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Accounting Act

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RT I 2002, 102, 600
entered into force pursuant to § 62 of this Act.

Amended by the following acts

Passed	Published	Entry into force
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08.12.2004	RT I 2004, 90, 616	01.01.2005
27.11.2005	RT I 2005, 61, 478	01.12.2005
06.12.2006	RT I 2006, 61, 456	01.01.2007
24.10.2007	RT I 2007, 58, 380	19.11.2007
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04.06.2008	RT I 2008, 27, 177	01.01.2009
11.03.2009	RT I 2009, 19, 116	06.04.2009, partially 1.07.2009
29.10.2009	RT I 2009, 54, 363	01.01.2010
27.01.2010	RT I 2010, 9, 41	08.03.2010
22.04.2010	RT I 2010, 22, 108	01.01.2011 enters into force on the date which has been determined in the Decision of the Council of the European Union regarding the abrogation of the derogation established in respect of the Republic of Estonia on the basis provided for in Article 140 (2) of the Treaty on the Functioning of the European Union, Council Decision 2010/416/EU of 13 July 2010 (OJ L 196, 28.07.2010, pp. 24-26).
28.10.2010	RT I, 12.11.2010, 1	15.11.2010
02.05.2012	RT I, 25.05.2012, 8	04.06.2012

Chapter 1 GENERAL PROVISIONS

§ 1. Purpose of Act

The purpose of this Act is to create the legal bases and establish general requirements for organising accounting and financial reporting pursuant to internationally recognised principles.

§ 2. Accounting entity

(1) All persons specified in this section (hereinafter *accounting entities*) are required to organise their accounting and financial reporting pursuant to this Act.

(2) The Republic of Estonia as a legal person in public law (hereinafter *the state*), local governments, all legal persons in private or public law registered in Estonia, sole proprietors, and branches of foreign companies registered in Estonia (hereinafter *branches*) are accounting entities.

(3) The state organises its accounting and financial reporting through the state accounting entities.

(4) All ministries and the State Chancellery within the scope of its area of government and administration, and the constitutional institutions – the Riigikogu, the President of the Republic, the State Audit Office, the Chancellor of Justice and the Supreme Court – are state accounting entities.

(5) The provisions of this Act concerning accounting entities apply to the state accounting entities unless otherwise provided by law.

[RT I 2004, 90, 616 - entry into force 01.01.2005]

§ 3. Definitions used in Act

In this Act, the following definitions are used:

- 1) assets – a monetarily measurable object or right belonging to an accounting entity;
- 2) liability – a monetarily measurable obligation of an accounting entity;
- 3) owners' equity (net assets) – the difference between the assets and liabilities of an accounting entity;
- 4) income – an increase in economic benefits, except contributions to owners' equity made by owners, during an accounting period which take the form of an increase in assets or a reduction in liabilities and which increase the owners' equity of the accounting entity;
- 5) expenses – a reduction in economic benefits, except payments made to owners from owners' equity, during an accounting period which takes the form of a reduction in assets or an increase in liabilities and which reduce the owners' equity of the accounting entity;
- 6) profit (loss) – the difference between the income and expenses of an accounting entity during an accounting period;
- 7) accounting principles generally accepted in Estonia – an accounting framework based on internationally accepted accounting and reporting principles, as prescribed by this Act and supplemented by guidelines issued pursuant to subsection 32 (1) of this Act by the Accounting Standards Board (hereinafter also *guidelines of the Standards Board*) and, in the case of the state, the state accounting entities, local governments, other legal persons in public law and other accounting entities over which the abovementioned persons have dominant influence directly or indirectly or through other persons who are under dominant or significant influence, by requirements provided for in the general rules for state accounting (hereinafter *general rules*) established on the basis of subsection 36 (1) of this Act;
[RT I 2004, 90, 616 - entry into force 01.01.2005]
- 8) internationally accepted accounting and reporting principles – the accounting directives of the European Union, international financial reporting standards and, in the case of persons in public law, international public sector accounting standards;
- 9) international financial reporting standards (IFRS) – the standards and interpretations (SIC Interpretations) approved by the International Accounting Standards Board (IASB);
- 10) international public sector accounting standards (IPSAS) – the standards approved by the Public Sector Committee of the International Federation of Accountants (IFAC);
- 11) management – the person or persons (for example, the management board of a company) entitled to manage the daily activities of and conclude transactions for an accounting entity (except a sole proprietor);
- 12) highest supervisory body – the body of an accounting entity which is formed on the basis of an Act or on the basis of articles of association or statutes and which exercises direct supervision over the management (for example, the supervisory body of a company).
- 13) annual report taxonomy – standardised body of elements and linkbases of annual report.
[RT I 2009, 54, 363 - entry into force 01.01.2010]

Chapter 2 ORGANISATION OF ACCOUNTING

§ 4. General requirements for organisation of accounting

An accounting entity is required:

- 1) to organise its accounts in such a way as to ensure the provision of up-to-date, relevant, objective and comparable information concerning the financial position, economic performance and cash flows of the accounting entity;
- 2) to document all its business transactions;
- 3) on the basis of source documents or summary documents prepared on the basis thereof, to post and record all its business transactions in accounting ledgers and journals;
- 4) to prepare and submit annual reports and other financial statements pursuant to the procedure provided for in this Act and other legislation;
- 5) to preserve accounting documents.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 5. Accrual based and cash based accounting

(1) Cash based accounting means that business transactions are recorded when cash is paid or received for the transactions.

(2) Accrual based accounting means that business transactions are recorded when they occur, regardless of when cash is received or paid for the transactions. Upon the preparation of financial statements, adjusting and

closing entries shall be made which allow for the correct measurement and reporting of the income and expenses of the accounting period.

(3) Accounts shall be maintained on an accrual basis unless otherwise provided by this Act.

§ 6. Documenting and recording business transactions

(1) For the purposes of this Act, business transaction means a transaction concluded by an accounting entity, a transaction between third parties, or an event relevant to an accounting entity, as a result of which changes occur in the assets, liabilities or owners' equity of the accounting entity.

(2) An accounting entity is required to document and record all its business transactions in journals and ledgers within a reasonable period of time following a business transaction such that the submission of reports prescribed by legislation within the specified term is ensured.

(3) Business transactions shall be recorded on a double-entry basis where the same amount is debited to one account and credited to another account.

(4) All accounting entries shall be supported by source documents certifying the corresponding business transactions or by summary documents prepared on the basis of source documents.

(5) An accounting entry shall contain the following information:

- 1) the date of the business transaction;
- 2) the number of the accounting entry;
- 3) the accounts debited and credited and the corresponding amounts;
- 4) a short description of the business transaction;
- 5) the name and number of the source (summary) document.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 7. Source documents

(1) An accounting source document is a document which certifies a business transaction and which contains the following information:

- 1) the name and number of the document;
- 2) the date of preparation of the document;
- 3) the economic substance of the transaction;
- 4) the figures relating to the transaction (quantity, price and total amount);
- 5) the names of the parties to the transaction;
- 6) the addresses of the registered offices or places of residence of the parties to the transaction;
- 7) the signature(s) certifying the business transaction, given by the person representing the accounting entity who records the business transaction in the accounts thereof;
- 8) the number of the corresponding accounting entry.

(2) The requirements provided for in clauses (1) 6)–8) of this section do not apply to source documents if the information specified in those clauses has been recorded in a summary document prepared on the basis of the corresponding source documents.

(3) Adjusting entries made upon preparation of financial statements shall be supported by adjusting entry documents. In an adjusting entry document, the requisite information specified in clauses (1) 5) and 6) of this section shall be replaced by the name of the person who prepared the source document.

(4) It shall be possible for source documents preserved in electronic form to be reproduced in writing.
[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 8. Chart of accounts

(1) An accounting entity shall prepare a chart of accounts for recording business transactions and adjusting entries.

(2) A state accounting entity shall prepare a chart of accounts in accordance with the requirements of the general rules.

§ 9. Accounting journals and ledgers

(1) Accounting journals and ledgers are bodies of information which contain information on the accounting entries and balances set out in the accounts and also bodies of information which contain detailed information which is the basis for accounting entities.

(2) The accounting journals and ledgers shall enable extracts to be made of recorded business transactions in chronological order.

(3) Journals and ledgers may be prepared:

- 1) as hand-written or printed documents;
- 2) on data media enabling written reproduction if the authenticity of the information preserved thereon is ensured.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 10. Corrections to documents, journals and ledgers

(1) Information and entries in accounting source and summary documents shall not be deleted, nor shall they be corrected without adjusting entry documents. An incorrect accounting entry shall be corrected by an adjusting entry which shall contain a reference to the number of the corrected entry. If a correction is not supported by a source document, an adjusting entry document (correction document) explaining the correction shall be prepared.

(2) In addition to the requisite information to be contained in an adjusting entry document in accordance with the provisions of subsections 7 (1) and (3) of this Act, a correction document shall set out the content of the correction. The original source document and the original entry shall be supplemented by a reference to the correction document and entry.

§ 11. Accounting policies and procedures

(1) An accounting entity is required to establish accounting policies and procedures which establish the charting of accounts together with a description of the contents of the accounts and which regulate, among other things, the documentation and recording of business transactions, the flow and preservation of source documents, the maintenance of accounting journals and ledgers, the presenting of revenue and expenditure under Income Statement items, physical inventory of assets and liabilities, the accounting policy and presentation format used by the accounting entity, the procedure for preparing financial statements, usage of accounting software, and the circumstances relating to the organisation of accounting and the implementation of related internal audit measures.

(2) A state accounting entity shall prepare accounting policies and procedures in accordance with the requirements of the general rules.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 12. Obligation to preserve accounting documents

(1) An accounting entity shall preserve accounting source documents for seven years as of the end of the financial year during which the source document was recorded in the accounts.

(2) Accounting ledgers, journals, contracts, financial statements, reports and other business documents which are necessary for reconstructing business transactions during audits shall be preserved by the accounting entity for seven years as of the end of the corresponding financial year.

(3) Business documents relating to long-term rights or obligations shall be preserved for seven years after the expiry of their term of validity.

(4) Accounting rules and procedures shall be preserved for seven years after the amendment or replacement thereof.

(5) An accounting entity is required to also preserve in electronic form the accounting journals and ledgers which are created electronically. The legibility of electronic information shall be ensured during the whole retention period.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

Chapter 3 ANNUAL REPORT

§ 13. Financial year

(1) The length of a financial year is twelve months.

(2) In the event of an accounting entity being founded or terminated or the date of the commencement of its financial year being changed, or in other cases prescribed by law, the financial year of the accounting entity may be shorter or longer than twelve months but shall not exceed eighteen months.

(3) The financial year of an accounting entity is deemed to be a calendar year, unless otherwise provided for in the articles of association of the accounting entity or any other document regulating the activities thereof.

(4) The financial year of the state and the state accounting entities is the budgetary year.

§ 14. Preparation of annual report

(1) At the end of each financial year, an accounting entity is required to prepare an annual report which consists of the annual accounts and the management report.
[RT I 2009, 54, 363 - entry into force 01.01.2010]

(2) The preparation of an annual report entails the following steps:

- 1) preparation of the annual accounts;
- 2) preparation of the management report;
- 3) approval of the annual report.

[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(2¹) The submission of an annual report entails the following steps:

- 1) auditing;
- 2) in the case of a company, preparation of the profit distribution proposal or proposal on covering of loss for the financial year;
- 3) submission of the annual report for approval.

[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(3) An audit obligation shall be provided for in the Auditors Activities Act.

[RT I 2010, 9, 41 - entry into force 01.01.2011]

§ 14¹. Annual report taxonomy

(1) The annual report taxonomy shall be established by a regulation of the Government of the Republic determining the standard and elements of the taxonomy and the taxonomy administrator.

(2) The reporting forms prepared on the basis of the annual report taxonomy shall be established by a regulation of the Minister of Finance.

(3) An accounting entity shall follow in the preparation of the annual report and the final balance sheet, and the documents submitted together therewith the taxonomy established on the basis of subsection (1) of this section and the reporting forms established on the basis of subsection (2) of this section.

[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(4) The state or local government agency or other person performing public duties shall not demand from an accounting entity the submission of the information included in the taxonomy which the accounting entity has submitted to the register for publication together with the annual report pursuant to the procedure provided by law.

(5) The state or local government agency or other person performing public duties may require an accounting entity to submit the information included in the taxonomy in case:

- 1) the information is required before the accounting entity has submitted the information to the register and if it is not possible to wait until the term prescribed for the submission of the annual report to the register;
- 2) the information is required in respect to different period as compared to the information submitted to the register and if it is not possible to reasonably derive the requested information from the information submitted to the register;
- 3) the definitions of the required information are not identical to the definitions of the elements of the taxonomy and if it is not possible to achieve the desired objective using the information of the elements of the taxonomy.

(6) Subsection (3) of this section shall not apply to the annual reports of the state, state accounting entities, local government, legal persons in public law registered in Estonia and sole proprietors and the financial statements of foreign companies which are submitted by the director of the branch to the register for publication.

[RT I 2009, 54, 363 - entry into force 01.01.2010]

(7) Subsection (3) of this section shall not be followed by accounting entities who organise their accounting based on the international financial reporting standards specified in clause 17 (1) 2) of this Act or whose principal and permanent activity for the purposes of the Credit Institutions Act is the provision of the financial services, or who prepare the annual report of the consolidation group.

[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

§ 15. Annual accounts

(1) The purpose of the annual accounts is to give a true and fair view of the financial position, economic performance and cash flows of the accounting entity.
[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(2) The annual accounts shall comprise the main statements (balance sheet, income statement, cash flow statement and statement of changes in owners' equity) and notes on the accounts.
[RT I 2009, 19, 116 - entry into force 06.04.2009]

(3) Annual accounts shall be prepared on the basis of the business transactions and adjusting entries recorded in the journals and ledgers during the financial year. For the purposes of preparing annual accounts, physical inventory shall be taken of the balances of the assets and liabilities of the accounting entity, the conformity of the value of the assets and liabilities recorded in the journals and ledgers to the accounting policies provided for in §§ 16 and 17 of this Act shall be assessed, adjusting and closing entries shall be made and the main statements and notes shall be prepared.

(4) The accounting policies used for preparing annual accounts shall be chosen and information shall be published in accordance with the requirements provided for in §§ 16 and 17 of this Act.

(5) Annual accounts shall be prepared in Estonian and in the currency officially applicable in Estonia, and the degree of precision used for the figures shall be indicated (for example, in thousands of currency units).
[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 16. Basic principles for preparation of annual accounts

The following basic principles forming a part of the internationally accepted accounting and reporting principles shall be primary factors taken into consideration in preparation of annual accounts:

- 1) business entity – the accounting entity keeps separate accounts of its assets, liabilities and business transactions and the assets, liabilities and business transactions of its owners, creditors, employees, customers and other persons;
- 2) going concern – in the preparation of financial statements, the accounting entity is presumed to be carrying on its activities as a going concern and not to have the intention of or need for terminating its activities. If a financial statement is not prepared in accordance with the going concern assumption, the accounting principle applied shall be set out in the statement;
- 3) understandability – the information disclosed in financial statements shall be concise and unambiguous to users of the statement who have sufficient financial knowledge to understand the statement;
- 4) materiality – financial statements shall set out all material information which affects the financial position, economic performance and cash flows of the accounting entity. Information in financial statements is considered material if failure to disclose the information could influence the business decisions made by the users of the statements on the basis thereof. Immaterial items may be accounted for and recorded in the financial statements using a simplified method;
- 5) consistency and comparability – the same accounting policies, presentation formats and financial statement formats are used on an on-going basis in preparation of financial statements;
- 6) matching principle – expenses relating to the revenue earned during a given accounting period are deducted from such revenue. Costs incurred during an accounting period other than the period in which they benefit the accounting entity shall be recorded as expenses during the period in which they benefit the entity;
- 7) objectivity – information presented in financial statements shall be objective and reliable;
- 8) conservatism – financial statements shall be prepared on a prudent and cautious basis in order to avoid overestimation of assets or revenue or underestimation of liabilities or expenses. At the same time, it is prohibited intentionally to understate assets or revenue, overstate liabilities or expenses, or create reserves hidden from the users of the statements;
- 9) disclosure – financial statements shall disclose all the information necessary to present a true and fair view of the financial position, economic performance and cash flows of the accounting entity;
- 10) substance over form – business transactions are recorded in accounts and financial statements based on their substance even if this does not correspond to their legal form.

§ 17. Accounting framework applied

(1) The accounting policies and presentation formats used in accounting shall be in accordance with the requirements and basic principles provided for in this Act and with at least one of the following two accounting frameworks:

- 1) accounting principles generally accepted in Estonia;
- 2) international financial reporting standards approved by the European Commission pursuant to the procedure provided for in Regulation No 1606/2002/EC of the European Parliament and of the Council on the application of international accounting standards (OJ L 243, 11.09.2002, p. 1–4).
[RT I 2009, 19, 116 - entry into force 06.04.2009]

(2) The accounting policies and presentation formats used in the preparation of financial statements by a credit institution, financial holding company, mixed financial holding company, investment firm, insurer or by a company, the securities issued by which are admitted for trading on a regulated securities market of Estonia or

another Contracting State of the EEA Agreement (hereinafter *Contracting State*), shall be in accordance with the standards specified in clause (1) 2) of this section.
[RT I 2009, 19, 116 - entry into force 06.04.2009]

(3) The accounting policies and presentation formats used in the preparation of the financial statements of Eesti Pank shall be determined by the Governor of Eesti Pank in accordance with the accounting rules of the European Central Bank or, in issues not regulated thereby, in accordance with one of the two accounting frameworks specified in subsection (1) of this section.
[RT I 2004, 90, 616 - entry into force 01.01.2005]

§ 18. Balance sheet and income statement

(1) Balance sheet means a financial statement which shows the financial position (assets, liabilities and owners' equity) of an accounting entity at a given date.

(2) Income statement (statement of gains and losses) means a financial statement which shows the economic performance (income, expenses and profit or loss) of an accounting entity during an accounting period.

(3) An accounting entity which prepares its annual accounts in accordance with accounting principles generally accepted in Estonia shall use the balance sheet format set out in Annex 1 to this Act and one of the two income statement formats set out in Annex 2 to this Act. A more detailed subdivision of items in the formats of the balance sheet and income statement is permitted and new items may be added thereto if this makes for greater clarity.
[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(4) In certain areas of activity where the specific nature of the business activities so requires, an accounting entity specified in subsection (3) of this section may use other balance sheet and income statement formats than those set out in the Annexes to this Act. The purpose of the annual accounts specified in subsection 15 (1) of this Act and the requirements of other legislation regulating the given field of activity shall be followed, *inter alia*, in choosing the above format.
[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

§ 19. Cash flow statement

(1) Cash flow statement means a financial statement which presents the cash flows (receipts and payments of cash and cash equivalents) of an accounting entity during an accounting period.

(2) A cash flow statement presents the amounts received or paid out by the accounting entity during the accounting period and classifies the cash flows according to their objective into cash flows from operating, investing or financial activities.

(3) Cash flows from operating activities may be presented using either the direct method which shows all major types of receipts and payments as gross amounts or the indirect method where the profit for the accounting period is adjusted to the impact of non-cash business transactions, changes in the balances of assets and liabilities relating to operating activities and the revenue and expenses relating to the cash flows arising from investing or financing activities.

(4) Cash flows arising from investing and financing activities shall be presented using the direct method.

§ 20. Statement of changes in owners' equity

(1) Statement of changes in owners' equity means a financial statement presenting the changes which have occurred in the owners' equity of an accounting entity during an accounting period.

(2) A statement of changes in owners' equity presents the changes which have occurred in the owners' equity items of an accounting entity during an accounting period, showing separately owners' investments and withdrawals of capital, the profit or loss for the accounting period, the impact of changes in accounting policies, the increases and decreases in reserves, and other business transactions which have had an impact on the owners' equity items.

(3) An accounting entity which is a company who prepares the annual report of the consolidation group shall take guidance from the adjusted unconsolidated owners' equity upon calculating compliance with the requirements established for the owners' equity in the Commercial Code. The adjusted unconsolidated owners' equity is equal to unconsolidated owners' equity of the company from which the book value of the holdings under significant influence set out in its balance sheet has been deducted and to which the value of such holdings calculated by using the equity method has been added. The procedure of calculating the adjusted unconsolidated owners' equity shall be disclosed in the statement of changes in owners' equity.
[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 21. Notes on annual accounts

(1) An accounting entity is required to disclose the following information in the notes on the accounts:

- 1) which of the accounting frameworks provided for in § 17 of this Act was taken as the basis for preparation of the annual accounts;
- 2) the accounting policies used in the preparation of the annual accounts;
- 3) explanations concerning the material items in the main statements and the changes in such items during the accounting period;
- 4) other circumstances relevant to the provision of a true and fair view of the financial position, economic performance and cash flows of the accounting entity.

(1¹) [Repealed - RT I 2008, 27, 177 - entry into force 01.01.2009]

(2) The notes on the accounts shall be in compliance with one of the accounting frameworks specified in § 17 of this Act.

[RT I 2009, 54, 363 - entry into force 01.01.2010]

§ 22. Comparability of annual accounts

(1) Annual accounts shall show comparable figures for both the current financial year and the preceding financial year. Items for which there is no amount shall be shown only if there is a corresponding item for the preceding financial year.

(2) If the figures for the accounting year and the previous financial year are not comparable due to changes made in the presentation format or accounting policies during the accounting year, the comparable figures for the previous financial year shall be recalculated and brought into compliance with the presentation format and accounting policy used in the accounting year. The reasons for recalculating comparable figures, and the amounts adjusted in comparison to the figures of the annual accounts of the previous financial year shall be disclosed in the notes on the accounts. If it is not possible or expedient to recalculate comparable figures, this fact shall be presented in the notes on the accounts together with the reasons therefor.

§ 23. [Repealed - RT I 2009, 19, 116 - entry into force 01.07.2009]

§ 24. Management report

(1) A management report shall provide an overview of the activities of the accounting entity, circumstances which are material to the assessment of the financial position and business activities of the accounting entity, significant events which have occurred during the financial year and the likely future developments in the following financial year.

(2) The management report shall set out, inter alia:

- 1) the main areas of activity, product and service groups;
[RT I 2008, 27, 177 - entry into force 10.07.2008]
- 2) the most significant investments made during the financial year and planned in the immediate future;
- 3) significant projects in the field of research and development and the related expenditure in the accounting year and the following years;
- 4) [Repealed - RT I 2009, 54, 363 - entry into force 01.01.2010]
- 5) significant events which have occurred during the period of preparation of the annual accounts and which are not presented in the annual accounts but which have or may have a material effect on economic performance for the following financial years.

(3) An accounting entity whose annual reports are audited or must be audited pursuant to law shall describe in the management report, in addition to the provisions of subsection (2) of this section:

- 1) general (macroeconomic) development of the activities environment of the accounting entity and the impact of such development on its economic performance;
- 2) whether the operating activities of the accounting entity take place on a seasonal basis, or whether their business activities are cyclical;
- 3) significant environmental and social impacts resulting from the activities of the accounting entity;
- 4) risks related to changes in foreign exchange rates, interest rates and stock exchange rates which have occurred during the financial year or during the period of preparation of the report;
- 5) the main financial ratios concerning the financial year and the preceding financial year, and the methods for calculating the ratios.

(4) If at the balance-sheet date the owners' equity of the accounting entity does not comply with the requirements established by the Commercial Code the activities planned for restoration of owners' equity shall be described in the management report.

§ 24¹. Management report of issuer of securities traded on regulated securities market

The management report of a public limited company or private limited company the shares granting voting rights issued by which have been admitted for trading on a regulated securities market of Estonia or another Contracting State shall meet the requirements provided in § 24 of this Act and in addition, set out the following:

[RT I 2009, 19, 116 - entry into force 06.04.2009]

- 1) the structure of the share capital, including the securities, trading in which on the regulated securities market of Contracting States is not permitted and, where possible, also data on the different classes of shares, the rights and obligations related to each class of security and their percentage in the share capital of the company;
 - 2) all restrictions, as provided by the articles of association, on the transfer of securities, including restrictions on ownership in securities or the need to obtain agreement from the company or other owners of securities;
 - 3) all restrictions on transfer of securities known to the company as provided by contracts between the company and its shareholders, or contracts between the shareholders;
 - 4) qualifying holding pursuant to the provisions of § 9 of the Securities Market Act;
 - 5) owners of shares granting specific powers of audit, and a description of their powers;
 - 6) an auditing system, in case a holding scheme for employees exists where the employees do not directly perform their powers of audit;
 - 7) all restrictions and agreements relating to voting rights, and whether preferred shares have voting rights, including the restriction of voting rights by a certain percentage of the holding or a certain number of votes, the terms set for the use of the voting rights or systems in which the monetary rights related to the securities and ownership of the securities have been separated from each other in cooperation with the company;
 - 8) provisions and rules for the election, appointment, resignation and removal of the members of the management board of the company established by legislation;
 - 9) provisions and rules for amendment of the articles of association of the company established by legislation;
 - 10) authorisation of the members of the management board of the company, including the authorisation to issue and repurchase shares;
 - 11) agreements between the company and its management board or employees which provide compensations on the case of a takeover provided in Chapter 19 of the Securities market Act;
 - 12) all important agreements to which the company is a party and which enter into force, are amended or terminated in the case where, as a result of a takeover bid pursuant to the provisions of Chapter 19 of the Securities Market Act, another person gains the qualifying holding in the company, and the effect of such agreements unless, due to the nature thereof, their disclosure would result in significant damage to the company.
- [RT I 2007, 58, 380 - entry into force 19.11.2007]

§ 24². Corporate governance report

(1) In addition to meeting the requirements provided in § 24 of this Act, an accounting entity the securities granting voting rights issued by which have been admitted for trading on a regulated securities market of Estonia or another Contracting State shall enclose to the management report as separate subdivision a corporate governance report.

(2) The corporate governance report shall be prepared in such way which provides a professional and interested person with the opportunity to obtain relevant information concerning the activities of the accounting entity as regards the governance principles implemented in the company.

(3) The corporate governance report shall contain the following:

- 1) reference to corporate governance code implemented by the accounting entity;
- 2) profound and substantiated explanation regarding the fact why the accounting entity does not comply with corporate governance code;
- 3) description of managing and supervisory bodies and the panels of the committees thereof and the organisation of their work;
- 4) information specified in clauses 24¹4), 5) and 7–10 of this Act;
- 5) description of the main features of internal audit and risk management systems in connection with the process of the preparation of the annual accounts.

[RT I 2009, 19, 116 - entry into force 06.04.2009]

§ 25. Approval of annual report and formal requirement

(1) By approving the annual report, the management or sole proprietor confirms the correctness and completeness of the information set out in the annual report, including the fact that the annual accounts give a true and fair view of the financial position, economic performance and cash flows in accordance with the provisions of subsection 17 (1) of this Act.

(2) The date of the completion of the preparation of the annual report shall be considered the date when the management or sole proprietor approved the annual report.

(3) At least one member of the management of an accounting entity or sole proprietor shall sign the annual report of the accounting entity immediately after the approval thereof, specifying the date of the completion of the preparation of the annual report.

[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

§ 26. Reports of accounting entity upon founding, liquidation and termination thereof

(1) An accounting entity which is being founded or for which the obligation to maintain accounts has arisen shall prepare an opening balance sheet showing its assets, liabilities and owners' equity before the commencement of business activities or before the obligation to maintain accounts had arisen.

(2) In the first annual accounts following the foundation of an accounting entity, the balances of the opening balance in comparable figures shall be shown in the balance sheet. Comparable figures shall not be shown in income statements and cash flow statements. The cash flow statement shall show the total sum of cash and cash equivalents presented in the opening balance as the opening balance of cash and cash equivalents.

(3) Upon termination of liquidation proceedings of an accounting entity or extinguishment of the obligation to maintain accounts, the accounting entity shall prepare a closing balance sheet.
[RT I 2005, 61, 478 - entry into force 01.12.2005]

Chapter 4 ANNUAL REPORT OF CONSOLIDATION GROUP

§ 27. Consolidation group and entities thereof

(1) Consolidating entity means a parent undertaking or any other accounting entity exercising dominant influence over another accounting entity. Dominant influence may, inter alia, arise from the following circumstances:

- 1) a holding of more than 50 per cent of the voting rights in the consolidated entity;
- 2) a direct or indirect right arising from law or a contract to appoint or remove a majority of the members of the management or the highest supervisory body by exercising the rights of a founder or by a decision of the general meeting.

(2) Consolidated entity means a subsidiary undertaking or any other accounting entity over which another accounting entity (the consolidating entity) exercises dominant influence.

(3) A consolidating entity together with one or more consolidated entities form a consolidation group.

(4) Consolidation means combination of the financial statements of the accounting entities belonging to the consolidation group as if they were a single accounting entity.

§ 28. Annual report of consolidation group

(1) At the end of each financial year, an accounting entity which is a consolidating entity in the accounting year or which was a consolidating entity in the financial year preceding the accounting year shall prepare an annual report as specified in subsection 14 (1) of this Act in the form of the annual report of the consolidation group and consisting of the annual accounts and management report of the consolidation group.
[RT I 2009, 54, 363 - entry into force 01.01.2010]

(2) The provisions of this Act and, in the case of companies, of the Commercial Code concerning annual reports and the parts thereof apply to the annual reports and parts of the annual reports of consolidation groups, unless otherwise provided for in this Chapter.

(3) [Repealed - RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 29. Exceptions

(1) The following consolidating entities are exempt from the obligation to prepare an annual report of the consolidation group:

- 1) a company if at least 90 per cent of its votes represented by shares belong to a consolidating entity which is registered in Estonia and has the obligation to prepare and disclose the audited annual report of the consolidation group;

- 2) a company if at least 90 per cent of its votes represented by shares belong to a consolidating entity which is registered in a Contracting State and has the obligation to prepare and disclose the audited annual report of the consolidation group under the law of the home country of the entity;

- 3) a consolidating entities which consolidated indicators do not exceed the criteria provided for in subsection 92 (1) or (2) of the Auditors Activities Act, which prescribe the review obligation;
[RT I, 12.11.2010, 1 - entry into force 15.11.2010]

- 4) a consolidating entity if the total amount of the balance sheet totals of each of the consolidated entities added together does not exceed 5 per cent of the balance sheet total of the consolidating entity and if its sales revenue does not exceed 5 per cent of the sales revenue of the consolidating entity.

- 5) [Repealed - RT I 2009, 19, 116 - entry into force 06.04.2009]

(2) Upon determination of the participation provided for in clauses (1) 1) and 2) of this section, the shares which belong to members of the management or the highest supervisory body of the same company shall not

be taken into account. A company shall be exempt, pursuant to clauses (1) 1) and 2) of this section, from the obligation to prepare the annual report of the consolidation group if all other shareholders or partners have approved the exemption.

(3) A company which is exempt from the preparation of the annual report of the consolidation group pursuant to clause (1) 1) or 2) of this section shall disclose in its annual report the business name and the registered office of the consolidating entity which prepares the annual report of the consolidation group.

(4) The exemptions provided for in clauses (1) 1)–3) of this section do not apply to consolidating entities which are credit institutions, financial holding companies, mixed financial holding companies, investment firms, insurers or companies, the securities issued by which are admitted for trading on a regulated securities market of Estonia or another Contracting State.

[RT I 2004, 90, 616 - entry into force 01.01.2005]

§ 30. Annual accounts of consolidation groups

(1) The purpose of the annual accounts of a consolidation group is to give a true and fair view of the financial position, economic performance and cash flows of the consolidation group.

[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(2) The annual accounts of a consolidation group shall comprise the consolidated balance sheet, income statement, cash flow statement and statement of changes in owners' equity (consolidated reports) and the notes which shall be submitted together with the unconsolidated annual accounts of the consolidating entity and the management's declaration (unconsolidated reports). The accounting entity which prepares the annual accounts of the consolidation group is not required to prepare the annual accounts specified in § 15 of this Act.

[RT I 2009, 19, 116 - entry into force 06.04.2009]

(3) The accounting policies used for preparing the annual accounts of a consolidation group shall be chosen and information shall be published in accordance with the requirements provided for in §§ 16 and 17 of this Act.

The accounting policies used for preparing the annual accounts of a consolidation group an accounting entity of which is an undertaking specified in subsection 17 (2) of this Act shall be chosen and information shall be published in accordance with the provisions of the specified section.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 31. Management report of consolidation group

(1) The management report of a consolidation group shall provide an overview of the activities of the consolidation group, circumstances which are of material importance to the assessment of the financial position and activities of the consolidating entity and the consolidation group, significant events which have occurred during the financial year and the likely future developments in the following financial year.

(2) In addition to complying with the requirements provided for in § 24 of this Act, the management report of a consolidation group shall set out:

1) the structure of the consolidation group and the direct and indirect participation of the consolidating entity in the consolidated entities. If the consolidating entity does not hold a majority of votes in the consolidated entity either directly or indirectly, the basis of the dominant influence shall be indicated;

2) changes which occurred or were expected to occur within the consolidation group during the financial year (any planned merger, division, transformation, or acquisition or transfer of participation) and changes in the fields of activity of the entities belonging to the consolidation group;

3) significant events and circumstances which have affected or may affect the financial position or the economic performance of the consolidating entity and the consolidation group during the financial year or forthcoming periods;

4) whether the operating activities of the consolidating entity and the consolidated entities take place on a seasonal basis, or whether their business activities are cyclical;

5) changes in the investment and financing strategy, financing structure, risk management policies and liquidity of the consolidating entity and the consolidation group;

6) in the case of a consolidating entity which is a company, the dividend policy of the consolidation group;

7) circumstances or developments of a general economic nature or specific to operating activities which affect the economic development of the consolidating undertaking and the consolidation group and which have affected the financial position or economic performance of the consolidating entity or the consolidation group during the financial year or may affect them during the forthcoming years;

8) [Repealed - RT I 2005, 61, 478 - entry into force 01.12.2005]

9) the main financial ratios concerning the financial year and the preceding financial year of the consolidating entity, and the methods for calculating the ratios.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 31¹. Management report of consolidation group of issuer of securities traded on regulated securities market

In addition to the requirements provided in § 24 of this Act, the management report of the consolidation group of a public limited company or private limited company the shares granting voting rights issued by which have been admitted for trading on a regulated securities market of Estonia or another Contracting State shall meet the requirements provided in § 24¹ of this Act.
[RT I 2009, 19, 116 - entry into force 06.04.2009]

§ 31². Corporate governance report of consolidation group

(1) In addition to the requirements provided in § 31 of this Act, a consolidating entity shall enclose to the management report of the consolidation group as separate subdivision a corporate governance report if the consolidation group comprises an accounting entity the securities issued by which have been admitted for trading on a regulated securities market of Estonia or another Contracting State. The provisions of subsection 24²(2) of this Act apply to the preparation of the corporate governance report of the consolidation group.

(2) The corporate governance report of the consolidation group contains the information specified in clauses 24²(3) 1)–5) of this Act in respect to each accounting entity belonging to the consolidation group the securities issued by which have been admitted for trading on a regulated securities market of Estonia or another Contracting State.

(3) The corporate governance report of the consolidation group shall contain the description of the main features of the internal audit and risk management systems of the consolidation group in connection with the process of the preparation of the annual accounts.
[RT I 2009, 19, 116 - entry into force 06.04.2009]

Chapter 5 DIRECTION AND ORGANISATION OF ACTIVITIES IN FIELD OF ACCOUNTING

§ 32. Accounting Standards Board

(1) The Government of the Republic shall establish the Accounting Standards Board (hereinafter *Standards Board*) whose function is to issue accounting guidelines explaining and specifying this Act and to direct activities in the field of accounting.

(2) The Standards Board is an independent committee whose rules of procedure (hereinafter *rules of procedure*) shall be approved by the Government of the Republic on the proposal of the Minister of Finance. The Standards Board shall be served by the Ministry of Finance.

(3) The amount of remuneration paid to the chairman and members of the Standards Board and the procedure for payment thereof shall be determined by the Minister of Finance.

(4) The Ministry of Finance, the Government of the Republic and other government authorities shall not interfere with the content of the guidelines issued by the Standards Board or with the process of preparation thereof.

(5) The Minister of Finance has the right to issue mandatory precepts to the Standards Board for the performance of the obligations arising from this Act and the rules of procedure.

§ 33. Appointment and removal of members of Standards Board

(1) The Standards Board shall be appointed for three years by the Government of the Republic on the proposal of the Minister of Finance and it shall consist of seven members who are accounting specialists, experts in accounting theory or practising accountants.

(2) Members of the Standards Board are removed by the Government of the Republic on the proposal of the Minister of Finance.

(3) A member of the Standards Board shall be removed immediately if:

- 1) a judgment of conviction in a criminal matter has entered into force with regard to him or her;
- 2) it becomes evident that he or she has failed to perform his or her duties to a material extent, has damaged the interests of the Standards Board or is unsuitable to perform the duties of a member of the Standards Board for any other reason.

(4) A member of the Standards Board may be removed before the expiry of his or her term of authority if he or she suffers from an illness lasting for more than four months and is unable to perform his or her duties due to the illness.

(5) Upon the removal, resignation or death of a member of the Standards Board, he or she shall be replaced by a new member whose authority continues until the expiry of the term of authority of the Standards Board.

(6) The specific procedure for the appointment, removal and resignation of members of the Standards Board shall be provided for in the rules of procedure.

(7) If a new membership of the Standards Board has not been appointed by the expiry of the term of authority of members of Standards Board, the authority of the members of the Standards Board shall extend until the appointment to office of a new membership of the Standards Board.

[RT I 2005, 61, 478 - entry into force 01.12.2005]

§ 34. Guidelines of Standards Board

(1) The guidelines of the Standards Board shall be prepared on the basis of the international financial reporting standards although, in justified cases, they may prescribe derogations from the standards or simplified application or non-application of the standards with regard to all or specific types of accounting entities. In the event of derogations, the corresponding guideline shall describe the derogations and set out the reasons why they are necessary.

(2) The guidelines of the Standards Board are issued in order to explain and specify this Act. If a guideline is in conflict with this Act, the provisions of this Act shall apply.

(3) The guidelines of the Standards Board shall include references to the international financial reporting standards pursuant to which they were prepared.

(4) The draft guidelines of the Standards Board shall be available to the public on the website of the Standards Board and they shall be open for public discussion for at least two months before approval thereof by the Standards Board.

(5) The guidelines of the Standards Board shall be published in the Riigi Teataja.

Chapter 6 SPECIFICATIONS CONCERNING ORGANISATION OF STATE ACCOUNTING

§ 35. Organisation of state accounting and reporting

(1) The Ministry of Finance shall organise state accounting and financial reporting pursuant to subsection 2 (3) of this Act and the performance of the obligations of the Republic of Estonia regarding international accounting and financial reporting.

(2) The Minister of Finance has the right to establish, in the general rules, accounting policies, report formats and the procedure for the submission thereof for state accounting entities, local governments, other legal persons in public law and other accounting entities over which the abovementioned persons have dominant influence directly or indirectly or through other persons who are under dominant or significant influence.

(3) The Minister of Finance has the right to establish, in the general rules, report formats and the procedure for the submission thereof for accounting entities which are, directly or indirectly or through other persons who are under dominant or significant influence, under the dominant influence of state accounting entities, local governments, other legal persons in public law or other accounting entities.

[RT I 2003, 88, 588 - entry into force 01.01.2004]

§ 36. General rules for state accounting

(1) The Minister of Finance shall establish general rules for organisation of the accounting and financial reporting of the state and the state accounting entities which are based on and are in compliance with the accounting principles generally accepted in Estonia and the international public sector accounting standards and in accordance with which the state accounting entities are required to organise their accounting and financial reporting.

(2) Regardless of the provisions of subsection (1) of this section, the general rules may, in justified cases, prescribe derogations from the international public sector accounting standards or the guidelines of the

Standards Board or simplified application or non-application of such standards or guidelines with regard to the state as a whole or all or particular state accounting entities, local governments or legal persons in public law. In the case of derogations, the general rules shall describe the derogations and set out the reasons why they are necessary.

(3) The general rules explain and specify the requirements of the accounting principles generally accepted in Estonia as regards the state and the state accounting entities and serve as the accounting policies and procedures within the meaning of § 11 of this Act for the state as a whole. The existence of the general rules does not release the state accounting entities from the obligation to establish their own accounting policies and procedures.

(4) [Repealed - RT I 2003, 88, 588 - entry into force 01.01.2004]

§ 37. Annual reports of state and state accounting entities

(1) The state accounting entities shall prepare their annual reports and the Ministry of Finance shall prepare the consolidated annual report of the state and the consolidated report of the public sector and the government sector in accordance with the requirements of this Act.

(2) The Ministry of Finance shall prepare the consolidated annual report of the state based on the annual reports of the state accounting entities, as well as the reports received from the accounting entities which are under the dominant influence of the state and other reports.

(3) The aim of submitting the consolidated annual report of the state is to enable the Riigikogu to exercise its auditing function with regard to the government, provide the government with the opportunity to explain its activities during the accounting year, and submit the information necessary for the Riigikogu to make new resolutions regarding the budget.

(4) The competence for auditing the annual accounts included in the consolidated annual report of the state and the annual accounts of the state accounting entities, as well as the legality of the transactions of the state and the state accounting entities shall be provided for in the State Budget Act.
[RT I, 12.11.2010, 1 - entry into force 15.11.2010]

§ 38. Management report and annual accounts included in consolidated annual report of state and annual reports of state accounting entities

(1) The management report included in the consolidated annual report of the state shall contain the following in addition to the provisions of §§ 24 and 31 of this Act:

- 1) a consolidated report on the implementation of action plans;
- 2) a consolidated assessment of internal audit systems and overview of the activities of the state accounting entity in organising the internal audit function.

(2) The management report included in the annual report of a state accounting entity shall contain the following in addition to the provisions of §§ 24 and 31 of this Act:

- 1) an overview of the report on the implementation of action plan prepared on the basis of the State Budget Act which provides the results of the measures implemented during the accounting period and their connections with achieving the strategic objectives or the reasons for the non-implementation of the planned measures or failure to achieve the results;
- 2) an assessment by the head of the authority of the internal audit system and an overview of the activities of the state accounting entity in organising the internal audit function;
- 3) an overview of the management of, resources invested in and performance of the companies, legal persons in public law, foundations, non-profit associations and other legal persons within the area of government or under the dominant influence of the state accounting entity.

(3) The requirements provided for in clause 24 (3) 2) and clauses 31 (2) 4)–7) of this Act shall not apply to the state accounting entities.

(4) The annual accounts included in the consolidated annual report of the state shall contain the consolidated and unconsolidated annual accounts of the state and the report on the implementation of the state budget which shall be prepared at least to the extent set out in the state budget for each group of items of the budget classification in force at the time of the adoption of the state budget.

(5) The following shall be disclosed in the consolidated annual report of the state:

- 1) additional information concerning local governments;
- 2) additional information concerning public sector and government sector.

(6) The annual accounts of a state accounting entity shall contain an additional report on the implementation of the state budget within the corresponding area of government or administration.

[RT I, 12.11.2010, 1 - entry into force 15.11.2010]

§ 39. [Repealed - RT I 2003, 88, 588 - entry into force 01.01.2004]

§ 40. [Repealed - RT I 2003, 88, 588 - entry into force 01.01.2004]

Chapter 7

SPECIFICATIONS CONCERNING ORGANISATION OF ACCOUNTING BY OTHER PERSONS

§ 41. Annual accounts of local governments

The annual accounts of a local government shall contain an additional report on implementation of the budget of the corresponding rural municipality or city.

§ 42. Specifications concerning organisation of accounting and reporting of Eesti Pank

Eesti Pank is not required to prepare the cash flow statement provided for in §§ 15 and 19 of this Act.

§ 43. Specifications concerning accounting by sole proprietors

(1) A sole proprietor may maintain his or her accounts on a cash basis.

(2) A sole proprietor who maintains his or her accounts on a cash basis, must comply only with §§ 1–3, 4 (except clause 4)), 5, 6 (except clause 3)), 7, 9, 10 and 12 of this Act and other requirements of the accounting principles generally accepted in Estonia which regulate cash based accounting.

(3) A sole proprietor who maintains his or her accounts using the accrual method shall comply with this Act.

(4) [Repealed - RT I 2010, 9, 41 - entry into force 08.03.2010]

§ 44. Specifications concerning accounting by branches

Branches shall organise their accounting pursuant to §§ 1–12 of this Act.

§ 45. Additional requirements for public undertakings, undertakings with special or exclusive rights and undertakings providing services of general interest

(1) Public undertakings, undertakings enjoying special or exclusive rights and undertakings providing services of general interest within the meaning of § 14 and subsections 31 (3¹) and (3²) of the Competition Act shall, to the extent and pursuant to the procedure established by a regulation of the Minister of Finance, ensure the transparency of their accounting and the transparency of funds allocated to such undertakings by the state or a local government and of the use of such funds.

(2) At the request of the Minister of Finance, the persons specified in subsection (1) of this section are required to submit information concerning their accounting and the organisation thereof if such information is necessary to assess the transparency of their accounting.

(3) If at least 50 per cent of the turnover of a public undertaking comprises manufacturing activities, the undertaking shall submit its annual report to the Minister of Finance not later than one month as of approval of the report. Together with the annual report, the undertaking shall submit a report established by the Minister of Finance on the transparency of funds allocated to the undertaking by the state or a local government and of the use of such funds and on the transparency of accounting broken down by area of activity. Activities specified in Section D Manufacturing of the Classification of Economic Activities (EMTAK) are deemed to be manufacturing activities.

(4) Subsections (1)–(3) of this section do not apply to:

1) public undertakings, undertakings enjoying special or exclusive rights or undertakings providing services of general interest whose turnover during the given financial year and the two immediately preceding financial years has been lower than 6,100,000 euros, unless otherwise provided by other Acts;
[RT I 2010, 22, 108 - entry into force 01.01.2011]

2) a public undertaking if at least 50 per cent of the turnover of the undertaking comprises manufacturing activities and the turnover of the undertaking during the given financial year was lower than 32,000,000 euros;
[RT I 2010, 22, 108 - entry into force 01.01.2011]

3) credit institutions who are public undertakings, as regards funds allocated thereto by the state or a local government under market conditions.

§ 45¹. [Repealed - RT I 2009, 54, 363 - entry into force 01.01.2010]

Chapter 8 IMPLEMENTATION OF ACT

§ 46.–§ 58.[Omitted from this text]

§ 59. Application of Act to Eesti Pank

Subsection 17 (3) of this Act applies to accounting periods ending not later than by 31 December 2005 to the extent established by the Governor of Eesti Pank.”

§ 60. Repeal of earlier legislation

The Accounting Act (RT I 1994, 48, 790; 1995, 26–28, 355; 92, 1604; 1996, 40, 773; 42, 811; 49, 953; 1998, 59, 941; 1999, 55, 584; 101, 903; 2001, 87, 527; 2002, 23, 131; 53, 336; 57, 355) is repealed.

§ 61. Continuation of authority of members of Accounting Standards Board

The authority of the chairman and members of the Accounting Standards Board of the Republic of Estonia appointed on the basis of the Accounting Act repealed pursuant to § 60 of this Act continues until the expiry of their term of authority.

§ 61¹. Specifications upon euro changeover

(1) The limits denominated in euros in clauses 45 (4) 1) and 2) are applied to accounting periods which expire on the day of the termination of the issue of the Estonian kroon or later, and to accounts prepared in respect thereto.

(2) Annual accounts in respect to accounting periods which expire on the day of the termination of the issue of the Estonian kroon or later shall be prepared in euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

§ 62. Entry into force of the Act

(1) This Act enters into force on 1 January 2003 and applies to annual reports for accounting periods beginning on 1 January 2003 or later and, in the case of the state, state accounting entities, local governments and legal persons in public law, for accounting periods beginning on 1 January 2004 or later. The annual reports for earlier accounting periods shall be prepared in accordance with the Accounting Act in force until the entry into force of this Act. The state, state accounting entities, local governments and legal persons in public law which are under the dominant influence of the state shall, when preparing annual reports for 2003, bring the balances of balance sheet items into conformity with the accounting policies in force as of 1 January 2004. In connection with the transition to the preparation of consolidated reports, deviations arising from consolidation are permitted in the annual reports of the state, state accounting entities, local governments and legal persons in public law which are under the dominant influence of the state for 2003 and 2004, provided that a corresponding explanation concerning the deviations is given in the annual accounts.

(1¹) [Repealed - RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(1²) The Government of the Republic may, by a regulation, specify the agencies and persons performing public duties in respect to whom the prohibition specified in subsection 14¹(4) of this Act shall not apply for up to two years as of the establishment of the prohibition. The Government of the Republic may, by a regulation, reduce the abovementioned period of transition.
[RT I 2009, 54, 363 - entry into force 01.01.2010]

(1³) Subsection 14¹(7) shall apply as of 1 January 2012.
[RT I, 25.05.2012, 8 - entry into force 04.06.2012]

(2) Subsection 17 (2) of this Act enters into force on 1 January 2005 and applies to annual reports for accounting periods beginning on 1 January 2005 or later.

(3) Clause 46 8), clauses 47 1)–4), 6) and 7), §§ 49–52, § 54 and clauses 55 1) and 2) of this Act enter into force on the tenth day following the date of publication of this Act in the Riigi Teataja.

(4) The provisions of subsection 14 (3), subsections 29 (1) and (4), subsections 30 (2) and (3) of this Act in the wording which was in force before 1 January 2005, and the provisions of clause 4 1), subsection 6 (2), subsection 7 (4), § 9, subsection 11 (1), subsection 12 (5), subsection 14 (1), subsection 15 (2), subsection 20 (3), subsection 23 (1), §§ 24–26, subsection 28 (3), clause 31 (2) 8), Annex 1, Annex 2 and Annex 3 of this Act

in the wording which was in force before 1 December 2005 apply to accounting periods which commenced before 1 January 2005 and the reports prepared concerning such periods.

(5) Clause 24 (2) 1) of this Act and subsection (4) of Annex 3 to this Act apply to accounting periods which commence on 1 January 2008 or later.

[RT I 2009, 54, 363 - entry into force 01.01.2010]

(6) Subsection 15 (2), § 24², subsection 28 (1), subsection 30 (2) and § 31² of this Act enter into force on 1 July 2009 applying as regards the annual reports to the accounting periods which commence on 1 July 2009 or later.

[RT I 2009, 19, 116 - entry into force 06.04.2009]

(7) Section 23 of this Act does not apply as regards the annual reports to the accounting periods which commence on 1 July 2009 or later.

[RT I 2009, 19, 116 - entry into force 06.04.2009]

(8) The accounting periods which commenced on 1 January 2010 or earlier and the accounts prepared in respect thereto shall be governed by the provisions of §§ 37 and 38 of this Act in the wording which was in force before 15 November 2010.

[RT I, 12.11.2010, 1 - entry into force 15.11.2010]

Directive 2006/46/EC of the European Parliament and of the Council (OJ L 224, 16.08.2006, p. 1–7) amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings.

[RT I 2009, 19, 116 - entry into force 06.04.2009]

[Annex 1](#)

[Annex 2](#)

[Annex 3](#)