

NOTES ON THE ACCOUNTS

The notes describe the valuation methods used in the preparation of the annual accounts and disclose other information which is necessary to provide a true and fair view of the financial position, economic performance and cash flows of the accounting entity.

Notes on accounts which are prepared in accordance with this Act shall set out at least the following information:

(1) The accounting framework specified in § 17 of this Act pursuant to which the annual accounts were prepared.

(2) A description of the accounting policies used. If the valuation methods or presentation formats have been changed from the preceding accounting period, the content of and reasons for the changes and their effect on the figures presented in the accounts shall be disclosed.

(3) Information concerning material balance sheet items, including:

1) an analysis of shares, notes and other securities broken down by group, as at the beginning and end of the accounting period;

2) a description of inventories broken down by group, and material amounts of write-downs of inventories;

3) changes in investment properties and tangible and intangible assets broken down by group (acquisition cost, accumulated depreciation and net carrying value at the beginning and end of the period; fixed assets acquired and sold during the period; write-downs and write-ups of fixed assets; depreciation and other changes during the period; fixed assets acquired under financial lease conditions);

4) a description of individually important loans, financial leases and other claims and liabilities (terms of payment, interest rates, underlying currency, other material conditions);

5) a list of subsidiaries and associated undertakings, participation in their owners' equity, and participations acquired or transferred during the accounting period;

6) an analysis of tax liabilities and claims broken down by type of tax;

7) a description of material provisions and the expected timing of their realisation.

(4) The information concerning significant income and expenses which affect the economic performance during an accounting period, including:

– sales revenue broken down by field of activity and geographical area;

– significant write-downs, provisions and other income and expenses not directly related to regular operating activities or occurring rarely.

[RT I 2008, 27, 177 - entry into force 10.07.2008]

(5) An explanation of material cash flow statement items.

(6) owners' equity – the number and nominal value, at the beginning and end of the period, of shares issued and subscribed (broken down by type of share); the number and nominal value of shares issued during the period and the amounts received for the issue; the number and book value of shares redeemed, sold or cancelled during the period; the dividends and other

changes in owners' equity approved by the general meeting if these are not shown in the statement of changes in owners' equity.

(7) If an accounting entity which is a company has acquired or taken as security its own shares during the financial year, the number and nominal value of the shares acquired or taken as security and transferred during the financial year and the number and nominal value of the shares acquired or taken as security and held by the company during the financial year, the proportion of the share capital which they represent, the amounts paid for such shares and the reasons for acquiring the shares or taking them as security.

(8) Other relevant information, including:

- a description and the book value of pledged assets;
- commitments, guarantees and contingent liabilities and the probability of their realisation;
- transactions with members of the management and the highest supervisory body and with other related parties (a description of the parties, the volume and balances of the transactions as at the balance sheet date);
- an overview of the funds allocated to the accounting entity directly or indirectly from the state budget or a local government budget during the accounting year, the use of such funds, and state aid received (this requirement does not apply to business transactions concluded under usual market conditions or to state accounting entities);
- significant events after the balance sheet date;
- number of members of an accounting entity which is a non-profit association broken down by natural and legal persons;

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

– overview of the amount of fees under audit firm client contract calculated during the accounting year and divided as follows:

- 1) audit fees;
- 2) fees for review service;
- 3) fees for other assurance services;
- 4) fees for related services;
- 5) fees for other business activities, including fees for tax advisory services;

[RT I 2010, 9, 41 - entry into force 08.03.2010]

– remuneration and other significant benefits (calculated on an accrual basis) calculated by the accounting entity for the members of the management and the highest supervisory body during the accounting year, and the contingent liabilities related to such members and the total amount of remuneration calculated for employees and the average number of employees during the previous financial year.

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

– a list of beneficiaries of foundation accounting entity or reference to source in case the corresponding information is available from a public source.

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