consolidated financial statements include the operating results and assets and liabilities of associated enterprises as if they were part of the group throughout the current and previous period.

30th If at the time of the merger combined firms had time contradictory accounting policies adopted by the unique set of accounting policies stemming from business combinations. The effects of any changes in accounting policy on the financial statements are presented in accordance with International Accounting Standard 8, Extraordinary Items from the previous period and changes in accounting policies.

Procedure with respect to taxes on income

31st In some countries, would be a method of calculating business combinations, which is required by this report, differ from those that apply on the basis of matching their laws on corporate income tax. Permanent or temporal differences may therefore occur between the recognition of gain or expense in financial reporting and in reporting for tax purposes. Such differences are recognized in accordance with International Accounting Standard 12, Accounting for Taxes on profits.

32 Firm that enters into a business combination may have potential benefits from the transfer tax loss that had been recognized in its financial statements, because there was no reasonable assurance that could be achieved.However, these doubts can be eliminated as a result of the business combination and therefore allow the recognition of assets.

33 The benefits of tax losses not recognized as a separate asset is the date of the merger can be accomplished later. When this happens, the benefits are usually recognized as income in accordance with International Accounting Standard 12, Accounting for Taxes on profits. Then it requires a reassessment of the carrying amount of goodwill arising from the stjecanjakako to determine any amount that is attributable to those tax benefits that are attributable to obtain However, when the difference between the acquisition cost and the fair value of acquired assets and liabilities that can identify previously corrected Shareholders' equity, subsequently received benefits also corrected joint-stock equity.

Publication

34 The scope of disclosures that are appropriate in the financial statements which directly result from the business combination is given in points 50-52.

Business combinations after the balance sheet date

35 When a business combination achieved after the balance sheet date but before the financial statements of any participant in the merger, the publication shall be treated in accordance with International Accounting Standard 10, contingencies and events dqgaðaji incurred after the balance sheet date, but the business combination is not included in the financial statements. In certain circumstances merger may also provide additional information that affects the financial statements, for example Applying the basic assumption of going concern.

International Accounting Standard 22

Accounting for business combinations

International Accounting Standard 22 includes points 35-36. this Report. Standard should be read in the context of 1-35 points. this Izvješteja and Prefaces Izvještejima raèunovodštvenini the International standards.

36 A business combination should be computed according to the purchase method, reasoned in points 39-45., Except in rare circumstances when you consider that this is a uniting of interests. 37 A business combination is considered by combining the interests of shareholders only if the firms that merged achieve continuous mutual sharing of risks and rewards that are tied to a firm connected, and

a) the basis of the transaction, first and foremost, the exchange of ordinary shares with voting rights obuhvaæenih firms, and

b) that all or nearly all, the net assets and operations of integrated firms that merged together into one entity.

38 When a business combination is considered a unifying interest, one can use the pooling of interests method, explained in points 46-47.

Method of purchase

39 In preparing the consolidated financial statements of assets and liabilities of the acquiree firms that can be identified should be restated to their fair value at the acquisition date.

40 A firm should adopt one of the following policies for the procedure with any difference (positive or negative) between the cost of acquisition over the fair value of acquired net assets that can be identified:

a) the recognition of the gain in accordance with the procedures in points 41-42 or

b) directly in equity joint-stock adjustment in both cases apply to points 43-45.

Recognition in profit

41 Where policies in point 40 (a) is adopted, any overdrafts cost of acquisition over the fair value of acquired net assets that can be identified should be reflected in the consolidated financial statements recognized as an asset or goodwill arising from the acquisition and systematic basis to the profit during its useful life duration. If it is determined, at any time, the goodwill arising from the acquisition is not justified by a future profit, it should be up to the required size immediately charged to income.

42 If the cost of acquisition is less than the aggregate fair value of acquired net assets that can be identified and should be treated as deferred income recognized in income on a systematic basis or allocated to individual acquired non-financial assets that are amortized in proportion to their fair value.

Other procedures

43 The cost of the acquisition should encompass every element contri at fair value.

44 When the acquisition agreement provides for adjustment of the purchase consideration, which depends on one or more future events, the amount to be included in the cost of acquisition, if the payment is probable and the amounts can be objectively assessed. In all other cases, adjustment should be recognized as soon as the amount can be determined in accordance with the provisions of International Accounting Standard 10, unforeseen events and events that occur after the balance sheet date.

45 The interest of minority proistjeæe from the business combination is better expressed as a corresponding portion of the fair value of net assets after the acquisition of subsidiaries that can ždentificirati. Alterriativno, can be expressed as an appropriate part of the carrying value of net assets prior to the acquisition of subsidiaries.

The pooling of interests method

46 When applying the pooling of interests method, assets and liabilities of enterprises that come together, and their income and expenses for the period in which the combination occurs and for all published comparable periods, should get involved in the financial statements of firms that come together as if they were connected from the beginning these periods.

47 Razlilsa between the amount reported as emitted joint-stock capital (rose by any compensation in the form of cash or other assets) and the amount reported Achieved a joint-stock capital, should be corrected by joint-stock equity.

Procedures with respect to taxes on income

48 With permanent and temporal differences between the recognition of profit and expenses in financial reporting and in reporting the tax purposes should be treated in accordance with International Accounting Standard 12, Raèuriovodstvo tax profit.

49 If you did not use a point 40 (b), the benefits to be derived from the transfer tax loss acquiree firms, which existed but were not recognized as an asset at the acquisition date, should be recognized as income in accordance with International Accounting Standard 12, Accounting for Taxes on profits. The carrying amount of goodwill arising from the

acquisition should be reassessed to determine any amount that is attributable to the benefits received, which should be attributed to profit. If applied point 40 (b), such benefits should be adjusted joint-stock equity:

Publication

50 For all business combinations should provide Next disclosures in the financial statements immediately after the merger:

a) the names and descriptions of the firms that are connected;

b) the effective date of the merger for accounting purposes, and

c) the method of accounting for the use of display combinations.

Other disclosures are required in International Accounting Standard 3, Consolidated Financial Statements and International Accounting Standard 5, information that should be disclosed in the financial statements.

51 For business combinations, which is calculated by the purchase method should do the following additional disclosures in the financial statements of the first post-merger:

a) The percentage of acquired shares with voting rights;

b) the cost of acquisition and a description of the purchase, which is prepaid or would be likely to pay, and

c) the amount of any difference between the acquisition cost and the aggregate fair value of acquired net assets that can be

identify and conduct in this regard, including the period of amortization of any goodwill arising from the acquisition.

52 For business combinations, which is calculated according to the method of pooling of interests need to do the following additional disclosures in the financial statements of the first post-merger:,

a) description and number of issued shares, together with the percentage of exchanged shares with voting rights of any firms to implement the merger;

b) the amounts of assets and liabilities that put all firms, and

c) data on results of firms prior to the acquisition date, which are included in the net profit shown in the summary financial statements. Data should activate sales, other operating revenues, extraordinary items and net income.

Business combinations after the balance sheet date

53 The financial statements of firms do not need to encompass a business combination in which a firm is a participant, if the date of the merger after the balance sheet date, which is active in the financial statements.

54 Business combinations that are performed after the balance sheet date and the date when the financial statements are one of the integrated firms authorized for issuance, should be disclosed if they are so important that non-disclosure would affect the possibility of users of financial statements to properly evaluate and to make the right decisions (see International Accounting Standard 10, unforeseen events 3 events occurred after the balance sheet date). Disclosure should include the applicable data points from 50-52. this Standard, to the extent that it can be estimated or alternatively, report that such an estimate can not be done.

Effective Date

55 This International Accounting Standard becomes effective for business combinations carried out first January in 1985. or thereafter.

Transitional provisions

56 The retroactive application of this Standard encourages, but not required. If the standard does not apply retroactively, firms are encouraged to take into account the goodwill arising from the acquisition, any;

a) the recognition in profit, in accordance with the procedures in points 41st-42nd, either

b) direct the balancing of joint-stock equity.

International Accounting Standard 23

Capitalisation of borrowing costs

Introduction

First This report deals with the capitalization of borrowing costs in the financial statements of firms as part of the cost on the acquisition of certain assets. He deals with the capitalization of costs attributable to current or stockholders or privileged capital.

Definition

Second The following is an expression used in this report with specific meanings:

Borrowing costs are interest costs arising enterprises in connection with the borrowing of funds. This includes amortization of discounts or premiums that proistiæe from issuing debt securities, amortization of incidental expenses incurred in connection with the borrowing arrangements and exchange rate differences related to borrowed funds to a size that is considered as an adjustment to interest costs.

Scope

3rd This report does not insist on the capitalization of borrowing costs, already:

(A) requires that each a firm in which they are incurred, borrowing costs are adopted and consistently applied policy or nekapitalizacije capitalization of borrowing costs for assets that require a substantial period as they prepare for their planned use or sale;

(B) sets the requirements to be followed in the event that a firm chooses allowed access to capitalization (c) sets disclosure requirements

Explanation

4th Opinions differ regarding the appropriate procedure the accounting for borrowing costs. Some believe that these costs constitute part of the cost of funds which can be identified either directly or indirectly. Others view them as costs charged to the profit, regardless of how the loan is applied. A considerable amount of borrowing costs incurred in firms account for the accounting treatment of borrowing costs important factor in preparing the financial statements.

5th Many have years of public enterprises in different countries and companies in the construction industry capitalize borrowing costs. This is increasingly practiced in other industries.

For capitalization and against her

6th Proponents of the view that borrowing costs must be capitalized, with the prescribed requirements, as part of the cost of acquisition of assets, emphasized by the following arguments in support of his opinion:

(A) Borrowing costs, incurred as a result of the decision to acquire the means, in essence does not differ from other costs that are usually capitalized. If necessary a certain time to bring the asset to a working condition and location necessary for its planned use, borrowing costs incurred during that period as a result of acquisitions of asset, part of the cost of acquisition of the asset.

(B) The lack of capitalizing borrowing costs associated with the acquisition of assets reduces the current earnings as a result of acquisition of resources.

(C) the capitalization results in a greater degree of comparability between the cost of those assets that are prepaid in installments at the time of those who are prepaid at completion (whose price obièrlo takes into account the cost of borrowing).

7th Proponents of the view that borrowing costs should always be treated as tereæenjem regardless of how the loan is applied, emphasized by the following arguments in support of his opinion:

(A) Borrowing costs incurred in supporting the activities of whole enterprises. Any attempt to link the cost of borrowing with certain asset, it is necessary to judge.

(B) Capitalisation of borrowing costs has resulted in the same kind of asset that has a different carrying amount, depending on the method of financing adopted by a firm.

(C) Treatment of borrowing costs tereæenjem get results in financial statements that show the effects of which may be more comparable from period to period, pružajuæi as a better indicator of future cash flows of companies. Interest expenses fluctuate with levels of borrowing and rates that led to borrowing, not with procurement funds.

Methods of capitalization of borrowing costs

8th For those firms that have adopted a policy of capitalization, borrowing costs are capitalized when such costs are relevant to a firm when there were outflows of funds for whose bringing the working condition for the planned use or sale should be longer. Borrowing costs are capitalized at the rate kapitalizaæije on the expenditure.

9th Capitalisation of borrowing costs usually begins:

(A) when the expenditures for asset phenomena;

(B) when performing activities that are necessary to prepare the asset for its planned use or

sale, or ongoing investments in firms, or when in the course of the preparatory activities of companies in which it invests to start the planned principal operations, and

(C) the borrowing costs incurred.

10th Capitalisation of borrowing costs usually stops:

(A) property, plant and equipment when the assets are ready for use;

(B) investments in firms, when the recipient begins its investment activities;

(C) inventories that require a substantial period of time bringing in the state when they can be sold, and for the fixed assets and other long-term development projects, when these funds are ready for their planned use or sale.

11th Borrowing costs are not normally capitalized for inventories that are under the same procedure or in some other way are manufactured in large quantities for recovery.

12th When the fabrication of an asset is completed in parts and each part can be used while other parts fabrication continues, the usual cease capitalization of borrowing costs for each section when completed. When all the parts must be completed in its entirety before mðguènosti use of any portion of the funds, the usual capitalization of borrowing costs continue until the entire well is completed.

13th When the active development funds interrupted, capitalization costs of judgment is usually delayed until the active development takes place.

14th Capitalisation of borrowing costs is regularly continues even where these results are the consequence that the total capitalized cost of the asset exceeds its recoverable amount or net realizable value. In this situation, adjustment is performed in accordance with International Accounting Standard 2, evaluation and presentation of inventories in the context of cost, International Accounting Standards 3, Consolidated Financial Statements and International Accounting Standard 16, Accounting of property, plant and equipment.

Determination of the amount and rate

15th The amount of borrowing costs, which should be capitalized, as a rule, is that part of the total borrowing costs incurred in firms that would have been avoided if expenditures for the asset had not been performed. The amount to be capitalized is usually a calculation applying a capitalization rate to the expenditure for the asset. In practice, the capitalization rate is usually determined by comparing the total cost of borrowing and lending during that period are not naplaæene. However, rates on new borrowings associated with expenditures for the acquisition, construction or production of certain funds, also used. Using the appropriate market rate for a loan available to Company Profile is usually considered to be exemplary, as it probably does not make that part of the total cost of borrowing could have been avoided if expenditures for the asset are not performed.

16th Sometimes financial arrangements for special projects may lead to Company Profile borrowing costs incurred after the date of the start of the agreement on the full amount of the obligation. On the basis of such arrangements funds are often temporarily invested until needed. Occasionally it is necessary iniati equilibrium Compensating roles that earn interest. In determining the capitalization rate appropriate to link such investment income with the accompanying borrowing costs.

17th In a group of companies may be dif-ferent problems in identifying loan from which the capitalization rate is determined. Such problems can arise due to the complexity of borrowing money in different countries at different interest rates and lending that money to others at various bases throughout the group. Other complications arise through borrowings denominated in foreign currency or linked with it, with business groups in economies with high inflation or exchange rate plivajuæim. Therefore, in some circumstances it may be appropriate to include all borrowings parent company and its consolidated subsidiaries, in other circumstances it may be appropriate for each side of the branch to use medium rates applicable to its own borrowings. The selection of a capitalization rate requires judgment to determine reasonable measures cost of borrowing in terms of costs, which would otherwise be avoid.

Limit capitalization

18th Total restriction on the full amount of borrowing costs eligible for capitalization in accounting period consists in the fact that they can not be exceeded the total amount of borrowing costs that originated in firms during this period. In consolidated financial statements, this restriction applies with respect to the consolidated amount of borrowing costs.

The effect on income taxes

19th The effect of treatment on various borrowing costs to expense of calculation of corporate income tax and financial reporting are processed in accordance with International Accounting Standard 12, Accounting for Taxes on profits.

Publication

20th It is appropriate to disclose the amount of borrowing costs capitalized for a period in the financial statements of firms that adopt a policy of capitalization of borrowing costs.

International Accounting Standard 23

Capitalisation of borrowing costs

International Accounting Standard 23 includes Recital 21 30 this Report. Standard should be read in the context of the counts in 1st-20th Preface to this Report and Reports of the International Accounting Standards *.

21st A firm in which they are incurred, borrowing costs and in which they are incurred expenditure on agents that take longer to prepare for the intended use or sale should adopt a policy of capitalization of borrowing costs or nekapitalizaciju borrowing costs for these funds. Privacy should be consistently applied in accordance with International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies.Points 22nd to 29th this Standard apply when the adopted policy of capitalization of borrowing costs.

Capitalisation of borrowing costs

22nd Borrowing costs should be capitalized as part of cost of funds, Applying the capitalization rate to the expenditures for the acquisition, construction or production of assets that require a longer time to be brought into the state for use or sale.

23rd The capitalization rate to be determined Spanning borrowing costs incurred during the period from borrowings that are not yet naplaæena during that period. When the new loan associated with expenditures for the acquisition, construction or production of special funds, capitalization rate can be determined based on the actual borrowing costs incurred that

borrowing.

24th Capitalisation of borrowing costs for assets other than investments, should start:

(A) where the expenditure incurred for the asset;

(B) the ongoing activities that are required to prepare funds for its planned use or sale, and

(C) the borrowing costs incurred.

Capitalization of borrowing costs for ulagahja should begin when the above conditions (a) and (c) zedovoljeni and recipient of investment has ongoing activities necessary to start its planned principal operations.

25th Capitalisation of borrowing costs should cease when the assets are ready for the intended use or sale, or in the case of investment, when the recipient of investments planned principal operations began. Capitalization should be delayed for vrljeme prolonged period in which active development is interrupted. 26th When the fabrication of funds is completed in parts and each part can be used as a fabrication continues on other parts, capitalization of borrowing costs should cease to each part is completed.

* International Accounting Standards are not intended for. application of the insignificant items (see point 12 of the Preface).

27th The amount of borrowing costs capitalized during a period should not exceed the total amount of borrowing costs that originated in firms during this period. Limit that applies to the consolidated financial statements consolidated amount is the cost of judgment.

Publication

28th The financial statements should disclose the amount of borrowing costs capitalized during the period.

Transitional provisions

29th The change in accounting policy in accordance with this standard should be applied to borrowing costs incurred in the current and future periods and should be disclosed in accordance with the provisions of International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies.

Effective Date

30th This International Accounting Standard becomes operative for financial statements relating to periods commencing 1st January in 1986. or thereafter.

International Accounting Standard 24

Related Party Disclosures

Introduction

First This report deals with the disclosure of related parties and transactions between the reporting enterprises and related parties.

Second The requirements of this Statement apply to the financial statements of each reporting firms.

3rd It does not require the disclosure of these transactions:

(A) The consolidated financial statements of intra-group transactions,

(B) the parent financial statements when they are available or disclosed in the consolidated financial statements.

(C) the financial statements of comprehensive possessed subsidiary if its parent company is registered in the same country and provides consolidated financial statements in that country, and

(D) the financial statements of firms controlled by the State of its transactions with other state-controlled enterprises.

Definition

4th The following terms used in this report are applied with certain meanings:

Affiliated parties - parties are considered to be related if one party has the possibility to control the other party or to perform significant influence over the other party in making financial and operating decisions.

Related party transaction - a transfer of resources or obligations between related parties, regardless of whether we will charge you the price.

Control - ownership, directly or indirectly through subsidiaries, more than half of the ballot power firms, or a substantial interest in glasaèkoj force and force firms to direct, by statute or agreement, the financial and operating policies of the management companies.

Significant influence (for the purposes of this report) - participation in

decisions on the financial and operating policy firms, but not control over those policies. A significant impact can be made in several ways, usually representation on the board, but also, for example, and the participation of over implementing the policy, meðukompanijskih of significant transactions, interchange of managerial personnel or dependence on technical information. Significant influence may be gained by share ownership, statute or agreement. With share ownership, significant influence is presumed in accordance with the definition contained in the International Accounting Standards 3, consolidated financial statements.

Explanation

5th This report deals only with those related party referred to in (a) to (e):

(A) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting strategy. (This includes holding companies, subsidiaries and fellow subsidiaries);

(B) affiliated firms (see International Accounting Standards Board 3; Consolidated Financial Statements

(C) individuals owning, directly or indirectly, an interest in glasaèkoj force firms reporting that gives them significant influence over their firms, and narrower obitelji1 members of any such individual;

(D) a key rukovodeæe staff, ie those persons having authority and responsibility for planning, directing and controlling the activities of the reporting firms, including directors and officers of companies and the immediate family members of such individuals, and

(E) enterprises in which it owns a majority of days in glasaèkoj force, directly or indirectly, by any person described in (c) or (d) or over which such a person has the possibility of significantly affected, it includes enterprises owned by directors or shareholders with a majority ethnic proportion reporting firms and firms that have a member of key management personnel, together with the reporting strategy.

In considering each a possible relationship between related parties, attention is directed to the substance of the relationship, not merely the legal form.

6th In terms ovng report, it is considered to be related parties:

(A) two companies simply because they have a director in common, notwithstanding the point 5 (d) and (e), joking, it is necessary to consider the possibility, and to assess the likelihood that the director would be able to affect the policies of both kompanlja in their mutual dealings);

(B) (i) providers of finance, (ii) trade unions, (iii) public enterprises, and (iv) government departments and agencies, in terms of their traditional business and strategy on the basis only of their business (although they may restrict the freedom of action of firms or participate in making business firms or participate in, making business decisions) and

(E ") individual customer, vendor, franchisor, distributor or general agent with whom companies achieved significant volume of business merely on the basis of economic dependence that results from it.

1 Shortlist obltelji individual members are those of which are expected to have an impact. III on them affects that person in their business strategy.

The subject of a related party

7th Related party relationships is the usual feature of commerce and business. For example, enterprises frequently carry on separate parts of their activities through subsidiary or associated enterprises and is acquired interests in other enterprises - for investment purposes or for business reasons - which are of sufficient scale to investing company can control or significantly influence the financial and operating decisions of investee.

8th A related party relationship could have an effect on the financial position and results of operations of the reporting firms. Related parties may enter into transactions which unrelated parties would not have entered. He is also among related parties do not have to perform transactions with the same amounts as between unrelated parties.

9th The results and financial position of the firms may be influenced by the relationship even if related party transactions between related parties may not occur. The mere existence of the relationship may be sufficient to affect the transactions of the reporting firms with other parties. For example, a subsidiary may terminate relations with a business partner on acquisition by the parent firms similar subsidiary engaged in the same business as the former partner. Alternatively, one party may refrain from acting because of significant influence of another - for example, a subsidiary may be submitted by its parent sg not to engage in research and development.

10th Since there is a hereditary difficulties for management

To determine the effect of influences which do not lead to transactions, disclosure of such effects is not required by this Standard.

11th Accounting recognition of a transfer of resources is normally based on the price agreed between the parties. Between unrelated parties the price is as an arm's-length price. Related parties may have a degree of flexibility in the process of determining prices that are not present in transactions between unrelated parties.

12th In determining the price for transactions between related parties apply different methods.

13th One way of determining the transaction price between related parties are comparable uncontrolled price method, which determines the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller. When the goods and services delivered in a transaction between related parties, and the conditions in this regard similar to those of normal business transactions, this method is often applied. It is also often used for the determination of the cost of financing.

14th When goods are transferred between related parties before sale to an independent party, often the method of resale prices. This reduces the resale price margin, which represents the amount of which will resold to seek a cover its costs and profits corresponding to reach the retailer and price transmission. There are problems of judgment in determining the appropriate compensation for preprodavaèevo participation in the process. The method is also applicable to transfers of other resources, such as rights and services.

15th The second approach is based on the cost-plus method, which seeks to add the corresponding increase in prices at the expense of suppliers. Difficulties may arise in determining the elements of cost attributable and the increase in prices. Between benchmarks that can help in determining the prices are comparable earnings of turnover or

capital in similar activities.

16th Sometimes prices of related party transactions are not

certain by any of the methods described in points 13th 15th Sometimes, for which a price is not - as in the examples of the free provision of management services for the extension of free credit for a cover debt.

17th Until the transaction also sometimes prevent that relationship did not exist. On prijmjer company sold most of its production to its parent company at a price equal to cost, maybe not were unable to find an alternative customer if the parent company had not purchased the goods.

Publication

18th In many countries the law requires that the financial statements provide, publish certain categories of related parties. Particular attention is focused on transactions with directors of enterprises, especially with their prizes and lending, due to the confidential nature of their relationship with strategy. In addition, the International Accounting Standards 5, information that should be disclosed in the financial statements, asking for the publication of significant međukompanijskih transactions and investments in and balances with group and associated kompaxiija and the director. International Accounting Standards 3, Consolidated Financial Statements, require disclosure of a list of significant subsidiaries and affiliated companies, and non-consolidated subsidiaries, the balance within the group and the nature of the transactions with the rest of the group. International Accounting Standard 8, Extraordinary items, prior period items and changes in accounting policies, requires disclosure of extraordinary items.

19th The following are examples of situations where related party transactions may lead to disclosures by a reporting enterprise for the period which they affect:

- Purchases or sales of goods (finished or unfinished),

- Buying or selling real estate and other assets,

- Providing or receiving services,

- Agency arrangements,

- Arrangements for the lease,

- Transfer of research. and development,

- License agreements;

- Financing (including loans and equity contributions in cash or in kind);

- Guarantees and nuzjamstva,

- Contracts with management.

20th To readers of financial statements to form a view about the effects of related party relationships on a reporting a firm, it is appropriate to disclose the related party relationship where control exists, irrespective of whether there have been transactions between related parties.

21st If there have been transactions between related parties, it is appropriate to publish the types of transactions and the elements of the transactions necessary for an understanding of financial reporting: i. These elements normally include:

(A) an indication of the volume of transactions, either as an amount or as an appropriate proportion,

(B) the amounts or appropriate proportions of unpaid items, and (c) pricing policies.

22nd Similar items usually are added together, except when separate disclosure is necessary for an understanding of the effects of transactions between related parties in the financial statements of the reporting firms.

23rd Disclosure of transactions between members of a group is unnecessary in consolidated financial statements because consolidated financial statements present information about the parent and subsidiaries as one reporting firms. Transactions with associated enterprises, which are accounted under the equity method, are not excluded, and therefore require separate disclosure as related party transactions.

International Accounting Standard 24

Related Party Disclosures

International Accounting Standard 24 includes points from 24 to 28 this Report. Standard should be read in the context of the points 1st-23rd Preface to this Report and Reports on International Accounting Standards.

24th This Standard applies only to those related parties as described in point 5 and how they commuted In point 6th

25th Related party relationship where control exists should be disclosed irrespective of whether there have been transactions between related parties.

26th If there have been transactions between related parties, reporting a firm must disclose the nature of the related party relationship as well as the types of transactions and the elements of the transactions necessary for an understanding of the financial statements. 27th Items similar nature may be disclosed cumulatively. except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting firms.

Effective Date

28th This International Accounting Standard becomes operative for financial statements relating to periods which are starting first January in 1986. or thereafter.

International Accounting Standard 25

Investment Accounting

Introduction

First This report deals with Accounting investments in the financial firms and by applicable disclosure requirements.

Second This report does not deal with:

a) the bases for recognition of interest, royalties, dividends, and rents zarađenih on investments, which includes all International Accounting Standard 18, Revenue Recognition, and International Accounting Standard 17, Accounting for leases;

b) investments in subsidiaries;

c) Investments in associated companies and joint ventures;

d) goodwill, patents, trademarks and symbols similar services:

e) financial leases, as defined in International Accounting Standard 17, Accounting for leases;

f) investments of pension funds and life insurance firms

Definitions

3rd The following terms are used in this report with specific meanings:

2 International Accounting Standards do not apply to items that are and who prepare considerable (see point 12 of the Preface).

Investing is a tool that keeps a firm order of increasing wealth through shares (as what the interest, royalties, dividends, and rents), because, capital appreciation or for other benefits to firms investors.Noting, as they acquired business relationships. Inventories, as defined in International Accounting Standard 2. Evaluation and presentation of inventories in the context of cost, not investment. Property, plant and equipment, as defined in International Accounting Standard 16, Accounting of property, plant and equipment. (Excluding investment property) are not investments.

The current investment is an investment that is by its nature immediately available for realization and not intended to be held for longer than one year.

Long-term investment is an investment that is not what the current investment.

Investing in real estate is an investment in land or structures that are not substantially occupied for use by the same firms, or for investment firms or other firms of the same group from which it investicifsko a firm. Fair value is the amount for which an asset could be exchanged between informed, willing buyer and a willing-informed retailer in arm's-length transaction.

Tižišna value is the amount obtainable from the sale of investment in an active market.

Marketable means that there is no active market in which the known market value lila, an indicator that allows the market value calculation).

Explanation

Types of investments

4th Enterprises hold investments for various reasons. For some companies it's investment activity is a significant element poslovanja1 and performance evaluation firms can largely or solely depend on the results of these activities, it was announced. Some hold such investments accumulated wealth funds, and some held business investment with the aim to engage business relationships and achieve business advantage.

5th Let constitute investment certificates or similar documents, other do not represent. Investing can be derived from the debt unless the debt is short-term or long-term business, which represents a monetary amount owed to the holder of the investment and that usually brings interest; alternatively it can be a share in the results of firms, as it shares some of the principal. Most investments represent financial rights, some are, however, a material - for example, determined investment in land or buildings and direct ulagenja in gold, diamonds or other marketable goods.

6th For an investment, there is no active market in which it can determine the market value. For such investments is the market value of an indicator of fair value. For other investments, an active market does not exist, and the other ways are used for determining fair value.

Classification of investments

Most firms present balance that distinguishes Liquid assets of long-term funds, in accordance with International Accounting Standard 13, Presentation of current assets and liabilities of current. Liquid investments are included in the Liquid funds. The fact that a marketable investment was retained much time do not prevent the Nuzi its classification as an external current investments.

1 Enterprises gait which is supportive investment ahtivnost significant element of the business such as the insurance company and a bank. often the subject of bee introduced control. Preface Reports on International Accounting stndardima predicts that the International Accounting Standards are not superiors local regulations that govern the issuance of financial lzvještaja.

8th Investment firms that are run primarily for the protection, enable or continued existence of the business or trade relations, often called commercial ventures, were not undertaken with the intent that will be available as additional financial resources and are therefore classified as non-current. Other investments, such as real estate investment firms intend to keep more years to creating income and capital gains. They are therefore classified as non-current assets, even in spite of what may be marketable.

9th Let posiuzeæa opting not to distinguish between current and long-term assets and other regulations may require to adopt a form of balance that makes no difference. Many such firms operating in the area of finance, such as banks and insurance companies. Although such firms do not intend to realize its assets through the current business, it is usually considered many of its investments available for the needs of its of current affairs, if necessary.

10th However, such firms may have investments that are properly considered as a long-term funding, for example, a bank may hold shares in the Company najmodavaèkoj.

11th Therefore, many such firms analyze their investments and therefore whether their characteristics those of current investments or long-term investments, amounts are stated in accounting.

Cost of investment

12th The cost of investment includes acquisition costs and costs such as brokerage commissions, fees, taxes and bank fees.

13th If the investment is acquired, or partly acquired, by issuing shares or other securities, the acquisition cost is the fair value of the securities issued and not their nominal or par value. If the investment have acquired in the exchange, or the partial exchange for another asset, the cost of acquisition of investments is determined by reference to the fair value of the ceded funds. It may be appropriate to consider the fair value of the acquirer's investment if it is more obviously.

14th Claims for interest, royalties, dividends and rents in connection with investments in general are considered as income, as income from investments. However, under certain circumstances, such inflows represent recoup the cost and do not constitute part of the profit. For example, when naplaæena interest accrued before the acquisition of the investment that brings interest and is therefore included in the price to be paid for the investment, the subsequent receipt of interest is allocated between the period before and the period after the acquisition, pre-acquisition portion is deducted from the cost. When dividends on shares declared from pre-acquisition profits, a similar procedure is applied. If it is difficult to make such an arrangement, except on an arbitrary basis, the investment cost is usually reduced by dividends receivable only if they clearly represent compensation for part of the cost.

15th The difference between the cost of investment in debt securities and investments at redemption value (discount or premium on acquisition) investor usually amortized over the period from acquisition to its maturity so as to constantly earn return on investment. Amortized discount or premium is recognized and charged to earnings as the word of interest, and are added to or deducted from the carrying amount of the securities. Thus obtained rezultirajuæi carrying amount is then considered as the cost of investment.

The carrying amount of the investment

Liquid investments

16th Opinions differ about the exemplary carrying amount of Liquid investments. Some argue that the financial statements prepared by the principle of cost is enacted, the general rule is the lower cost and net realizable value applicable to investments; and since the majority of current marketable investments, the carrying amount is lower or cost or market value. Proponents of this method of determining the carrying amount of the claim that it provides a reasonable amount in the balance sheet and does not result in the recognition of unrealized gains in earnings. They also argue that the unexpected fluctuations in stock market prices, which may priomijeniti direction, are not taken into account only as a result of the election at a certain date.

17th Others argue, considering it as Liquid investments immediately available accumulated wealth or substitute for money that they have been properly evaluated at fair value, usually at market value. A firm is not interested in the cost of such items already money that can be obtained from their sale. Investments are different from stocks because they generally can not be sold without effort, with the proviso that it is not appropriate to recognize profits from the sale of stock before the sale was not sure. Any investment is allowed in business, for example, investment in equity could be sold and the proceeds reinvested in a bank deposit account, without prejudice to the business - and it is therefore appropriate to display it at market value. Proponents of market value also argue that priopæivanje investments at cost allows management to recognize profits at its discretion, as selected investments can be sold and immediately re-purchased, and resulting profits Announced in profits, although such transactions have not changed the economic position of firms.

18th Generally speaking, a firm is interested in the overall value of its portfolio of current investments, rather than for a specific investment, because the investments are held together as accumulated assets. In accordance with this view, investments carried at the lower of cost or market value are valued on the basis of the total investment portfolio in its entirety or by category of investment, and not on the basis of individual investments.However, some argue that the use of portfolios as a base results in offsetting the loss of unrealized gains.

The long-term investment

19th The long-term investments are usually carried at cost. However, when there is a decline in the value of long-term investments excluding temporary, the carrying amount is reduced to admitting that fall. Indicators of investment value can be obtained with respect to its market value, given the resources and the results of the investee, and the expected cash inflows from investments. The risk, the type and extent of investor's role in the investee are also taken into account. Restrictions on the distribution of the investee or restrictions on alienation investors.Noting may affect the value ascribed to invest.

20th Many have a long-term investment for a firm the importance of individual investors. The carrying amount of long-term investments are therefore normally finds on the basis of paragraph - by

- Paragraph. However, in some countries can be marketable equities, classified as a long-term investment, carried at cost or market value, whichever is lower, on a flat base portfolio. In these cases, a temporary reduction and cancellation of such reductions are included in glavnieu.

21st Reductions other than a temporary decline carrying amounts of long-term investments are charged to the income statement, if you have not beaten the previous revaluation (see point 23), decrease in the carrying amount may be reversed when there is an increase in the value of the investment, or if there are reasons for this decrease. However, in some countries, a reduction in the carrying amount is not reversed.

Revaluation

22nd Sometimes a long-term investments are revalued to fair value. In the interest of consistency, we adopt policies frequency of revaluation, and all are a long-term investments are revalued at the same time, or at the very least, the entire category is revalued.

23rd Increase in the carrying amount resulting from the revaluation of long-term investments, is credited directly to equity is as revaluation reserve. By reducing the amount of the carrying amount that aligns the previous increase, for the same investment, which was attributed to revaluation reserves, and subsequently canceled or not utilized, is charged with the revaluation reserve. In all other cases, to reduce the carrying amount is charged to earnings. Increasing the basis of the revaluation, which is directly connected with the previous reduction of the carrying amount of the investment, which is the same before tereæena profit, approves the gains to the extent that pravnava previously recorded decrease.

Investing in Real Estate

24th Some firms choosing the calculation of investment properties as for a long-term investment. Other firms prefer investing in real estate is calculated according to its accounting policy for property, plant and equipment, in accordance with International Accounting Standard 16, Accounting of property, plant and equipment, and amozacizaciju calculated in accordance with International Accounting standards 4, Depreciation Accounting, 25thFirms that accounted investments in real estate as a long-term investment, consider the changes in their fair value, which is usually the market value of the more significant than their depreciation. Therefore, the property is systematically periodically revalued. Where the fair value recognized in the carrying amount of any changes in the carrying amount calculated in accordance with subparagraph 23rd Where such fair values are recognized in the carrying amount they are published.

Disposal of investments

26th When the sale of an investment, the difference between the book value and sales revenue, net of expenses, is recognized in the income statement as profit or loss from the sale. If the investment was revalued before, or had been recognized at fair value and carrying amount of the increase provided, and there is still a revaluation reserve in equity, the amount of increase in the spread of any profits, whether in retained earnings. The previous method has the advantage that in the income statement includes all accumulated wealth came from investments.

27th Any reduction in the market value of current investments carried at the lower of cost or market value on a portfolio basis is carried at cost portfolio. Investments in aggregate, these individual investments continue to exhibit at cost. Accordingly, the profit or loss from the sale of individual investments based on cost, however, the reduction in aggregate market value of the portfolio should be assessed.

28th When alienated part of a particular investment firms, knjigovadstveni amount shall be distributed to the portion sold.

The carrying amount is usually set to the average carrying amount of the total investment.

Transfers of investments

29th Sometimes a long-term investment re-classified as Liquid investments. Transfers are performed by:

a) the lower of cost or carrying amount, if the Liquid investments carried at the lower of cost and market value. If the investment previously been revalued, any revaluation reserve in connection therewith shall be annulled in the transfer, and

b) if the carrying amount of the Liquid investments carried at fair value. If there are changes in the fair value of current investments to get involved in, any revaluation reserve in this respect is transferred to profit and presented in accordance with International Accounting Standard 8, Extraordinary items, items from the previous period and changes in accounting policies.

30th Investments classified ponðvno out of current in a long-term individually are transferred at cost or market value, whichever is lower, or at market value if they have previously been determined by this value.

Changes in portfolio investment

31st A firm with significant supportive investment aktivnošæu usually maintains a portfolio of investments that are traded continuously. So by doing a firm seeks to improve the quality and earnings from its investment portfolio. When the alienation of a particular investment, freed resources are available for reinvestment or may remain as part of the monetary supportive investment portfolio.

32 As to the constant changes in investments in such portfolio, there are different opinions about the appropriate accounting procedure when a particular investment ALIENATION:

a) some argue that overdrafts or lack of net sales to book value represents the profit or loss, koji.treba directly recognized in earnings;

b) others argue that alienation only reflects the adjustment of the components of the portfolio, not Presenting any increase or decrease in value, because it is the only substitute one investment to another, and that therefore neither a profit nor a loss should not affect the level of profits, and

c) several of them representing middle course, whereby the difference between net sales and cost of the investment is amortized through earnings over a given period.

33 Alternative a) method is preferred. Alternative b) is appropriate only when using the base market value, and changes in market value are involved in income because of harmonizing to the market value has already been taken into account. Alternative c) is not appropriate, because it does not recognize the entire profit or loss in the period in which it appears.

Income statement

34 Some firms that recorded Liquid investments at market value on the basis that these are stocks of wealth that can be freely sold immediately recognized any gains or losses on the market value as part of the profit to be accrued in the income statement together with the profits and losses on disposals . However, in some countries are not allowed to switch on such gains in earnings and credited directly to equity is calculated in the same way as a revaluation reserve of long-term investments.

35 If the current investments are carried at the lower of cost or market value, any decrease in market value and any cancellation of such reductions are included in the income statement together with the profits and losses on disposals.

36 Any reduction in the carrying amount, except for a temporary decline in the value of long-term investment and cancellation of such reductions and profit and loss on disposals are long-term investments are included in income and presented in accordance with International Accounting Standard 8, Extraordinary items, items from the previous period, and changes in accounting policies.

Firms specializing in investment

37 In some countries, there are firms specializing in investment whose main business is holding a portfolio of marketable securities as an investment broker for its own stockholders. These firms posted their investments at fair value, which is usually the market value because it is under these circumstances, the most appropriate basis. They earned for their profits and losses from investments that are considered to be equivalent and the

unrealized gains and losses, and should therefore be calculated in the same way. They publish a summary of all changes in the value of its investments for the period.

38 The acts of these firms prohibit dividends from profits on disposals of investments and require highlighting the differences between the profit arising from interest and dividends, and gains or losses arising on disposals of investments. Therefore, these firms excluded from the get all the changes in value of investments, whether or not realized.

Taxes

39 Tax consequences arising from the application of this report, is accounted for in accordance with International Accounting Standard 12, Accounting for Taxes on profits.

Publication

40 Next publication are appropriate:

a) the accounting policies for:

(I) determining the carrying amount of the investment, (ii) the procedure with changes in market value of current investments carried at market value, (iii) the procedure to revaluation reserves in the sale of revalued investment;

b) the considerable sums involved in investment income for:

(I) interest, royalties, dividends and rents from long-term and of current investments,

(Ii) profits and losses on disposals of current investments and changes in value of such investments;

c) the market value of marketable investments, if not accounted for at market value;

d) The fair value of investment property, if calculated as a long-term investment and carried at fair value;

e) significant limitations unovèivosti investment or doznaèavanja profit and income from the alienation;

f) for a long-term investments are carried at revalued amounts:

(I) the frequency of revaluation policies, (ii) the date of the last revaluation, and

(Iii) the basis of the revaluation and whether it was switched on external assessor;

g) movement of revaluation reserves in a given period and the nature of such movements:

h) for firms whose main business Holding investment, portfolio investment analysis.

41 Next publication can provide help readers understand the financial statements:

a) analysis of long-term investments by categories b) estimates of Directors of the fair value of investments that are not marketable;

c) where investments are realizable, the valuation method used to compare the cost of investing where applicable;

d) the amount of any previous revaluation reserve relating to investments alienated during the year and who was previously distributed iii converted into share capital, and

e) details of any individual investments, which is a significant part of their reported assets firms

International Accounting Standard 25

Investment Accounting

International Accounting stendard includes 25 points 42-56. Report this Standard should be read in the context of 1-41 points. this Izvješteje Preface and Reports of international accounting standarda2.

42 Accrued investment firms should be in accordance with subparagraph 43 to 53, unless they are firms that specialize in investment, in which case the investment can be computed in accordance with subparagraph 54

Classification of investments

43 A firm that makes a distinction between current and long-term assets in its financial statements should be presented as Liquid Liquid investment funds, and a long-term investment as a long-term funds.

44 Enterprises that do not distinguish between current and long-term investments on their balance sheets should still make a difference in order to measure and determine the carrying amount of the investment in accordance with subparagraph 46-47.

Investments in real estate

45 Firm that holds an investment property should be either: a) treat them as property in accordance with International Accounting Standard 16, Accounting of property, plant and

equipment and are depreciated in Skiada with International Accounting Standard 4 Accounting depreciation or

b) Accrued them as a long-term investment.

The carrying amount of the investment

46 Investments are classified as Liquid assets are to be recorded on the balance sheet, either by:

a) the fair market value, or

b) the lower of cost or market value. If Liquid investments are recorded at cost or market value, whichever is lower, the carrying amount should be determined either on the basis of aggregate portfolio, in aggregate or by category of investment, either on the basis of individual investments.

47 Investments are classified as non-current assets are to be recorded on the balance sheet, or:

2 International Accounting Standards are not intended for insignificant items (see point 12 of the Preface)

a) at cost or

b) at revalued amounts, or

c) in the case of tradable shares, the lower of cost or market value, a flat on a portfolio basis.

If you apply revalued amounts, should adopt policies frequency of revaluation, the entire category of long-term investments should be revalued at the same time. The carrying amount of long-term investments should be reduced to recognize the decline in value of the investment that is not temporary, where such reduction is determined for each investment individually.

Changes in the carrying amount of the investment

48 Increasing the carrying amount was derived from the revaluation of long-term investments should be granted equity is a revaluation reserve. By the size to which the reduction in the carrying amount aligns with by increasing the preceding, for the same investment, which was approved revaluation reserves and subsequently canceled or not used, it should be charged to the revaluation reserve. In all cases ostalini, reducing the carrying amount should be charged to earnings. Increasing the revaluation which is directly

connected with the previous reduction of the carrying amount for the same investment, which was tereæena profits, profits must be approved by the size that aligns the previously recorded decrease.

49 A firm that is credited Liquid investments at market value to be adopted and consistently applied policy for the calculation of increasing or reducing the carrying value to either:

a) activate the profits, or

b) computed in accordance with subparagraph 48

Disposal of investments

50 At the disposal of investments, the difference between the net income from the alienation and the carrying amount should be charged to profit or approve. If the investment was the current asset that has been recognized on a portfolio basis at the lower of cost or market value, profit or loss from the sale should be based on cost. If the investment was previously revalued or has been recognized by market value, and increase the carrying izriosa transmitted in the revaluation reserve, a firm should adopt policies or attribution of any remaining amount of the respective revaluation reserves in profits, or transmitting the same to retained earnings. This policy should be applied consistently in accordance with International Accounting Standard 8; Extraordinary items, items from the previous period and changes in accounting policies.

Transfers of investments

51 For a long-term investments that are re-classified as Liquid investments; transfer should be carried out by:

a) the lower of cost or carrying amount, if the Liquid investments carried at the lower of cost or market value. If the investment previously been revalued, any remaining relevant revaluation surplus should cancel the transfer, and

b) the carrying amount, if the Liquid investments carried at market value. If the change in market value of current investments involved in profits, or any remaining revaluation reserve should be transferred to profit.

52 For investments that are re-classified from a long-term needs of current in each transfer at the lower cost or market value, or at market value if you have previously expressed by this value.

Income statement

53 The profits to be included the following:

a) investment income resulting from the:

(I) interest, royalties, dividends, and rents from long-term and of current investments;

(Ii) the profit and loss account at ALIENATION sale of current investments,

(Iii) unrealized gains and losses of current investments carried at market value, where such a policy was adopted to point 49, and

(Iv) reduction to market value and reversals of such reductions required to express Liquid investments at cost or market price, whichever is lower;

b) a reduction in the carrying amount, except for a decline in value of long-term live investment climate that is not temporary, and reversals of such reductions, and

c) Profit and loss on disposals of long-term investments, which are computed in accordance with subparagraph 50

Firms specializing in investment

54 Firms specializing in investments which prohibits the distribution of profits in ALIENATION investments may exclude the gain from changes in value of investments, whether or not realized, provided that their investments are recorded at fair value. Such firms should be included in the financial statements, a summary of any changes in the value of its investments for the period.

Publication

55 It should be published the following:

a) the accounting policy in respect of:

(I) the determination of the carrying amount of the investment, (ii) the procedure to change Trisna value of current investments carried at market value, and

(Ii) the procedure for the revaluation surplus on sale of revalued investment;

b) considerable amounts involved in tax in respect of:

(I) interest, royalties, dividends, and rents from long-term investments and of current and

(In) profits and losses at ALIENATION of current investments and changes in value of such investments;

c) the market value of marketable investments, if they are not carried at market value,

d) the fair price of an investment property, if you have accrued as a long-term investment and are carried at fair price;

e) significant limitations in the recoverability of the investment or the return of the proceeds from the alienation of earnings;

f) for a long-term investments are carried at revalued amounts:

(I) the frequency of revaluation policy, (ii) 'date of revaluation and nsjnovije

(Iii) the basis of the revaluation, and whether it was switched on external assessor;

g) movement of the revaluation surplus for that period, and the coercion of such developments, and

h) analysis of portfolio investments in firms whose main business is investment.

Effective Date

56 This International Accounting Standard becomes operative for financial statements comprise the period which opens on 1 January 1987th, or thereafter.

The international standard of 26 raèkznovodstveni

Accounting and reporting on pension plans

Introduction

First This report deals with the contents of reports of pension plans where such reports are prepared. The report maintains that a pension plan1 reporting entity, separate from the employers of participants in the plan. All other International Accounting Standards are applied in izvještajinia pension plans to the extent that these reports are not broken.

Second International Accounting Standard 19, Accounting for pensions in the financial statements of employers engaged in determining pension costs in the financial statements of employers foresee such pensions. Therefore, this report complements the International Accounting Standards Board 19th

4th Pension plans may be defined contribution plans or defined pension plans. Many require the creation of separate funds, which may, but need not have a separate legal identity and may or may not have the procurators, which are allocated to isplaæuju contributions and pensions. This report applies regardless of whether such funds are created and regardless of whether there procurators.

5th Pension plans with assets invested in the insurance companies are subject to the same accounting requirements as well as investments in funds and private investment arrangements. Accordingly, they are within the scope of this report, unless the contract with the insurance company is not in the name of said particular participant or group of participants for these pensions is solely responsible the insurance company.

6th This report does not deal with other forms of employee rights, such as severance pay, deferred compensation for wages, severance payments for long service and special plans earlier or later retirement plans for health and welfare programs or special premiums. Arrangements social security drevlioga types are also excluded from the scope of this report.

Definitions

7th The following terms are used in this report with the same meaning as specified in the International Accounting Standard 19, Accounting for pensions in the financial statements of employers:

Pension plans are arrangements, formal or informal, which poslodavac2 provides pensions for employees at the end of or after termination of service (either in the form of an annual income or as a lump sum) when such pensions can determine or estimate prior to his retirement from the provisions of a document or from poslodavèeve practices. Defined contribution plans are retirement plans under which amounts to be paid as pensions protocol stipulates contributions to the fund together with earnings from investments in the fund.

1Mirovinskim plans sometimes attributed to other names, such as "Pension schemes". "Pensioners Scheme" or "Scheme pension rights."

2Nekt pension plans have other sponsors, not poslodsvce, this report is also applicable for lzvješæe tahvih plans.

Defined pension plans are pension plans under which amounts to be paid as pensions usually identifiable in relation to define two employee and (or) years of service.

Fortified pensions are pensions which, under the terms of the pension plan are conditional continuous employment.

The purpose of this report apply to the next concepts: actuarial present value of pensions make binding the present value of expected payments by a retirement benefit plan current and former employees, which can be attributed to the already performed tenure.

Investing in the Fund's transfer of funds to an entity that is separate from poslodavèeva firms, in order to meet future obligations of paying pensions.

Net funds available for pension funds are the pension plan, less liabilities, except those that are actuarial present value of pensions make binding.

Participants are members of the pension plan and others who use certain pension from the plan.

Explanation

Accounting and reporting on Pension Plan

8th Most pension plans are based on formal agreements. Some plans are informal but have gained a degree of obligation as a result of poslodavèeve established practices. While some plans permit employers to limit their liabilities under the plans, the employer is generally difficult to cancel a plan if you need to keep busy. The same basis of accounting and REPORTING applied for informal as well as formal plans.

9th Many pension plans Enables establishment of special funds that pay contributions and from which the pension is paid. Such funds can operate independently of the parties that manage funds of funds. These parties in some countries called procurators. The term procurator used in this report to describe such parties regardless of whether the formlrano proctorship.

10th Pension plans are usually described as either defined contribution plans or defined pension plans, each with different characteristics. Occasionally plans exist that contain characteristics of both these plans. Such hybrid plans are considered for the purposes of this report defined plans.

Defined contribution plans

11th Under a defined contribution plan, the amount sudionikovih future pension is determined by the contributions paid by the employer, the participant, or both, and business uèinkovitošæu and earnings from investments of the fund. Poslodavèeva obligation is usually settled Contributions Fund. Actuary advice under its normal circumstances is not required although such advice is necessary for the assessment of future pensions that can be achieved on the basis of present contributions and varying levels of future contributions and investment earnings.

12th Participants were interested in the activity of the pension plan because they directly affect the level of their future pensions. Participants were interested in finding whether the contributions were received, and appropriate control is done to protect the rights of users. Poslodavec is interested in efficiency and fair business plan.

13th Cllj the reporting by a defined pension plan to periodically provide information about the plan and investment performance. This objective is usually achieved if it is ensured that the report contains the following:

a) a description of significant activities for the period and the effect of any changes in relation to the plan, and its membership, terms and conditions;

b) report on the transactions and investment performance for the period and the financial position of the plan at the end of the period, and

c) a description of the investment policy.

Defined pension plans

14th According to a defined pension plan, the payment of pensions make binding depends on the financial position of the plan and the ability of participants to paid into future contributions to the plan, as well as the investment performance and operating efficiency of the plan.

15th Defined pension plan requires periodic advice actuary to assess the financial condition of the plan, reviewed and recommended by the assumption future contribution levels.

16th The aim is reporting that provides a defined pension plan, to periodically provide information about the financial resources and activities of the plan, which is useful when perform a subjective evaluation of the relationship between the accumulation of resources and planning of pensions over time. This objective is usually achieved if it is ensured that the report contains the following:

a) a description of significant activities for the period and the effect of any changes in relation to the pension plan, and its membership, terms and conditions;

6) reports on the transactions and investment performance for the period and the financial position of the pension plan at the end of the period;

c) actuarial information either as part of a report or a particular report, and

d) a description of the investment policy.

Actuarial present value of pensions make binding

17th The present value of expected payments to the pension plan may be calculated and Announce applying the current level of wages or planned level of wages up to the time of retirement of participants.

18th The reasons cited for the adoption of the current salary approach include:

a) the actuarial present value of pensions make binding, which is the sum of amounts that may be attributed to each individual plan participant, may be objectively calculate than planned levels of wages, because it involves fewer assumptions;

b) increases in pensions, which can be attributed to an increase in wages become an obligation of the plan at the time of the increase in wages;

c) the amount of the actuarial present value of pension make binding, with the application of the current level of wages, generally in the close relation with the amount of payment in case of completing his or discontinuance of the plan.

19th Reasons to adopt a planned salary include:

a) financial information should be prepared on the basis of the principle of time unrestrict business, regardless of the assumptions and estimates that must be made;

b) The ultimate plans of payment of wages, pensions are determined in relation to salaries at or near retirement date; hence salaries, contribution levels and rates of return must be planned, and

c) failure to incorporate plans pay when payment is in. funds based on the plans of wages, may result in reporting on the apparent prepaid funds when the plan is not preplaæen, or reporting on the go contribute adequate funds when the plan is underpaid.

20th Actuarial present value of pensions make binding, based on wages for ongoing, published in the report on the plan to indicate the obligation on pensions earned to date reports. Actuarial present value of pensions make binding, based on projected salaries, published to highlight the importance of contingent liabilities on the basis of the principle of time unrestrict business which is generally the basis for funding. In addition to the release of actuarial present value of pension make binding, you will perhaps sufficient explanation as to indicate clearly, the context in which it should be read actuarial present value of pensions make binding. Such explanation may be in the form of information about the adequacy of the planned future for funding and policy go contribute to the funds based on the plans pay. It can be activated in the financial information or in the actuary report.

Frequency of actuarial estimates

21st In many countries, actuarial valuations are not obtained more often than every three years. If the actuarial valuation has not been prepared to date reports, the foundation serves the last assessment and publication date estimates.

The content of the reports defined benefit retirement plans

22nd For defined benefit plan information is presented in one of the following forms that maintain different practices on the publication and presentation of actuarial information:

a) The report is active in the report that shows the net assets available for retirement, actuarial present value of pensions make binding, and the surplus or deficit that stems from it. A report of the plan also contains a statement of changes in net assets, available for retirement, and changes in the present value aktuarijskoj make binding pensions. This report may involve special akutarijski report that supports the Actuarial present value of expected pension.

b) a report that includes a statement of net assets available for pension and statement of changes in net assets available for retirement. Actuarial present value-binding miroaina published in the notes along with the reports.The report may also involve the actuary report that supports the actuarial present value of pensions make binding.

c) report that includes a statement of net assets available for retirement and report on changes in net assets available for retirement with Actuarial present value of pensions make binding; Actuarial contained in a separate report.

d) report that includes a statement of net assets available for pension and statement of changes in net assets available for retirement. Actuarial present value of pensions make binding (based on cur-rent levels paid) shall be published as the higher of net funds available for retirement. Where the net funds available for retirement, exceed the actuarial present value of pensions make binding, then they published the fact that there is an excess is recognized, and report includes a report on the adequacy of future funding policy. Actuarial present value of pension benefits and make binding report on the adequacy of future policy of investing in the funds may be contained in a separate Actuarial reports.

e) a statement that reflects only the activities of the fund. No information is given on the present value of expected aktuarijskoj pensions.

Any form prokutorova reports that a report by nature managementaèili directors and report on investment can also monitor reports.

23rd The forms described in points 22nd d) and 22 e) are considered inappropriate because they were incomplete. Other forms, discussed in point 22, have different degrees of acceptability.

24th Those who prefer the forms described in points 22nd a) and 22 b) believe that the quantification make binding pensions and other information prescribed by these approaches, helping users to evaluate the position of the Liquid Plan and the likelihood that it will comply with the obligations of the plan. They also believe that financial statements should be complete in themselves and not to rely on accompanying statements. However, some believe that the format described in point 22nd a) could create the impression that there is an obligation, because actuarial present value of pensions make binding, in their opinion, does all the characteristics of the liability.

25th Those who prefer the form described in point 22nd c) believe that the actuarial present value of pensions make binding should not be included in the statement of net assets available for pension as in the form described in point 22nd a), or even believe that it should not be published in the note as the 22nd b) because they will be comparing them directly with plan assets and such a comparison may not be valid. They contend that actuaries are compared not always make binding actuarial present value of pensions with market values of investments but may instead assess the present value of expected cash flows from the investment. Therefore, those who prefer this format believe that such a comparison will probably not maintain actuary comprehensive evaluation plan, so it could be wrong. Also some believe that, regardless of whether it is qualified, information about binding pensions should be contained solely in a separate notification the Actuarial where they can provide appropriate justification.

26th This report accepts the view that favor permitting the release of information regarding the binding of pensions in a separate Actuarial reports. It rejects arguments against the quantification of the actuarial present value of pension make binding. Accordingly, the forms described in points 22nd a) and 22 b) shall be eligible for this report, such as sound and form described in point 22nd c) only as long as the financial information contains a reference to a Actuarial Report, which includes the actuarial present value of pensions make binding.

Evaluation of plan assets

27th Investments pension plan is usually credited to fair value. In case utrdivih securities fair value is usually market value because it is considered the most useful measure of the securities at the date of reporting and investment performance for the period. Those securities that have a fixed redemption value and that have been purchased to be aligned with the obligations of the plan, or the specific parts of the plan can be carried at amounts based on their on the final redemption value assuming a constant rate of return to maturity. Where there are investment plan that is not possible to estimate the fair value, as well as full ownership and strategy, published reasons why not apply the fair value. To the extent that investments are carried at amounts that are not market or fair value, fair value, generally, also published. Assets used in the operations of the fund is calculated in accordance with applicable International Accounting Standards.

Publication

28th Reports that provide pension plans, if applicable, can be activated by the following:

a) a statement of net assets available-for pensions objavljujuæi:

(I) appropriately classified assets at the end of the period;

(Ii) the basis of a means test;

(Iii) details of any individual investments exceeding either 5% of net assets available for benefits or 5% of any class or type of security;

(Iv) details of any investment in the employer, and (v) liabilities other than actuarial present value

make binding pensions.

b) a statement of changes in net assets available for pension prikazujuæi following:

(I) contributions of the employer, (ii) employee contributions

(Ui) investment income such as interest and dividends,

(Iv) other income;

(V) pensions that are prepaid or payable (analyzed, for example, a pension in the event of retirement, death or disability, and lump sum payments),

(Vi) adminislrativne expenses

(Vii) other expenses; (viii) taxes on income,

(Ix) profits and losses on disposals of investments and changes in value of investments, and

(X) transfers from and to other plans;

c) a description of the funding policy;

d) A summary of significant accounting policies;

e) for defined niirovinske plans, actuarial present value of pensions make binding (which can then form the difference between laid down and neutvrðenih pension), based on the make binding pensions under the terms of the plan, the services performed to date and

Applying either the current or planned level of wages, that information can be activated in the accompanying actuarial report to be read together with the relevant financial information, and

f) for defined benefit plans of significant description of the actuarial assumptions made and the method used to calculate the actuarial present value of pension make binding.

29th The report of a retirement benefit plan contains a description of the plan, either as part of the financial information, either in separate reports. It may contain the following:

a) the names of the employers and the employee groups includes;

b) the number of participants of pension beneficiaries and the number of other participants, classified exemplary;

c) the type of plan - defined contribution or defined pension;

d) a note as to whether participants contribute to the plan;

e) a description of pensions make binding to the participants;

f) a description of any conditions okonæanja pension plan; g) changes in items a) to f) for the time period obuhvaæenog report.

Not unusually refer to other documents that are immediately pristupaæni users and in which the plan is described, and activated only information on subsequent changes in the report.

Meðnnarodni Accounting Standard 26 Accounting and REPORTING pension plans

International Accounting Standard 26 contains points 30-36. this Report. Standard should be read in the context of points 1 - 29th Preface of this report and the reports of international accounting standarda.3

30th The report of a defined pension plan should contain either:

a) a report that shows the net assets available for retirement, actuarial present vrijedaost make binding pensions, praveæi difference between laid down neutvrðenih and pensions, and the surplus or deficit that stems from it, or

b) a statement of net assets available for retirement, including any note which publishes actuarial present value of pensions make binding, praveæi difference between laid down neutvrðenih pensions and retirement, or make a to this information in the accompanying Actuarial reports.

If the actuarial valuation has not been prepared to date reports, the basis should be used last ptocjenu and announce the date of the assessment.

31st For the purposes of point 30, actuarial present value of pensions make binding should be based on binding to the pension plan requirements for service performed to date, using either the current level or planned level of wages paid to the publication of the applicable base. The effects of any changes in actuarial assumptions that have had out considerable effect on the actuarial present value of pensions make binding, should also be disclosed.

32 The report should also explain the relationship between the actuarial present value of pension benefits and make binding net assets available for pension and investment policy of the pension fund make binding.

33 The report of a defined contribution plan should contain the statement of net assets available for retirement and a description of the funding policy.

34 Report on the pension plan, whether defined benefit or defined contribution, should also contain the next information:

a) a statement of changes in net assets available for retirement;

b) a summary of significant accounting policies, and c) a description of the plan and the effect of any changes in the plan during the period.

3Međunarodni Accounting Standards are not intended to be insignificant, items (see point 12 of the Preface)

35 Investments pension plan should be carried at fair value. In the case of marketable securities fair value is market value. Where the investments held by the pension Pian that it is not possible to estimate the fair value, should disclose the reason why fair value is not used.

Effective Date

36 This International Accounting Standard becomes operative for financial statements of pension plans that relate to the period beginning with the first January 1988th or thereafter.

International Accounting Standard 27

Consolidated Financial Statements and Accounting for Investments in Subsidiaries

Introduction

First This report is concerned with the preparation and presentation of consolidated financial statements for a group of firms controlled by the parent. The consolidated financial statements have been developed because of the need for information concerning the financial position, results of operations and changes in financial position of the group companies.

Second This report also deals with Accounting investments in subsidiaries in the separate financial statements.

3rd This report replaces International Accounting Standards 3, consolidated financial statements, except for that part of the report which deals with Accounting for Investments in Associates.

4th The consolidated financial statements are encompassed by the term "financial statements", which is active in the Preface to the reports of international accounting standards. Therefore, the consolidated financial statements prepared in accordance with International Accounting Standards.

5th This report does not deal with:

a) methods of accounting for business combinations and their effects on consolidation, including goodwill arising on a business combination (see International Accounting Standard 22, Accounting for business combinations)

b) Accounting for investments in associates (see International Accounting Standard 28, Accounting for Investments in Associates) and

c) Accounting for investments in joint ventures

Definitions

6th The following terms are used in this report with specific meanings:

Control (for the purposes of this report) is the power to govern the financial and operating policies of enterprises so as to obtain benefits from its activities.

Branch is a firm that is controlled by the other firms (known as the parent).

Nuts is a firm that has one or more subsidiaries. The Group's parent company and all its subsidiaries.

The consolidated financial izvješteji the group financial statements, presented as if it were a firm one.

Minority interest is that part of the net results of operations and net assets subsidiaries attributable to interests that are not owned, directly or indirectly through subsidiaries.

Explanation

The need for consolidated financial statements.

7th Users of the financial statements of a parent are usually interested and need to be informed about the financial position, results of operations and changes in financial position of the group as a whole. These needs are met consolidated financial statements, which present financial information about the group as that of a firm one, regardless of the legal restrictions of separate legal entities.

8th Parent that is itself wholly owned by another a firm can not always present consolidated financial statements since such statements may not be required by its parent and the needs of other users may be best served by the consolidated financial statements of its parent. In some countries, the parent also exempt from presenting consolidated financial statements if it is virtually wholly owned by another a firm and the parent obtains the approval of the owners of the minority interest. Virtually wholly owned is often an indication that the parent owns 90% or more ballot power.

9th A parent that does not present consolidated financial statements, because it is itself a subsidiary, announced in its separate financial statements;

a) why consolidated financial statements are presented, and

b) The base used for the calculation of subsidiaries

It also usually announces the official name and address of its parent which presents consolidated financial statements.

Scope of consolidated financial statements

10th The consolidated financial statements comprise all firms that are controlled by the parent, except those subsidiaries excluded for the reasons given in point 11th Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the ballot power of some firms, unless in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists even when the parent owns half or less than half the ballot power firms, when there is:

a) power over more than half of the voting rights on topics agreement with other investors,

b) power to govern the financial and operating policies of firms under a statute or agreement:

c) the power to appoint or remove a majority of the members of the board or a compatible governing body, or

d) power to most of the calibrated glasoua at meetings of the board or a compatible governing body.

11th Branch is usually excluded from consolidation:

(A) When stipulating temporary control because the subsidiaries acquired and held exclusively with a view to its subsequent, in the near future be alienated, or

(B) when it operates under severe long-term restrictions which significantly reduces its possibility to transfer funds to the parent.

Such subsidiaries are accounted as investment in accordance with International Accounting Standard 25, Accounting investments.

12th Sometimes a subsidiary excluded from konsoIidacije when its business activities are similar to those of other firms in the group. Isklljuèenje on these grounds is not justified because better information provided by consolidating such subsidiaries and disclosing additional information in the consolidated financial statements about the different business activities of subsidiaries. For example, the disclosures required by International Accounting Standard 14, reporting financial information by segment, and helps explain the significance of different business activities within the group.

Consolidation procedures

13th In preparing the consolidated financial statements, the financial statements of the parent and its subsidiaries are combined on a line by line basis by adding together the same position of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the group as if it were a firm one, take the next steps:

(A) the carrying amount of the parent investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated (see International Accounting Standard 22, Accounting for business combinations, which also describes the treatment of any proizišlog goodwill);

(B) intra-group balances and intra-group transactions, including sales, expenses and dividends, are eliminated in full:

(C) unrealized profits arising from intra-group transactions, which are included in the carrying amount of assets, such as inventory and fixed assets, are eliminated in full;

(D) unrealized losses arising from intra-group transactions, which are deducted when they came to the carrying amount of assets are also eliminated unless cost can not be recovered;

(E) temporary differences that arise from the elimination of unrealized profits and losses resulting from transactions within the group and are processed in accordance with International Accounting Standard 12, Accounting for Taxes on income;

(F) Minority interests in net income of consolidated subsidiaries for the reporting period are identified and harmonized with profit group that comes to the net profit attributable to owners of the parent smears, and

(G) Minority interests in the net assets of consolidated subsidiaries are identified and presented in the consolidated balance sheet separately from liabilities and equity joint-stock registers. Minority interests in the net assets consist of:

(I) the amount of the initial date of the merger, the calculated in accordance with International Accounting Standard 22, Accounting for business combinations, and

(Ii) the Mariinsky shares in joint-stock movements in equity since the date of the merger.

14th Taxes to be paid to stem the distribution of profits retained in subsidiaries and to pay either the parent or its subsidiaries is accounted for in accordance with International Accounting Standard 12, Accounting for Taxes on profits.

15th The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements, usually drawn from the same date. When the reporting dates are different, and affiliates are often prepares, for consolidation purposes, statements as at the same date as a group. When it is impracticable to financial statements with different reporting dates may be used provided the difference is not greater than three months.

The principle of consistency requires that the length of the reporting periods and any difference in the reporting dates should be the same from period to period.

16th When the financial statements with different reporting dates consolidated, harmonizing make up for the effects of all the more significant business events or intragroup transactions that they occur between those dates and the date of the financial statements of the group.

17th The consolidated financial statements are usually prepared using the same accounting policies for like transactions and events in similar circumstances. In many cases, if a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, it is appropriate to perform the adjustment of their financial statements when they are used in preparing the consolidated financial statements. If such harmonization is not practically calculate that the facts published, together with the scale of these items in the consolidated financial statements on which the different accounting policies have been applied.

18th The business results of subsidiaries are included in the consolidated financial statements starting from the date of acquisition, which is the date on which control is acquired subsidiaries effectively transferred to the buyer, in accordance with International Accounting Standard 22, Accounting for business combinations. The business results of some affiliates who alienated included in the consolidated income statement until the date ALIENATION and that is the date on which the parent ceases to control the subsidiary. The difference between the proceeds ALIENATION subsidiary and the carrying amount of its assets less liabilities as of the date ALIENATION recognized in the consolidated income statement as profit or loss on disposals are subsidiaries. To ensure the comparability of financial statements from one accounting period, often gives additional information on the effects of acquisitions and ALIENATION subsidiaries on the financial position at the date of the report on the results for the reporting period and on the corresponding amounts for the preceding period.

19th From the date on which it ceases to fit the definition of a branch, and not as an associated company as defined in International Accounting Standard 28, Accounting for Investments in Associates, an investment in a firm is calculated in accordance with International Accounting Standard 25, Accounting investments, since that it is no longer part of the group. The carrying amount of the investment at the date that it ceases to be a subsidiary is considered as cost thereafter.

20th Losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in equity affiliates. Overdrafts, and any further losses applicable to the minority, are charged to the majority interest except to the extent that the minority has a firm commitment to compensate the losses and the opportunities to do so. If the subsidiary subsequently reports that there are profits, all such profits are allocated to the majority interest until the minority's share of losses before asporbiran by the majority can not be reimbursed.

21st If a subsidiary has outstanding cumulative preference shares that are held outside the group, the parent calculates its share of profits or losses after the harmonization of priority dividends affiliates, independently, whether dividends have been reported or not.

Accounting of investments in subsidiaries in the separate financial statements

22nd In many countries the parent prepares separate financial statements that comply with legal and other requirements. When these separate financial statements are presented, investments in subsidiaries that are included in the consolidated financial statements are as follows:

(A) computed using the equity method as described in the International Accounting Standard 28, Accounting for Investments in Associates, or

(B) carried at cost or revalued amounts to your home accounting policy for a long-term investment (see International Accounting Standard 25, Accounting investments).

23rd Investments in subsidiaries that are excluded from consolidation are accounted for in the parent's separate financial statements, as they are investments in accordance with International Accounting Standard 25, Accounting investments.

Publication

24th To users of the consolidated financial statements can be understood interrelationship between members of the group, published the following:

(A) a list of significant podružniæa including name, country of incorporation or establishment, ratio of equity interest and, if different, the proportion of ballot power;

(B) the reasons for consolidating subsidiaries;

(C) the nature of the interrelationship between the parent company and subsidiaries in which the parent does not own, directly or indirectly through subsidiaries, more than half of the ballot power, and

(D) the name of companies in which more than half the ballot power, directly or indirectly through subsidiaries, but which, since it is not under control, not a subsidiary.

25th To help users separate financial statements of a parent know which method is used for calculating the branch, description of the method is revealed.

International Accounting Standard 27

Consolidated Financial Statements and Accounting for Investments in Subsidiaries

International Accounting Standard 27 point captures 26th-38th Reports of this Standard should be read in the context of the points 1st-25th Preface to this report and reports by international accounting Standarda.1 Presentation of the consolidated financial statements of the 26th Parent, other than a parent mentioned in point 27, should present consolidated financial statements.

27th Nut, which is wholly-owned subsidiaries in somebody, or is virtually entirely in someone's property, need not present consolidated financial statements, except in the case when virtually wholly owned neæijem and obtain approval of the owners of the minority interest. Such a parent should disclose the reasons why consolidated financial statements were presented together with the bases on which subsidiaries are accrued in its separate financial statements. Name and registered office of its matlce that publishes consolidated financial statements also should be disclosed.

Scope of consolidated financial statements

28th A parent that publishes consolidated financial statements should consolidate all subsidiaries, foreign and domestic, other than those referred to in point 29th

1 International Accounting Standards are not intended for insignificant items (see point 12 of the Preface)

29th Branch should be shut down from consolidation:

(A) When stipulating temporary control because the subsidiaries acquired and held exclusively with the intent to later in the near future be alienated, or

(B) it operates under severe long-term restrictions which significantly reduces its possibility to transfer funds to the parent.

Such subsidiaries should be computed as if the investments in accordance with International Accounting Standard 25, Accounting investments. Consolidation procedures

30th Intra-group balances and intra-group transactions and unrealized profits rezultirajuæi should elinlinirati entirely. Unrealised losses resulting from intragroup transactions should also be eliminated unless cost can not be reimbursed

31st When the financial statements used in the consolidation are drawn up to different reporting dates, harmonization need to be performed for the effects of significant transactions or events that occur between those dates and the date of the financial statements stem. In any case, the difference between reporting dates should not be more than three months.

32 The consolidated financial statements shall be prepared using uniform accounting policies for like transactions and events in similar circumstances. If it is not practically use the same accounting policies in preparing the consolidated financial statements, that fact should be disclosed together with the proportions of the items in the consolidated financial statements on which different accounting policies were applied.

33 Minority interests should be presented in the consolidated balance sheet separately from liabilities and equity joint-stock registers. Minority interests in profit groups also need to be separately presented.

34 Investing in a firm should be computed in accordance with International Accounting Standard 25, Accounting investment, from the date that it ceases to meet the definition of a branch, and not as an associated company as defined in International Accounting Standard 28, Accounting for Investments in Associates.

Accounting of investments in subsidiaries in the separate financial statements

35 In the parent's separate financial statements, investments in subsidiaries, which are included in the consolidated financial statements should be:

(A) or computed using the equity method, as described in the International Accounting Standard 28, Accounting for Investments in Associates;

(B) or carried at cost or revalued amounts to your home accounting policy for a long-term investment (see International Accounting Standard 25, Accounting investments).

36 Investments in subsidiaries that are excluded from consolidation should be computed in the separate financial statements, as they are investments in accordance with International Accounting Standard 25, Accounting investments.

Publication

37 In addition to those disclosures required by point 27 and 32, should give the following publication:

(A) the consolidated financial statements, a list of significant subsidiaries, including name, country of incorporation or residence, proportion of shareholdings and, if different, the relationship ballot power held;

(B) the consolidated financial statements, where applicable;

(I) the reasons rekonsolidiranja subsidiaries, (ii) the nature of the interrelationship between the parent company and subsidiaries in which the parent does not own, directly or indirectly through subsidiaries, more than half of the ballot power;

(Iii) the name of companies in which more than half the ballot power, directly or indirectly through subsidiaries, but which, since it is not under control, is not a subsidiary;

(Iv) the effect of acquisitions and ALIENATION subsidiaries on the financial position at the reporting date, the results for the reporting period and on the corresponding amounts for the previous period, and

(C) in the separate financial statements, a description of the method used for the calculation of a subsidiary.

Effective Date

38 This International Accounting Standard becomes operative for financial statements comprise the period which opens on 1 January in 1990. or after.

International Accounting Standard 28

Accounting for Investments in Associates

Introduction

First This report deals with investors.Noting Accounting for investments in associated companies. He replaces International Accounting Standards 3, consolidated financial statements, in so far as the Report deals with Accounting for Investments in Associates.

Definitions

The following terms are used in this report with specific meanings:

The associated company is a firm in which the investor has significant influence and which is neither its affiliates nor its joint venture.

Zneæajan influence is the power to govern the financial and operating policies of firms in the investee but is not control over those policies.

Control (for the purposes of this report) is the power to govern the financial and operating policies of firms in order to gain the benefits these activities.

Branch is a firm that is controlled by other firms (known as the parent).

Method of accounting is a method of investment is initially recorded at cost and adjusted for the subsequent changes in investor interest in the net assets of companies in which the investment is made. Income statement reflects ulagaèev share in the operating results of firms that made the investment.

Cost method accounting is a method of investment is recorded at cost. Income statement reflects income from the investment, after the date of acquisition, only the amount of income investors.Noting allocation of accumulated net profits of companies in which the investment is made.

Explanation

Significant impact

3rd The term "affiliated companies" is used to describe the firms in which the investor has significant influence.

4th If the investor has, directly or indirectly through subsidiaries, 20% or more ballot power in firms that made the investment is assumed that the investor has significant influence, except when it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly through subsidiaries, less than 20% of the ballot power in firms in which the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. Substantial or a majority ownership of another investors.Noting does not necessarily forbid the investor has significant influence.

5th The existence out considerable influence investors.Noting usually evidenced in one or more of the following ways:

(A) representation on the board of directors or appropriate governing body of companies in which the investment is made;

(B) participation in policy-making;

(C) is noticeably transactions between investors.Noting and firms that made ulagarije;

(D) interchange of rulsovodnog staff, or (e) obtaining the essential technical information.

Accounting methods

Equity method

6th Under the equity method, the investment is initially recorded at cost and its carrying amount increases or decreases ulagaèev admitted to share in the profits or losses of companies in which the investment was made after the date of investment. Distributions received from firms in the investee reduce the carrying amount of the investment. The adjustment of the carrying amount may also be necessary for alternative ulagaèevom proportionate share in firms in which the investee arising from changes in equity of the entity that were not involved in the income statement. Such changes include those arising from the revaluation of property, plant, equipment and investments, and of implementing the exchange rate differences and harmonize the differences resulting from business combinations.

Cost method investments

7th Under the cost method investments investor accounts for its investment in a firm to other costs of investment. Investor recognizes income after the date of acquisition only to the extent that receives a distribution of accumulated net profits of companies in which the investment is made. Distributions received from the excess of such profits are considered compensation for such investments, are recorded as a reduction of cost of investments, in accordance with International Accounting Standard 25, Accounting investments.

The choice of accounting method in the consolidated financial statements

Recognition of profit on the basis of the received distribution may not adequately measure of profit earned investors for the investment in the associated company, it received distributions may show weak interaction of the success of its associated companies. Since the investor has significant influence over the associate company, an investor has to some extent the responsibility for the success of associated companies and, as a result of profits from their investments. Investor uses this management proširujuæi scope of its consolidated financial statements in order to turned on a its share in the results of such an associate and so provides analysis of earnings and investment from which to calculate beneficial relationships. As a result, the application method provides informative reporting of the net assets and net profit investors.

9th Investment in associated companies accounted for using the cost method when it operates under severe long-term restrictions that significantly impair its ability to transfer funds to investors. Investments in associated companies are also computed using the cost share when Investments that are acquired and held exclusively with a view to hence in the near future.

10th Investor ceases to apply the equity method from the date on which:

(A) ceases to have significant influence in the associated company but retains, either in whole or in part, its investment; or

(B) Application of the equity method is no longer appropriate for the reasons described in point 9th

The carrying amount of the investment at that date was later considered as the cost of investment.

The choice of accounting method in the separate financial statements investors.Noting

11th Preparation of the consolidated financial statements do not prevent the very need for separate financial statements investors. When such reports presented investor issued consolidated financial statements, investment in associated company is:

(A) were calculated by applying the equity method to the cost method was used as for the associated company in ulagaèevim consolidated financial statements, or

(B) carried at cost or revalued amounts to kilagaæevoj accounting policy for a long-term investment (see International Accounting Standard 25, Accounting investments).

12th Investor that has investments in associates may not issue consolidated financial statements because it has no branches. It is desirable that such an investor provides the same information about its investments in associated companies as well as firms that issued consolidated financial statements. To be given this information, the investment in an associated company is:

(A) was calculated using the equity method was cost method that is appropriate for an associated company if the investor issued consolidated financial statements, or

(B) carried at cost or revalued amounts to ulagaèevoj accounting policy for a long-term investment (see International Accounting Standard 25, Accounting investments). Where would be the appropriate method of accounting method for associated companies, if investor issued consolidated financial statements of the investor to announce what would be the impact of the equity method that has been applied.

Application of the equity method

13th Many of the procedures appropriate for the application of the equity method are similar to the consolidation procedures contained in International Accounting stsndardu 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries. In addition, the broad concepts related to consolidation methods applied in the acquisition of subsidiaries, have been adopted for the acquisition of investments in associated companies.

14th Investment in an associated company is accounted for under the equity method from the date on which meets the definition of an associate. On acquisition of the investment any difference (positive or negative) between the cost of acquisition and the investor share fair value of the net assets that can be identified by its associated companies is accounted for in accordance with International Accounting Standard 22, Accounting for business combinations. Appropriate to harmonize ulagaèevih share in the profits or losses after acquisition are charged to:

(A) amortization of depreciable assets based on their fair value, and

(B) amortization of the difference between the cost of investment and investor interest in the fair value of net assets that can be identified.

15th The latest available financial statements of an associate used investor Applying the equity method, are usually prepared on the same date as the financial statements investors. When the reporting dates investors.Noting and associated companies varies, associated companies often prepares, for the use investors.Noting, reports on the same date as the financial statements investors. When this is not feasible, the financial statements are prepared in different reporting dates may apply. The principle of consistency requires that the length of the reporting periods and any difference in the reporting dates, are consistent from period to period.

16th When using financial statements with different reporting dates, harmonization is performed for the effects of all significant business events and transactions between investors.Noting and pridrufene company arising between the date of the financial statements of the associated company and the date of the financial statements investors.

17th Financial statements investors.Noting usually are prepared uniform accounting policies for like transactions and events in similar circumstances. In many cases, if an associated company of the other accounting policies applied differently than those adopted by the investor for like transactions and events in similar okolpostima, an appropriate harmonization is carried out according to the financial statements investors.Noting when investor uses the equity method primlenjivanju. If you did not follow Tien such harmonization calculate, this fact generally published.

18th If an associated company has outstanding cumulative preference shares that are held outside of, investor calculates its share of profits or losses after the harmonization of priority shares, regardless of whether the dividends are reported or not.

19th If, under the equity method ulagaèev share in losses in an associate equals or exceeds the carrying amount of investment, the investor usually interrupts the inclusion of its shares in future losses. The investment reportedly at a zero value. Additional losses are provided for in the extent to which the investor has created duties and payments on behalf of associated companies to fulfill obligations associated with the company was that the investor was guaranteed or committed some other way. If an associated company later reported that there are profits, investor resumes its share in those profits only after its share of the profits even His vom share of net losses not recognized.

20th When you come to fall, except for a transient, the value of investment in an associated company, the carrying amount is reduced to admitting decline. As many investments to associated companies A particular importance for investors.Noting carrying amount Set as each associated company podjedinaèno.

Income Taxes

21st Taxes on income derived from investments in associated companies is accounted for in accordance with International Accounting Standard 12, Accounting for Taxes on profits.

Unforeseen events

22nd In accordance with International Accounting Standard 10, unforeseen events and events that occur after the balance sheet date, investor announces:

(A) its share of unforeseen events and liabilities arising from capital associated company that is also possibly mandatory, and

(B) those unforeseen events that arise because the investor is individually responsible for all liabilities associated with the company.

Publication

23rd To help users of financial statements could not get a clear picture of ulagaèevim affairs, investor publishes a list and description of significant associated companies, including the proportion of ownership interest and, if different, and the ratio of the ballot power which it possesses. Users also want to vary the position of which is included in the financial statements as a result of the existence investors.Noting out considerable influence from those who are active as a result of the existence of control. Therefore, it is related to investments in associated companies and accrued under the equity method are classified as non-current assets in the balance sheet and disclosed separately in the balance sheet and income statement.

International Accounting Standard 28

Accounting for Investments in Associates

International Accounting Standard 28 includes points 24-31. this Report. Standard should be read in the context of 1-23 points. Preface of this report and the reports of international accounting standarda1.

Consolidated Statements financjski

24th Investments in associated kompanlju should be accrued in the consolidated financial statements using the equity method except when the investment have acquired and held exclusively with a view to in the near future, hence, in which case it should be accrued under the cost method.

25th Investor should prekfnuti the application of the equity method from the date on which:

(A) ceases to have significant influence in the associated company, but retains, either in whole or in part, its investment; or

(B) Application of the equity method is no longer appropriate because the associate company operates under severe long-term restrictions which significantly impair the ability of investment funds.

The carrying amount of the investment at that date should then be considered as the cost of investment

Separate reports finanajski

25th Investment in an associated company, which is activated in the separate financial statements investors.Noting issued consolidated financial izvješæje, should be:

(A) or computed by applying the equity method or cost method according to which of them is used for an associated company in ulagaèevim consolidated financial statements, or

(B) carried at cost or revalued amounts to accounting policy for long-term investment (see International Accounting Standard 25, Accounting investment).

1 International Accounting Standards are not intended for insignificant items (see point 12 of the Preface)

27th Investment in an associated company, which is activated in the financial statements investors.Noting which does not issue consolidated financial statements should be:

(A) or computed by applying the equity method or cost method under which it is appropriate for an associated company if the investor issued consolidated financial statements, or

(B) carried at cost or revalued amounts to accounting policy for a long-term

- Investment (see International Accounting Standard 25, Accounting investments).

If the method of accounting is appropriate for an associated company, and if the investor issued consolidated financial statements, the investor should disclose how it would impact the equity method that she had been applied.

Application of the equity method

28th The carrying amount of the investment in an associated company should be reduced in order to accept the value of investments except temporarily, provided that such reduction establishes and makes for each investment individually.

-Record

29th In addition to the disclosures required point 27 should disclose the following:

(A) an appropriate listing and description of significant associated companies including the ratio of shareholdings and, if different, and the ratio of the ballot to be able to possess, and

(B) The method used for the calculation of such investments.

30th Investments in associated companies accrued using the equity method should be classified as non-current assets and publish it as a separate item in the balance sheet. Ulagaèev share of the profit or loss from such investments should be disclosed as a separate item in the income statement. Ulagaèev share of any extraordinary items or items from previous periods should also be disclosed separately.

Effective Date

31st This International Accounting Standard becomes operative for financial statements relating to periods that are starting. 1 January in 1990. and thereafter.

International Accounting Standard 29

Financial REPORTING in Hyperinflationary Economies

Introduction

First This report refers to the basic financial statements, including financial statements koilsolidirane ovakog firms which is notifying the currency of a hyperinflationary economy

Second In a hyperinflationary economy is not useful to report on business results and financial position in domestic currency without restatement of financial statements. Money loses purchasing power at such a rate that it is wrong to compare the amounts from transactions and other events that have taken place in different times, even within the same accounting period;

3rd This report does not establish an absolute rate at which hyperinflation is deemed to occurred. A matter of judgment when there is a necessity to restatement of financial statements in accordance with this Statement.Hyperinflation is indicated by characteristics of the economic environment of the country, which includes the following (but is not limited to this):

(A) in general population prefers to keep its wealth in non-financial assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;

(B) in general population generally not regarded monetary amounts to domestic currency already a relatively stable currency. Prices may be quoted in that currency;

(C) sales and purchases on credit take place at prices that kompenzirafu the expected loss of purchasing power during the credit period, even if the period is short;

(D) interest rates, wages and prices are linked to the price index, and

(E) the cumulative inflation rate over three years is approaching, or exceeds, 100%.

4th It is recommended that all firms that are reporting in the currency of the same hyperinflationary economy apply this statement of the same date. However, this report relates to the financial statements of each firms since the beginning of the reporting period in which it identifies the existence of hyperinflation in the country in whose currency is notifying.

Explanation

5th Prices change over time as a result of specific or different opæepolitièkih, economic and social forces. Specific forces, such as changes in supply and demand and technological changes may cause a significant increase or decrease certain price, and this independently of each other. In addition, general forces may lead to changes in the general price level and consequently the change in the general purchasing power of money.

6th In most countries the basic financial statements are prepared on the historical cost basis of accounting without the respect of the fact that it is the word of changes in the general price level or rising prices of specific assets held, except to the size to that property, plant and equipment and investments may revalue. Some firms, however, present the basic financial statements, which are based on the current cost approach and show the effects of changes in prices of specific funds that are run.

7th In a hyperinflationary economy, financial statements, whether they are based on a historical cost approach or on the current rates, only if they are expressed measuring unit current at the balance sheet date. As a result, this report refers to the basic financial statements in the currency of a hyperinflationary economy, reporting firms. It is not allowed to prezekltiraju information required by this report, in addition to financial statements, which have not been re-presented. It also does not separate presentation of the financial statements before restatement.

8th The restatement of financial statements in accordance with this requires the application of certain procedures as well as judgment. The consistent application of these procedures and judgments from period to period is more important than the accuracy of the resulting amounts included in the restated financial lzvještaje.

The restatement of financial statements prepared on the basis of cost

Balance Sheet

9th The balance sheet is not yet reported using the current unit of measurement on the balance sheet date are restated by applying the general price index.

10th Monetary items are not restated because they are already reported using the current measurement units to date. Monetary items are money held and items to be received or paid in money.

11th Assets and liabilities linked by agreement to changes in prices, such as index embroidered bonds and loans, is adjusted in accordance with the agreement, in order to determine the amount unpaid at the balance sheet date. These items are carried at the amount of conformity in the restated balance sheet.

12th All other assets and liabilities are non-monetary items

Some non-monetary items are carried on ongoing amounts on the balance sheet date, such as net realizable value and market value, so they are not restated. All other non-monetary assets and liabilities are restated.

13th Most non-monetary items carried at cost or cost less depreciation, so those amounts are reported on ongoing at the date of their purchases. The restated cost, or cost less depreciation, of each item are determined by Applying the change of the general price index from the date of purchase of the balance sheet date at its historical cost and accumulated depreciation. Hence, property, plant and equipment, inventories of raw materials and merchandise, goodwill, patents, trademarks and similar to assets are restated from the date of their purchase. Inventories of finished and finished goods are restated from the date incurred costs for the purchase and conversion.

14th Detailed records of the dates of purchases of property, plant and equipment may not be available or can not be verified. In these rare cases, it may be necessary to, in the initial period of this report, to use an independent education professional valuation of items as the basis for their restatement.

15th A general price index may not be available for the period for which these statements requires the restatement of property, plant and equipment. In these rare cases, it is necessary to use an estimate based, for example, fluctuations in currency exchange rates on the reporting currency and a relatively stable foreign currency.

16th Some non-monetary items are recorded on ongoing amounts on dates that are different to that of the date of the balance sheet or purchases, such as property, plant and equipment that has been revalued at some earlier date. In these cases, the carrying amounts are restated from the date of revaluation.

17th The restated amount of a non-monetary item is reduced, in accordance with the relevant international accounting standards when it exceeds the recoverable amount of use cases in the future (including sale or other alienation). Therefore, in such cases decreases; restated amount of property, plant and equipment, goodwill, patents, trademarks, and its recoverable amount, restated amounts of inventories are reduced to net realizable value and restated amounts of current investments are reduced to market value.

18th Recipient investments that are accounted under the equity method may report in the currency of a hyperinflationary economy. Income and profit recipients of such investments are restated in accordance with these reports to build up the share ulagaèevih net assets and its share in the results of operations. Where the restated financial statements of the investee iskazjuju in foreign currency they are translated at the closing contracts.

19th Impact and infacije usually recognized in borrowing costs. It is not appropriate to restate the capital expenditure financed by borrowing and to capitalize that part of the borrowing costs that compensates for inflation during the same period. This part of the borrowing costs are recognized as an expense in the period in which the costs are incurred.

20th A firm may acquire assets under an arrangement that permits it to defer payment without the specific incurring interest. Where it is impracticable net of the amount of interest, such assets are restated from the date of payment, and not from the date of purchase.

21st International Accounting Standard 21, Accounting effects of changes in foreign exchange rates allows Company Profile activate exchange differences in borrowing in knjigoodstveni Taking into account the large amount of funds and the recent devaluation. Such a practice is not appropriate for firms that are reporting in the currency of a hyperinflationary economy when the carrying amount is restated from the date of its purchases.

22nd At the beginning of the first period of application of this report are restated parts equity, except retained earnings and any revaluation surplus, and by applying a general price index from the dates the components were contributed or created in a different way.

Any revaluation surplus arising from previous periods is eliminated. The restatement of retained earnings derived from the other amounts in the restated balance sheet.

23rd At the end of the first period and in subsequent periods are restated by all components of equity, Applying the general price index from the beginning of the period or the date of contribution, if later. Movements for the period in equity reported in accordance with International Accounting Standard 5, information that should be disclosed in the financial statements.

Income statement

24th This Statement requires that all items in the income statement Grants express the current measurement units to date. Therefore all amounts need to be restated Applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

Gain or loss on net monetary position

25th Firm that in the period of inflation holding excess monetary assets over monetary liabilities loses purchasing power, and a firm with excess monetary liabilities over monetary assets increases the purchasing power to the extent that assets and liabilities are not tied to the price level. This gain or loss on net monetary position may be derived as the difference resulting from the restatement of non-monetary assets, equity and the statement of profit and harmonization of assets and liabilities related to index. The gain or loss can be estimated Applying the change of the general price index to the weighted average of the difference between monetary assets and monetary liabilities.

26th Gain or loss on net monetary position is included in net income. Harmonisation of assets and liabilities related to sporazunfom changes in prices made in accordance with subparagraph 11th offset against the gain or loss on net monetary position. Other items of the income statement, such as income and interest expense and exchange rate differences related to invested or borrowed funds, are also associated with the net monetary position.easy items are separately disclosed, it may be advantageous if they are presented together with the gain or loss on monetary position in the income statement.

The restatement of financial statements prepared on the basis of the current prices

Balance Sheet

27th Items carried by the ongoing cost are not restated because they are already expressed in terms of the current measurement units to date. Other items in the balance sheet are restated in accordance with subparagraph 9th and 23

The report on profit

28th Income statement prepared on the basis of the current prices, before restatement, generally reports the current price at the time in which the underlying transactions or events occur. Cost of sales and depreciation are recorded at current prices at the time of consumption, sales and other expenses are recorded their cash amounts when they occurred. Therefore all amounts need to be restated in the current unit of measurement to date of the balance sheet, Applying the general price index.

Gain or loss on net monetary position

29th Gain or loss on net monetary position is accounted for in accordance with subparagraph 25th and 26 Income statement prepared on the basis of the current prices can, however, already activated harmonization pointing the effects of changing prices on monetary items in accordance with subparagraph 15th International Accounting Standard 15, Information that shows the effects of changing prices. Such harmonization is part of the gain or loss on net monetary position.

Taxes

30th The restatement of financial statements in accordance with this report may lead to differences between taxable income and accounting income. These differences are accounted for in accordance with International Accounting Standard 12, Accounting for Taxes on profits.

Statement of changes in financial position

31st This demands the report that all items in the statement of changes in financial position are presented in the form of the current measurement units to date. Therefore, the statement of changes in financial position can be prepared using the initial and final state of the balance sheet and income statement expressed in the form of units of measurement date. This Statement requires that the statement of changes in financial position of firms, which is notifying the currency of a hyperinflationary currency, rather presents using cash or cash equivalents than in the form of working capital.

Corresponding data

32 Corresponding figures for the previous reporting period, whether they were based on a historical cost approach or on the current rates, restated Applying the general price index so that the comparative financial statements are presented in the form of the current measurement units at the end of the reporting period. Information that is disclosed in, compared to the previous period, he also is in the form of the current measurement units at the end of the reporting period.

The consolidated financial statements

33 A parent that is notifying the currency of a hyperinflationary economy may have subsidiaries that also reportedly in the currency of a hyperinflationary economy. The financial statements of any such subsidiary need to be restated Applying the general price index of the country in whose currency it is notifying before you switch on the consolidated financial statements issued by its parent. Where such a subsidiary is a foreign subsidiary, its restated financial statements are performed at the closing rate. The financial statements of subsidiaries, which are reportedly not in the currency of a hyperinflationary economy, are processed in accordance with International Accounting Standard 21, Accounting effects of changes in foreign exchange rates.

34 If the financial statements are five different reporting dates consolidated, all items, whether non-monetary or monetary, need to be restated in the current measurement unit on the date of the consolidated financial statements. The selection and use of the general price index

35 The restatement of financial statements in accordance with these statements requires the use of the general price index that reflects changes in the purchasing power used by the public. It is preferable that all enterprises which reportedly in the currency of the same economy use the same index.

Economy, which ceased to be hyperinflationary

36 When the economy ceases to be hyperinflationary, a firm may terminate the presentation of financial statements prepared in accordance with this report. In such circumstances, a firm treats the amounts reported in the current measurement unit at the end of the previous reporting period as the basis for the carrying amounts in its subsequent financial statements.

Disclosures

37 The disclosures required by this report are required to explain the basis for calculating the effects of inflation in the financial statements. They are also intended to provide other information necessary to understand that basis and the amounts resulting therefrom.

International Accounting Standard 29

Financial REPORTING in Hyperinflationary Economies

International Accounting Standard 29 includes points 38-43 of the Report. Standard should be read in the context of this Izvješteja points 1-37 of the Preface and Reports on International Accounting Standards. 1

38 Business financial statement which is notifying the currency of a hyperinflationary economy, whether they are based on a historical cost approach or on the current rates should be expressed in the form of the current measurement units to date. Corresponding figures for the previous period required by International Accounting Standard 5, information that should be disclosed in the financial statements, and all the information you Tieu earlier periods should also be expressed in the form of the current measurement units to date.

39 Gain or loss on net monetary position to be included in net income and shown separately.

40 Statement of changes in financial position of firms which is notifying the currency of a hyperinflationary economy should be presented in the form of cash and cash equivalents.

1 International Accounting Standards are not intended for insignificant items (see point 12 of the Preface).

41 Should disclose the following:

(A) the fact that the financial statements and the matched data for prior periods restated for changes in purchasing power used by the public reporting currency, and as a result they are expressed in the form of the current measurement units at the balance sheet date;

(B) whether the financial statements are based on a historical cost approach or the current prices, and

(C) the identity and level of the index price at the balance sheet date and the movement of the index during the external current and previous reporting periods.

42 When the economy ceases to be hyperinflationary and a firm discontinues the preparation and presentation of financial statements prepared in accordance with these reports, the amounts shown in the current measurement unit at the end of the previous reporting period shall be treated as the basis for the carrying amounts in its subsequent financial statements.

Effective Date

43 This International Accounting Standard becomes operative for financial statements relating to periods which are starting first January in 1990. or thereafter:

International Accounting Standard 30

Disclosures in the financial statements of banks and similar financial institutions

Introduction

First This report deals with the publication of the financial statements of Banks and Similar Financial Institutions (hereinafter: the Bank). He also encourages display comments on the financial statements that deal with such matters as the management and control of liquidity and risk.

Second For the purposes of this report, the term "bank" includes all financial institutions which is one of the main activities of accepting deposits and borrowing with the aim of lending and investing and which includes all banking or similar laws largely not. The report refers to such firms regardless of whether they have or do not have the word "bank" in their name.

3rd In the whole wide world bank account for a significant and influential sector of business. Most individuals and organizations make use of banks, either as investors or as borrowers. Because of the close relationship with regulatory authorities and governments, and the rules they tend to require state banks play a major role in maintaining confidence in the monetary system. Hence there is considerable and widespread interest in the well-being of banks, in particular their solvency and liquidity, and the relative degree of risk associated with different types of their business. Operations, and thus Accounting and reporting requirements of banks are different from other firms. This report takes into account the needs of banks.

4th This report complements other international accounting standards that also apply to banks unless they are explicitly excluded in a statement.

5th This report refers to the separate financial statements and consolidated financial statements of the bank. Where banking activities undertaken by some groups, this report can be applied in respect of these operations on a consolidated basis.

Explanation

6th Users of financial statements of a bank need relevant, reliable and comparable information which assists them in evaluating the financial position and performance of the bank, and that are useful in making economic decisions. They need the information to allow them a better understanding of the specific characteristics of a bank. Users of this information is required odd though a bank is subject to supervision and provides the regulatory authorities information that is not always available to the public. Therefore, the disclosures in the financial statements of banks should be sufficiently comprehensive to meet the needs of users, in terms of what is reasonable to require of management.

7th Users of the financial statements of the bank are interested in its liquidity and solvency, and risks associated with the assets and liabilities recognized in the balance sheet and off balance sheet positions of banks. Liquidity refers to the availability of sufficient funds for a cover withdrawal of deposits and other financial obligations as they fall due. Solvency refers to the excess of assets over liabilities and dostatost capital. The Bank is exposed to liquidity risk and information about the risks arising from currency fluctuations, changes in interest rates, changes in market prices and the failure of partners. These risks may be reflected in the financial statements, but users can better understand if management predoèi comment the financial statements which describes the way it manages and controls the risks associated with the operations of the bank.

Accounting policies

8th Banks use different methods for the recognition and measurement of items in its financial statements. Although the harmonization of these methods is desirable, it is beyond the scope of this report. In order to comply with the International Accounting Standard 1, Disclosure of accounting policies, and some scope for users to understand the basis on which it prepared the financial statements of a bank, it is necessary to disclose accounting policies that concern the following items:

(A) the recognition of the principal types of income (see point 9);

(B) the valuation of investments and securities which it operates (see point 19)

(C) the distinction between those transactions and other events that are a consequence of the recognition of assets and liabilities in the balance sheet and those transactions and other events that may increases with unforeseen events and obligations (see points 20 to 23);

(D) the basis for determining losses on loans and advances and for writing off uncollectible loans and advances (see points 35th-39th) and

(E) the basis for determining the cost of general banking risks and the accounting procedure with such costs (see points 40 and 41)

Some of these topics are the subject of existing international accounting standards, while the others will have to be addressed in the future.

Income statement

9th The main types of income arising from operations of the bank include interest, fees for services, commissions and results of mediation. Each type of income bbjavljuje separately so that users can assess the performance of the bank. Such disclosures are in addition to those that are Tieu sources of income as required by International Accounting Standard 14, reporting financial information by segment.

10th The main types of expenses arising bank's operations include interest, commissions, losses on loans and preudujmovima, costs related to the reduction in the carrying amount of investments and general administrative expenses.

Each type of expense is published especially for users to evaluate the performance of a bank.

11th Income and expense items are not settled in the income statement, except those relating to hedges and to assets and liabilities that are settled as described in point 16th Alignment in other cases makes it impossible to assess the performance of users of individual activities designed banks and earnings achieved by the individual types of resources.

12th Gains or losses arising from any of the following grounds usually are reportedly on a net basis

(A) Disposals Changes in the carrying amount of the securities market;

(B) ALIENATION investment securities, and

(C) business in foreign currencies.

13th Interest income and interest expense are disclosed separately in order to better understand the composition and reasons for changes in net interest.

14th Net interest is a result of the interest rate and the amount of loans given and received. It is desirable that management provide a commentary about average interest rates, the average funds which earn interest and average liabilities that pay interest for the period. In zlekim countries, governments provide assistance to banks, giving them deposits and other credit facilities at rates that are significantly lower than the market rate. In these cases, management often comment published the size of these deposits and facilities and their effect on net income.

Balance Sheet

15th The best approach to the classification of assets and liabilities of the bank that they are grouped by type and next in the approximate order of their liquidity to be approximately equal to their maturity. Liquid and netekuæe items are not presented separately because most assets and liabilities of a bank can be realized or accrued in the near future.

18th The amount in which any asset or liability stated in the balance sheet does not line up, subtracting liabilities or other means, unless there is a legal right breakthrough, and alignment is the expectation that concerns the realization or settlement of assets or liabilities. Alignment in other cases reduces the usability of the publication date.

17th Distinguishing between balances with banks and other parts of the money market and other deposits, is important information, because it allows the understanding of relationships and dependencies of the Bank, other banks and the relationship and dependence on the money market.

Hence, a bank discloses separately: (a) balances with the central bank;

(B) placements with other banks;

(C) other money market placements;

(D) deposits from other banks;

(E) other money market deposits, and

(F) other deposits

18th The bank usually does not know the holders of its certificates of deposits, because they are usually traded on an open market. Hence, a bank discloses separately deposits that have been obtained by issuing its own certificates of deposit or other negotiable paper.

19th It is important to distinguish the market of investment securities and other investments. Market securities are marketable securities that are Achieved and held with the intention to be in the short term re-sell. Investment securities purchased and held for acquisition profits or increase capital and is usually held to maturity.

The market value of the securities market and marketable investment securities vrijedrlosnih published in accordance with International Accounting Standard 25, Accounting investment, if these values are different from their carrying amounts in the financial statements. It is not appropriate to the bank's financial statements as an investment accounted loans, advances and similar transactions.

Unforeseen events and liabilities, including off-balance sheet items.

20th International Accounting Standard 10, unforeseen events and events that occur after the balance sheet date, generally deals with Accounting unforeseen events and their publication. This report naroæito significant for banks because banks often engage in many kinds of unforeseen events and obligations, some of which are revocable and others irrevocable, which are often considerable amounts significantly higher than other commercial enterprises.

21st Many banks also enter into transactions that are presently not recognized as assets or liabilities on the balance sheet, but which have an impact on the growth of unforeseen events and appointments. Such off-balance sheet items often represent a significant portion of the bank's operations and can have a significant impact on the level of risk to which the bank is exposed. These items can increase or decrease other risks, such as the protection of assets or liabilities in the balance sheet. Off-balance sheet items can proizaæi from transactions carried out on behalf of clients or from the Bank's own position.

22nd Off-balance sheet items can have multiple different forms, including the following:

(A) direct credit substitutes, including general guarantees of indebtedness, bank acceptance guarantees and revocable letters of credit serving as financial guarantees for loans and securities;

(B) certain unforeseen events associated with the transaction, including èimbene warranties, guarantees conditional on the conclusion of the deal, revocable letters of credit and guarantees associated with certain transactions;

(C) short-term samolikvidirajuæe nepredviðerie events related to trade resulting from the movement of goods, such as documentary letters of credit, where the delivery or used as collateral;

(D) agreements for the sale and repurchase, which are not recognized in the balance sheet;

(E) items related to interest rate and foreign exchange rates, including exchange, options and futures contracts;

(F) other obligations, the possibility of issuing bonds and the possibility of renewing the conclusion of the contract.

23rd Users of financial statements need to be familiar with unforeseen events and irrevocable obligations of the bank, as they may affect the liquidity and solvency of banks and their innate possibility of potential losses. Users are necessary and adequate information on the nature and size of off-balance sheet transactions undertaken by banks. So the bank, along with all the other unforeseen events which are required by International Accounting Standard 10, unforeseen events and events that occur after the balance sheet date, announces:

(A) the nature and amount of liability which increases irrevocable loans that they can not withdraw at the discretion of the bank without the risk of causing substantial amounts of penalty or expense; and

(B) the nature and amount of unforeseen events and obligations proistjeæu from izvanbilaènih items. For the purposes of this disclosure, off-balance sheet items are grouped by type.

Maturity of assets and liabilities

24th Harmonization and controlled inconsistency maturity and interest rates of assets and liabilities are based on the management of the bank. Full harmonization is peculiar to the bank, because the jobs are often entered into for an indefinite period and the different types. Incoherent state can foster profitability, but also increase the risk of loss.

25 maturity of assets and liabilities and the possibility that, at an acceptable cost, replacing obligations on maturity interest bearing, are important policy factors in assessing the liquidity of the bank and its exposure to changes in interest rates and foreign currency exchange rates. In order to provide information that is relevant for the assessment of its liquidity, a bank. objavjuje least an analysis of assets and liabilities by relevant maturity groups.

26th Grouped by maturity, applied to individual assets and liabilities differ between banks and their affiliation with certain assets and liabilities. Usually it uses the next period:

- Up to 1 month;

- From 1 month to 3 months;

- From 3 months to 1 year;

- From 1 year to 5 years;

- 5 years up.

Periods are often connected, for example, in loans and advances, so that they are grouped in one year and those over one year. When repayment is deployed during a given period, each installment will be placed in the period to which the contract belongs to, or is expected to'll get paid or received.

27th It is important that the period of maturity which the bank accepts them for the same assets and liabilities. It makes clear the extent to which the maturity linked from this proizlazeæu dependence on other sources of liquidity.

28th Maturity can be expressed as:

(A) the remaining period to the repayment date;

(B) the original period to the repayment date, or

(C) the remaining period to the date on next may change the interest rate

Analysis of assets and liabilities by their remaining periods to the repayment dates provides the best basis for estimating ikvidnosti banks. The bank may also disclose repayment maturity based on the original period to the repayment date in order to provide information about its funding and business strategy. In addition, the bank may disclose maturity grouping based on the remaining period to the date on next, when they can be changed interest rates in order to demonstrate its exposure to interest rate risk management may also provide, in its commentary on the financial statements, information about exposure to interest rate and the mode to manage and control such exposures.

29th Maturity repayment can be expressed as the remaining period, either by the agreed date of maturity or until the actual date of maturity. In many countries, deposits placed with the bank can withdraw the request and advances, as given by a bank may be repayable on demand. In practice, however, these deposits and advances are often maintained for a long time without withdrawal or repayment; therefore, the effective date of repayment is later than the agreed date. Regardless, the bank discloses an analysis expressed in contractual maturity, even though the contractual repayment period is often not effective period because contractual dates reflect the liquidity risks associated with the assets and liabilities of the bank;

30th Some funds banks have agreed maturity date. The period for which it is assumed that these funds will arrive usually taken as the expected date when the funds will be realized.

31st Users assess the liquidity of banks published grouped maturity in the context of local banking practices, including the availability of funds to banks. In some countries a short-term funds available in the normal course of business, the money market, or, if relevant, by the central bank. In other countries this is not the case.

32 To users made possible a thorough understanding of maturity, disclosure in the financial statements may need to be supplemented by information on the likelihood of repayment within the remaining period. Therefore, management can offer, in his commentary on financijskirn reports, information about the effective periods and about the way in which upvlja and controls the risks and exposures associated with different maturity and interest rates.

Concentrations of assets, liabilities and off-balance sheet items

33 The Bank publishes considerable concentration in the distribution of its assets and sources of their obligations, because it is a useful indicator of possible risks inherent in the realization of assets and the funds available to the bank. Published risk concentration by

geographical areas, client groups, branches of production or similar indices are appropriate in the circumstances of the bank. Important is similar to the analysis and explanation of off-balance sheet items. Geographical areas can encompass individual countries, groups of countries or regions within a country, when it comes to clients, may be published sectors, such as government, public bodies and commercial and business enterprises. These data are further disclosed to any segmental information as required by International Accounting Standard 14, reporting financial information by segment.

34 Disclosure of exposure to significant differences exchange rate of foreign currency is also a useful indicator of the risk of losses arising from changes in foreign currency exchange rates.

Losses on loans and advances

35 It is inevitable that in the ordinary course of business banks taking losses on loans, advances and other credit arrangements because the post is partially or fully uncollectible. The amounts of losses that have been specifically identified is recognized as an expense and charged to income and is deducted from the carrying amount of the appropriate types of loans and advances as a provision for losses on loans and advances. The amount of potential losses not specifically identified but which experience indicates are present in the portfolio of loans and advances, also recognized as an expense and income and charges shall be deducted from the total carrying value of loans and advances as a provision for losses on loans and advances. The assessment of these losses depends on the judgment of management, however, it is essential that management from period to period applies estimates in a consistent way.

36 Local circumstances or legislation may require or allow a bank that, aside amounts for losses on loans and advances in addition to those losses that are capable identified and those potential losses which experience indicates are present in the portfolio of loans and advances. Any such determination tereæenje means of retained earnings and not expenses in determining net income for the period. Similarly to this, any credits resulting from the reduction of such tereæenja result in the increase in retained earnings and are not included when determining a net profit.

37 Users of the financial statements of a bank need to know the impact gubilaka loans and advances to financial condition and performance of the bank, it helps them in judgment effectiveness with which the bank uses its resources. Hence, a bank discloses the aggregate amount of the provision for losses on loans and advances at the balance sheet date and changes in provisions during the period. Changes in provisions, including prior written off amounts reimbursed during the period, showing separately.

38 The Bank may decide not attributed to loans or advances, such as when a borrower is more than one period in arrears with the payment of interest or principal. The Bank

publishes the aggregate amount of loans and advances at the balance sheet date on which interest is not credited to the basis used for determining the carrying amount of such loans or advances. It is also desirable that the bank publishes admits it profits from the interest on such loans and advances and the impact that it has a non-attribution interest on its income statement.

39 When loans and advances can not be recovered, written off and charged to the provision for losses. In some cases they are not written until complete all the necessary legal procedures, and finally can not determine the amount of loss. In other cases they are written before, for example when the borrower has not paid any interest or repaid any principal that made it to a certain period. How do the time at which uncollectible loans and advances are written off, the gross amount of loans and advances and provisions. losses may vary in similar circumstances. As a result, the bank announces its policy of writing off non-performing loans and advances.

General banking risks

40 Local circumstances or legislation may require bank or allow to set aside amounts for general banking risks, including future losses or other unforeseeable risks, in addition tereæenja for losses on loans and advances determined in accordance with subparagraph 35 From the Bank may be required, or it can allow to set aside amounts for unforeseen events with those for which the attribution required by International Accounting Standard 10 Unforeseen events and events that occur after the balance sheet date. This tereæenja can result in overstatement of liabilities, understatement of assets or non-disclosure and attribution provisions. Such tereæenja provide the possibility for distortion of net income and equity.

41 Statement of profit can not provide relevant and reliable information on the performance of the bank if net income and includes the effects of undisclosed tereæenja for general banking risks or additional unforeseen events, or undisclosed credits resulting from the reversal of such tereæenja. Similarly, the balance sheet can not provide relevant and reliable information about the financial condition of the bank if the balance sheet includes overstated liabilities, understated assets or undisclosed attribution and provisions. Therefore, all tereæenja for general banking risks or additional contingencies events are published separately as the determination of retained earnings. Any credits resulting from the reduction of such tereæenja lead to an increase in retained earnings and are not included when determining a net profit.

Assets pledged as collateral

42 In some countries, banks are required by law or national traditions, to pledge assets as security to support certain deposits and other liabilities. The amounts at issue were often are relevant and so can have a great impact on the assessment of the financial condition of the

bank. In such circumstances, a bank discloses the aggregate amount of secured liabilities and the nature and amount of Liquid assets pledged as collateral.

Povjerenièke activities

43 Banks usually act as trustees and in other povjerenièkim properties, with the result that kept or sold assets on behalf of individuals, trusts, pension funds and other institutions. Provided that povjerenièki or similar relationship is legally supported, these assets are not assets banks and, therefore, are not included in its balance sheet. If the bank is included in considerable povjerenièke affairs, publishing and facts and indication of the size of these operations is placed in its financial statements because of the potential liability if it fails in its duties povjerenièkim. For this purpose, povjerenièko business does not cover business vault:

Transactions with related party

44 Raèunovodstvetli International Standard 24, related party disclosures, mainly dealing with the disclosure of related party relationships and transactions between companies that submitted the report and related parties. In some countries, the law or regulatory authorities are hampering or restrict banks entering into transactions with related parties, while in others such transactions are permitted. International Accounting Standard 24, Related Party Disclosures, particularly significant in the presentation of financial statements of a bank in a country that permits such transactions.

45 Certain transactions between related parties may be effected under other conditions than with unrelated parties: for example, a bank may provide greater sum or charge lower interest rates related party than it would otherwise identical circumstances to an unrelated party, loans or deposits may be among related parties more quickly and with less fornlalnosti than possible when unrelated parties are active. Even when the transactions among related parties arising in the ordinary course of banking business, information about such transactions is significant for the needs of users, and its disclosure is required by International Accounting Standard 24, Related Party Disclosures.

46 When the bank to enter into transactions with related parties, must disclose the nature of the related party transaction types and elements of the transactions necessary for razuniijevanje financial statements of the bank.Parts that are commonly published in accordance with International Accounting Standard 24, related party disclosures, include bank lending policy to related parties and, when talking of related party transactions, the amount of which is switched on, or part:

(A) each of loans and advances, deposits and acceptances and promissory notes: publication can activate the aggregate amounts due at the beginning and end of the period, as well as loans. deposits, repayments and other proinjene during the period;

(B) each of the major types of revenue, expenditure for kamte and prepaid commissions;

(C) the amount by which the tereæena profit in the period for losses on loans and advances and the amount of the provision at the balance sheet date, and

d) irrevocable commitments and contingent events and obligations arising from izvartbilanènih items.

International Accounting Standard 30 disclosures in the financial statements of banks and similar financial institutions

International Accounting Standard 30 contains points 47th to 61st this Izvješteja. Standard should be read in the context of the points 1st-46th Preface to this Report and Reports on International Accounting standardima1

Income statement

47 A bank should present an income statement which groups income and expenses by type is disclosed and the amounts of the principal types of income and expenses.

48 In addition to the responsibilities which tend to require a second International Accounting Standards, the disclosures in the income statement or in the notes to the financial statements should include, but are not limited to them, the following items of income and expense;

- Interest income and similar income;

- Interest expense and similar charges;

- Dividend income;

- Income from fees and commissions;

- Expenditure on fees and commissions;

- Gains less losses arising from operations with securities;

- Gains less losses arising from investment securities

- Gains less losses incurred in dealing with foreign currencies. and

- Other operating income;

- Losses on loans and advances;

- The general administration; expenditures;

- Other operating expenses.

49 Items of income and rashodajne may be offset, except those related to the protection of the assets and liabilities that have been offset in accordance with subparagraph 52

Balance Sheet

50 A bank should present a balance sheet that are grouped assets and liabilities by nature and arranged to reflect their relative liquidity

51 In addition to other requirements: international accounting standards, disclosures in the balance sheet or in the notes to the financial statements should include, but are not limited, Next assets and liabilities:

Resources

Cash and balances with central banks

Treasury bills and other securities that fall rediscounting with the central bank and

Securities issued by states and other securities held for business purposes

Placements with other banks and loans and advances to other banks

Other money market placements

Loans and advances to customers

Investment securities

1 Medanarodni Accounting Standards are not intended to bezaèajne items (see Article 12 of the Preface)

Commitments

Deposits from other banks

Other deposits with money market

Amounts owed to other depositors

Certificates of deposits

Promissory notes and other liabilities evidenced

Other borrowed funds

52 The amount in which any asset or liability as stated in the balance sheet can not be offset by subtracting other liabilities or assets, unless there is a legally enforceable right to offset and alignment, which refers to the realization or settlement of the asset or liability.

53 A bank should disclose the market value of the securities market and marketable investment securities if these values are different from their carrying amounts in the financial statements.

Unforeseen events and liabilities, including off-balance sheet items

54 In accordance with International Accounting Standard 10 unforeseen events, events that occur after the balance sheet date, the bank should disclose the following unexpected events and liabilities:

(A) the nature and amount of liability which increases irrevocable loans that they can not withdraw at the discretion of the bank without the risk that would cause substantial amounts of penalty or expense; and

(B) the nature and amount of unforeseen events and obligations proistjeæu from off-balance sheet positions, including

those relating to:

(I) direct credit substitutes, including general guarantees of indebtedness, bank acceptance guarantees and letters of credit serving as financial guarantees for loans and securities;

(Ii) certain liabilities related to transactions, including guarantees on job performance guarantees on the conclusion of the work, revocable letters of credit and guarantees associated with certain transactions;

(Iii) short-term samolikvidirajuæe unforeseen events related to trade resulting from the movement of goods, such as documentary letters of credit, where the delivery or used as collateral;

(Iv) agreements for the sale and repurchase, which are recognized in the balance sheet;

(V) the items tied to interest rate and foreign exchange · currencies, including exchange, options and futures contracts, and

(Vi) other obligations, the possibility of issuing bonds and the possibility of renewing the conclusion of the contract.

Maturity of assets and liabilities

55 A bank should disclose anallzu assets and liabilities, grupirajuæi them by the respective maturity based on the remaining period at balance sheet date to the contractual maturity date.

Concentration of assets and liabilities

56 A bank should disclose any significant concentrations of its assets, liabilities and off-balance sheet items. Revealed to be broken down by geographical areas, by customers, branches and other concentrations were risks.The bank should also disclose exposure to significant differences in Foreign Exchange Rates

Losses on loans and advances

57 A bank should disclose the following:

(A) the accounting policy that describes the basis on which uncollectible loans and advances are recognized and written off as an expense;

(B) Details of changes in provisions for losses on loans and advances during the period. Separately should disclose the amount ubitaka on uncollectible loans and advances that are in that period is charged to profit, the amount tereæenih and written off loans and advances during the period and the amount previously written off and povraæenih and loans and advances

(C) the aggregate amount of the provision for losses on loans and advances at the balance sheet date, and

(D) the aggregate amount included in the balance of loans and advances for which interest is not credited to the basis used to determine the carrying amount of such loans and advances.

58 Each reserved amount, when talking of losses on loans. and advances in addition to those losses that have been specifically identified or potential losses which experience indicates are present in the portfolio of loans and advances; should be computed as the determination of retained earnings. All positive items that are a consequence of the reduction of such amounts result in an increase in retained earnings and are not included when determining a net profit.

General banking risks

59 All amounts reserved when talking of the general banking risks, including future losses and other unforeseeable risks or unforeseen events with those that must be attributed in accordance with International Accounting standardoin 10 Contingent events and events that occur after the balance sheet date, should be separately disclosed as a determination of retained earnings. Any credits resulting from the reduction of such amounts result in an increase in retained earnings and are not included when determining a net profit.

Assets pledged as collateral

60 A bank should disclose the aggregate amount of secured liabilities and the nature and carrying amount of the assets as collateral založenlh:

Effective Date

61 This International Accounting Standard becomes operative for financial statements of banks, which refers to the period which opens on 1 January 1991st or thereafter.

International Accounting Standard 31

Financial reporting on the shares in zajednièlum ventures

Introduction

First This report deals with the Accounting stake in joint ventures and izvješèivalljem of assets, liabilities, revenues and expenses joint ventures in the financial statements of venturers and investors.Noting, regardless of the form or structure to which the joint venture activities take place:

Definitions

Second The following terms are used in this report with specific meanings:

The joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Control is the power of governing the financial and operating policies of an economic activity so that it can gain benefits. Shared krontrola is contractually It was established to share control over economic aktivnošæu.

Significant influence is the power to govern the financial and operating policies of an economic activity but is not control or joint control ntkd those policies. A venturer is a party to the joint venture and has joint control over that joint venture.

Investor in a joint venture is a party to the joint venture and has joint control over that joint venture.

Proportionate consolidation is a method of accounting and reporting which pothvatnikov share in all assets, liabilities, income and expenses of a joint controlled entity brings together line by line with similar items in the financial statements of the venturer, or are reported as a separate item in the financial statements of the venturer. The equity method is a method of accounting and reporting which share the common controlled entity is initially recorded at investing, and then being adjusted for changes after procurement pothvatnikovu share of the net assets of the Joint controlled entity.

Income statement reflects pothvatnikov share in the results of activities jointly controlled entity.

Explanation

3rd Joint ventures take many different forms and structures. This report identifies three broad types. Jointly controlled operations, jointly controlled assets and joint controlled entities - which are jointly described and defined as Joint Ventures. The following features are common to all joint ventures:

(A) two or more venturers are bound contractual arrangement and

(B) the contractual arrangement establishes joint control.

The contractual arrangement

9th The existence of a contractual arrangement distinguishes interests that comprise a joint venture investments in associated companies in which the investor has significant influence (see International Accounting Standards Board. 28, Accounting for Investments in Associates). Activities that are not contractually established joint venture Joint ventures are not for the purposes of this report.

5th Contractual arrangements can be detected in several ways, for example, a contract between the venturers or minutes of discussions between the venturers. In some cases, the arrangement can also include provisions or regulations of the joint venture. Whatever its form, the contractual arrangement is usually in writing and deals with such things as:

(A) the obligations regarding activity, duration and reporting of joint venture;

(B) the appointment of the board of directors or governing body of the appropriate Joint ventures and glasaæka rights of the venturers;

(C) Contributions by Venturers in equity, and

(D) the sharing by the venturers of production, income, expenses or results of the joint venture.

6th The contractual arrangement establishes joint control over the joint venture. Such a requirement ensures that no single venturer is able to easily control the activity. The package defines those decisions in areas relevant to the objectives of the joint venture which require the consent of all the venturers and those decisions ventures that may require the consent of certain of most venturers.

7th The contractual arrangement may identify one venturer as the steering wheel or the manager of the Joint venture. No steering controls the Joint venture but acts within the financial and operating policies that have been agreed by the venturers in accordance with the contractual arrangement and delegated wheel. If the wheel has power to govern the financial and operating policies of an economic activity, it controls the venture and the venture is a subsidiary of wheel and not a joint venture.

Jointly controlled operations

8th Activity of a joint venture includes the use of assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also creates his own expenses and liabilities and the increased use of its funds, which represent its own obligations.Joint venture activities may be carried out by the venturer's employees alongside the venturer's similar activities. Agreement on a joint venture usually predicts the way in which the revenue from the sale of the Joint product and any expenses incurred divided between the venturers

9th An example is the Joint controlled operation is when two or more venturers combine their operations, resources and knowledge to produce, sell and distribute the product, such as an aircraft. Different parts of the manufacturing process performed by each of the venturers. Each venturer bears its own costs and finds the share of revenues from the sale of aircraft, such share being determined in accordance with the contractual arrangement.

10th Each venturer, in respect of their share in the joint controlled operations, includes in its accounting records and recognizes in its separate financial statements and, consequently, the consolidated financial statements:

(A) the assets that it controls and the resulting obligations;

(B) expenses incurred and its share of income that is earned by selling goods or providing services to the joint venture.

Since the assets, liabilities, income and expenses are already recognized in the separate financial statements of the venturer, and consequently in its consolidated financial statements do not require the harmonization or other consolidation procedures in respect of these items when the venturer presents consolidated financial statements.

11th Separate the accounting documents vjerojetno will not be required to've Joint venture and financial statements may not be prepared for the Joint Venture. However, the venturers may prepare governing accounts so that they can evaluate the success of a joint venture.

Jointly controlled assets

12th Some joint ventures also include joint control, and often the joint ownership of the venturer, means one or more of them, which are designed or procured for the purposes of the joint venture. These funds are used to obtain benefits for the venturers. Each venturer may take a share of income from the assets and each bears an agreed share of the expenses incurred in connection therewith.

13th These joint ventures do not comprise the establishment of a corporation partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer has control over its share of future economic benefits through its share of the jointly controlled asset.

14th Many activities in the oil, gas and extractive industries work comprise jointly controlled assets, for example, a number of oil production companies may share control and operate an oil pipeline. Each venturer uses cvjevovod to transport its own product in return for which it bears an agreed share of the expenses of operating the pipeline. Another example is jointly controlled asset is when two enterprises jointly control a property, each Taking part of the rents received and snoseæi part of the expense.

15th Each venturer, in respect of the joint kontrolirakm means includes in its accounting records and recognizes in its separate financial statements and, consequently, in its consolidated financial statements:

(A) its share of the jointly controlled assets, klasificirsn according to the type of assets rather than as an investment. For example, share a common controlled oil pipeline is classified as property, plant and equipment;

(B) all obligations with those incurred, for example those incurred in financing its share of the assets;

(C) its share of any liabilities incurred jointly with other venturers in relation to joint ventures;

(D) any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred jointly undertaking, and

(E) any expenses incurred in connection with pothvatnikovim share in the joint venture, for example those related to financing the venturer's interest in the assets and selling its share of the output.

Since the assets, liabilities, income and expenses are already recognized in the financial statements of the venturer odvojeniin and consequently in its consolidated financial statements do not require the harmonization or other consolidation procedures in respect of these items when the venturer presents consolidated financial statements.

16th The procedure jointly controlled assets reflects the substance and economic reality and, usually, the legal form of a joint venture. Separate the accounting records for the joint venture may be restrictions those expenses incurred in common by the venturers and finally borne by the venturers according to their agreed shares. Financial statements should be prepared for the joint venture, although the venturers may prepare governing the accounts, so that they can evaluate the success of a joint venture.

Jointly controlled entities

17th Jointly controlled entity, a joint venture that includes the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates is not the same way as other firms, except that a contractual arrangement between the venturers establishes joint control over the economic aktivnošæu subject.

18th Jointly controlled entity controls the assets of the Joint venture, incurs liabilities and expenses and earns income. He can negotiate in their name and raise funds for the purposes of the joint venture. Each venturer is entitled to a share of the early results of joint control of the entity, although some Joint controlled entities also comprise revenue sharing joint venture.

19th A simple example is jointly controlled entity is when two firms merge their activities in pðseban job prenoseæi adequate funding and commitments in the Joint controlled entity. Another example occurs when a firm begins operations abroad, together with the government or other agency in that country, uspostavljajuæi separate entity that jointly controlled enterprises and the government or agency.

20th Many jointly controlled entities are similar in substance to those joint ventures such as the aforementioned Joint controlled operations or joint-controlled funds. For example, the venturers may transfer a jointly controlled asset, such as a pipeline, the community Niek controlled entity, for tax or other reasons. Similarly, the venturers may contribute funds to jointly controlled entity, which will be managed jointly. Some Joint controlled operations also comprise the establishment of joint controlled entity to deal with pojediriim types of activities, for example, design, marketing, distribution and services that arise after the sale of the product.

21st Jointly controlled entity maintains its own accounting documents and prepares and presents financial statements in the same way as other firms according to local and national requirements of International Accounting Standards.

22nd Each venturer usually contributes cash or other resources to the jointly controlled entity. These contributions ukIjuèeni the accounting documents of the venturer and recognized in its separate financial statements as an investment in joint controlled entity.

Reporting of interests in jointly controlled entities in the consolidated financial statements of the venturer

23rd When the consolidated financial statements reporting that the share of the joint controlled entity, it is important to show the contents of the venturer and the economic reality of the arrangement, rather than individual structures or forms joint ventures. In a joint controlled entity, a venturer has control over its share of future economic benefits through its share of assets and liabilities of the venture. This substance and economic reality is reflected in the consolidated financial statements of the venturer when the venturer is notifying its interests in the assets, liabilities, revenues and expenses jointly controlled entity Applying one or two reporting forms for razmjerriu consolidation described in point 29th

24th Some venturers reporting that its interests in jointly controlled entities Applying the equity method, as described in the International Accounting Standard 28, Accounting for Investments in Associates. The application of the equity method advocated by those who argue that it is inappropriate to connect the controlled items with jointly controlled items and by those who believe that venturers have significant influence, rather Joint control in joint controlled entity. This lzvještaj not recommended priinjenu equity method because proportionate consolidation better shows the contents of the economic reality pothvatnikovog stake in joint controlled entity, that is, control over pothvatnikovim part of future economic benefits.

Nevertheless, this report allows the application of the equity method as an allowed alternative treatment, when reporting that shares in jointly controlled entities.

25th Application raznaIjene consolidation or the equity method is inappropriate when interests in jointly controlled entity is acquired and held exclusively in terms of his later

ALIENATION in the near future. Also this method is not suitable when the Joint controlled entity operates under severe long-term restrictions that significantly impair its ability to transfer funds venturers. Such shares are calculated as if the investment is notifying and in accordance with International Accounting Standard 25, Accounting investments.

26th A venturer discontinues the use of proportionate consolidation from the date on which it ceases to participate in the control of joint controlled entity. This can happen, for example, when the venturer be alienated its interest or when they set out the restrictions of the Joint controlled entities so that he can continue to pursue their goals. When a venturer applies the equity method to report its interests in jointly controlled entity, ceases to apply the equity method from the date on which it ceases to participate in the control of, or ceases to have significant influence in the joint controlled entity.

27th When jointly controlled entity becomes a subsidiary of the venturer, the venturer has since gained control of the entity, a venturer calculates its interest in accordance with International Accounting Standard 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries.

The application of proportionate consolidation in the consolidated statements of the venturer finanajskim

28th The application of proportionate consolidation means that the consolidated balance sheet of the venturer includes its portion of the funds that he controls. Joint and its share of the liabilities for which it is jointly responsible. The consolidated income statement of the venturer includes its share of the revenue and expenditure in joint controlled entity. Many of the procedures appropriate for the application of proportionate consolidation are alike procedures for the consolidation of investments in subsidiaries, which are set out in the International Accounting Standard 27, Consolidated Financial Statements and Accounting for Investments in Subsidiaries.

29th Different reporting formats may be used to determine the effects of proportional consolidation. The venturer may combine its share of assets, liabilities, income and expenses of jointly controlled entity with the similar items by the system line by line in its consolidated financial statements. For example, it may combine its share of stock in the joint controlled entity with the stock of the consolidated group and its dijelon property, plant and equipment in jointly controlled entity with the same items of the consolidated group. Alternatively, the venturer may be activated in its consolidated financial statements as separate items similar to his part in the assets, liabilities, revenues and expenses jointly controlled entity. For example, it may show its share of funds for ongoing Joint controlled entity separately as part of current assets of the consolidated group, it may show its share of property, plant and equipment in jointly controlled entity separately as part of property, plant and equipment of the consolidated group. Both will these reporting formats result in the reporting of net identiènih doblti and of each major classification of assets, liabilities, income and expenses, both formats are acceptable for the purposes of this report.

30th Whichever form is applied to give effect to proportionate consolidation, it is not appropriate to align the asset or liability by subtracting other liabilities or assets or any income or expenses, deducting other expenses or income. This can be done only when there is a legally enforceable right to offset and alignment means expectation in terms of the realization of assets and settlement of liabilities.

Reporting of interests in jointly controlled entities in the separate financial statements of the venturer

31st In many countries, the venturer presents separate financial statements in order to meet legal or other requirements. Such separate financial statements are prepared to meet the different needs with the result that in different countries apply different reporting practices. Accordingly, this report does not give preference to any particular procedure.

Transactions between a venturer and a joint venture

32 When a venturer contributes or sells assets to joint venture, the question arises whether a venturer can recognize a gain or loss from the sale or contribution, and if so, in what amount. Recognition of any portion of such gain or loss depends on the content of the transaction, especially if the transaction occurred. While the funds held by the Joint Venture, and provided the venturer has transferred the significant risks and rewards of ownership, the venturer recognizes only the portion of the gain that is attributable to the interests of the other venturers. A venturer recognizes the full amount of any loss when the contribution or sale provides evidence of a reduction in net realizable value of current assets or fall apart transient, in knjigovodsivenom amount of long-term funds. 33 When a venturer purchases assets from the joint venture, the venturer does not recognize its share of profits from the joint venture until it resells transakeije assets to an independent party. A venturer recognizes its share of losses resulting from these transactions in the same way as profits except that losses are recognized immediately when they represent a reduction netn realizable value of current assets or fall apart transient, the carrying amount of long-term funds. Reporting of interests in joint ventures in the financial statements investors.Noting

34 Share of the Common investors.Noting in a joint venture that does not control, is notifying in accordance with International Accounting Standard 25, Accounting investments, or if the investor has significant influence in the joint venture, in accordance with International Accounting Standard 28, Accounting ulagallja in associated companies.

Steering joint ventures

35 One or more venturers may act as a steering or manager of the joint venture. Control units are usually prepaid management fee for such obligations. Fees are calculated at the joint venture as an expense and are recognized in the profit wheel in accordance with International Accounting Standard 18, Revenue Recognition.

Publication

36 In accordance with Accounting Standard 10 Meðunarodnini, unforeseen events and events that occur after the balance sheet date, a venturer publishes aggregate amount of the following unforeseen events, separately from the amount of other unforeseen events unless the probability of loss is remote:

(A) any unforeseen events that have occurred venturer in relation to nijegovim share in joint ventures and its share of unforeseen events that took place jointly with other venturers;

(B) its share of unforeseen events themselves joint ventures for which he is perhaps responsible;

(C) those unforeseen events that arise because the venturer may be responsible for the liabilities of the other venturers of a joint venture.

37 In accordance with International Accounting Standard 5, information that should be disclosed in the financial statements, a venturer publishes aggregate amount of the following commitments, apart from the amount of other liabilities;

(A) any liabilities arising from the capital of the venturer in relation to its interests in joint ventures and its share of the capital commitments that have been made jointly with other venturers;

(B) its share of the capital commitments of joint ventures themselves.

38 To pothvatnikovih users of financial statements could not get a clear picture of its operations, a venturer publishes a list and description of the most prominent joint ventures and the proportion of ownership that keeps the joint controlled entities. Venturer who is notifying its interests in jointly controlled entities, whether it applies the reporting form line by line for proportionate consolidation or the equity method, also publishes the aggregate amounts of each of liquid assets, long-term assets, the current liabilities, long-term liabilities, income and expenses related to its interests in joint ventures. 39 It is desirable that a venturer which does not prepare consolidated financial statements. because there are no branches, provides the same information about its interests in joint ventures as venturers that issue consolidated financial statements. To give you information, such venturer discloses information listed in points 36, 37 and 38

International Accounting Standard 31

Financial reporting on interests in joint ventures

International Accounting Standard 31 includes points 40-59. Report. Standard should be read in the context of 1-39 points. this Izvješteja and Preface izvještejime on International Accounting Standards

Reporting of Interests in jointly controlled operations

40 With regard to their interest in the joint controlled operations venturer should recognize in its separate financial statements and, consequently, in its consolidated financial statements:

(A) the assets that it controls and liabilities that arise, (b) the expenses that it incurs and its share of the profits that you earn from the sale of goods or provision of services joint venture.

Reporting of interests in jointly controlled assets

41 With regard to their interest in the joint controlled assets, a venturer shall recognize in its separate financial statements and, consequently, the consolidated financial statements:

(A) its share of the jointly controlled assets, classified according to the type of assets;

(B) any liabilities that are incurred;

(C) its share of any liabilities incurred jointly with other venturers in relation to the joint venture;

(D) any income from the sale or use of its share of production from the joint venture, together with its share of any expenses incurred jointly undertaking, and

(E) any expenses incurred in respect of its interest in the joint venture

Reporting of interests in jointly controlled entities in the consolidated financial statements of the venturer

42 The basic process - in its consolidated financial statements, a venturer should report its interest in a jointly controlled entity Applying one of the two reporting formats for proportionate consolidation. Allowed alternative treatment - in its consolidated financial statements, a venturer should report its interest in a jointly controlled entity Applying the equity method.

43 Venturer should Accrued following shares as if they were investing in accordance with International Accounting Standard 25, Accounting investments:

(A) The share of the joint controlled entity which is acquired and held him solely with a view to its subsequent ALIENATION in the near future, and

(B) interest in the joint controlled entity which operates under severe long-term restrictions which significantly reduces its ability to transfer monetary funds venturer.

4th A venturer should discontinue the use of proportionate konsoidacije from the date on which it ceases to have joint control over the jointly controlled entity. A venturer should discontinue the use of the equity method from the date on which it ceases to have joint control, or when it had a significant impact in joint controlled entity. 45 From the date on which jointly controlled entity becomes a subsidiary of the venturer, the venturer your adjel calculated in accordance with International Accounting Standard 27th Consolidated Financial Statements and Accounting for Investments in Subsidiaries.

Transakcja between a venturer and a joint venture

46 When a venturer contributes or sells assets in a joint venture, recognition of any gain or loss from the transaction should maintain the contents of the transaction. While funds are reinvested joint ventures and provided the venturer has transferred the significant risks and rewards of ownership,

venturer shall recognize only that portion of the gain that is attributable to the interests of the other venturers. The venturer shall recognize the full amount of any loss when the contribution or sale provides evidence of a reduction in net sales value of current assets or decrease, except for a transient, in the accounting, the amount of long-term funds.

47 When a venturer purchases assets from a joint: venture, the venturer shall not recognize its share of the profits of the joint venture from the transaction until it resells means an independent party. A venturer shall recognize its share of losses resulting from these transactions in the same way as profits except that losses shall be recognized immediately when they show a decrease in net realizable value of current assets or fall apart transient, the carrying amount of long-term funds.

Reporting of interests in joint ventures in the financial statements investors.Noting

48 Investor in the joint venture, which does not have joint control should report its interest in the joint venture in accordance with International Accounting Standard 25, Accounting investments, or if it has significant influence in the joint venture, in accordance with International Accounting Standard 28, Accounting for Investments in Associates .

Steering joint ventures

49 Control or managers of the joint venture should be calculated all the fees in line 5 International Accounting Standard 18, Revenue Recognition.

Publication

50 In accordance with International Accounting Standard 10, unforeseen events that occur after the balance sheet date, a venturer should disclose the aggregate amount of the following unforeseen events, separately from the amount of other unforeseen events, unless the probability of loss is remote:

(A) any unforeseen events that have occurred venturer in relation to its interests in joint ventures and its share in each of the unforeseen events that took place jointly with other venturers:

(B) its share of unforeseen events themselves joint ventures for which he is perhaps responsible;

(C) those unforeseen events that arise because the venturer may be responsible for the liabilities of the other venturers of a joint venture.

51 In accordance with International Accounting Standard 5, information that should be disclosed in the financial statements. venturer should disclose the aggregate amount of the following commitments in respect of its interests in joint ventures separately from other commitments:

(A) all obligations of the venturer in relation to its interests in joint ventures and its share in the capital commitments that have been made jointly with other venturers; and

(B) its share of the capital commitments of joint ventures themselves.

52 A venturer should disclose a list and description of the most prominent jointly ventures and the proportion of ownership interest and who is held in joint controlled entities.

Venturer who is notifying in its interests in jointly controlled entities using the reporting form line by line for rezmjernu consolidation or the equity method shall disclose the aggregate amounts of each of the external current assets, long-term assets, the current liabilities, long-term liabilities, income and expenses related to its udlele in joint ventures .

53 A venturer which does not issue consolidated financial statements, no branch should publish information that is required in points 50, 51 and 52

Effective Date

54 This International Accounting Standard becomes operative for financial statements relating to periods which are starting first January in 1992. or later.