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If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

Supreme Council of
the Republic of Latvia

14 October 1992

Annual Accounts Law

[19 October 2006]

Terminology Used in this Law

The management is the administrative body of a company entitled to take decisions in relation to the operations of the company. In individual undertakings, farms and fishing undertakings an owner of the undertaking or farm or his or her authorised person shall be considered as the management respectively.
[12 March 2009; 14 June 2012]

A group is an aggregate of companies which includes a parent company of the group and its subsidiary companies. If one or several natural persons own separate individual undertakings, farms and fishing undertakings, they shall not form a group.
[12 March 2009; 14 June 2012]

A cash flow statement is a non-excludable part of annual accounts, which reflects the flow of cash and its equivalents during the accounting period and classifies it as cash flow from basic operations, investment operations and financial operations.

The statement of changes in equity is a component of the whole financial report, which provides data on the equity of a company and changes in the amounts of its components, under the influence of specific economic transactions during the accounting period, as well as on total net income or loss during this period, including amounts included or written off directly from equity.

The financial report is a unified whole, which consists of a balance sheet, a profit or loss account, a cash flow statement, a statement of changes in equity and an annex.

Fair value is the amount in respect of which it is possible to exchange assets or fulfil obligations in a transaction between well informed, interested and financially independent persons.

Balance sheet value is the amount by which assets or obligations are indicated in the balance sheet.

Trade portfolio is the total financial instrument item held in the name of a company and for the benefit of the company (also contracts whose basic assets are goods), which the company holds in trade or acquires in order to obtain a profit in the near future from the actual or expected purchase and sale price difference or other price or interest rate changes, as well as items which the company acquires in order to limit the trade portfolio item risks.

A risk limitation accounting system is the indicating of one or several risk limitation instruments in risk limitation accounting for the purpose so that the fair value of such instruments change completely or partially compensate against change of the fair value or cash flow of the risk insured item.

A risk insured item is an asset, liability, fixed purpose or predicted future transaction, which exposes the company to a fair value change or future cash flow change risk and which for the purpose of risk limitation accounting is indicated as a risk insured item.

A risk limitation instrument is a derivative financial instrument indicated in a risk limitation accounting system or other financial asset, or financial obligations, with which fair value or cash flow it is intended to compensate against change of the fair value or cash flow of the risk insured item.

The terms "**financial instrument**" and "**derivative financial instrument**" used in this Law conform the terms used in the Financial Instrument Market Law.

Investment properties are parcels of land, buildings, structures or a part of such objects, which a company holds (as an owner or as a lessee in accordance with a financial lease) in order to acquire a lease (rent) payment or to await a rise in prices (increase in value), but not in order to use for the manufacture of goods, provision of services, administrative purposes or to sell in the course of normal economic activity.

Biological assets are animals or plants, which the company holds in order to acquire agricultural products to sell or additional biological assets. Agriculture within the meaning of this Law is also forestry, fisheries and another such basic activity, which includes the administration of animal or plant biological conversion – its growing, degeneration, production and reproduction processes.

Long-term investments held for sale are such long-term investment objects, which the balance sheet value shall be recovered in a sales transaction, but not in the course of further utilisation and which conform to both of the following qualification criteria:

1) these objects in their current state are available for immediate sale and are subject only to the normal conditions for the sale of such objects;

2) the sale such objects is believable (based upon a management decision regarding the sale of such objects, a sales process has commenced, and there is a conviction regarding the completion thereof within a period of one year from the day of commencement of such process).

Deferred tax assets are the amounts of enterprise income tax, which are to be recovered in the next accounting years and relates to accounting temporary differences.

Deferred tax obligations are amounts of enterprise income tax, which are to be paid in the next accounting years and relates to those accounting temporary differences, which are taxable with this tax.

The terms "**related parties**", "**financial assets**", "**financial obligations**", "**investments held until the end of term**", "**loans and claims**" and "**financial assets available for sale**" used in this Law conform to international accounting standards, which have been adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.
[6 November 1996; 16 December 1999; 22 March 2000; 20 November 2003; 26 May 2005; 19 October 2006; 14 June 2012]

Chapter 1
General Provisions

Section 1.

(1) This Law applies to commercial companies, co-operative societies registered in Latvia, European economic interest groups, European co-operative societies and European commercial companies registered in Latvia, as well as to individual undertakings, farms and fishing undertakings, the turnover (income) of which from economic activity transactions in the previous accounting year exceeds 300 000 euros (hereinafter also – company).
(2) Individual undertakings, farms and fishing undertakings may draw up annual accounts taking into account the provisions of this Law even then, if their turnover (income) from economic activity transactions in the previous accounting year does not exceed 300 000 euros.
(3) This Law does not apply to banks, savings and loan societies, insurance commercial companies in the form of stock companies, mutual insurance co-operative societies, private pension funds, investment broker companies, investment management companies, as well as alternative investment funds founded as commercial companies.
(4) Commercial companies, which perform re-insurance, prepare annual accounts taking into the regulations of the Finance and Capital market Commission, which are mandatory for insurance commercial companies in the form of stock companies.
(5) A commercial company, which in accordance with the Financial Instrument Market Law prepares annual accounts in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (hereinafter in this Section – international accounting standards):

1) by way of derogation from the requirements of Section 5 of this Law for the drawing up of a balance sheet, the form of the profit or loss account, cash flow statements and statement of changes in equity, individual financial statement items need not be indicated if they are not

significant or the non-indication of which makes the financial statement more transparent, as well as drawing up the referred to statement items in a different order or including additional items, however, in any case the information reflected in the items shall conform to international accounting standards;

2) by way of derogation from the requirements of Section 5 and 7.[1] of this Law, the annual account items shall be valued in accordance with international accounting standards;

3) in addition to the requirements of Section 6 of this Law, explanatory information regarding annual accounts shall be provided in accordance with international accounting standards.

(6) A commercial company whose transferable securities are admitted to trading on the regulated market of Member States shall not apply the privileges and exemptions referred to in Section 24, Paragraph one; Section 53.[1], Paragraph three; Section 54, Paragraph one; Section 55, Paragraph one, Clause three; Section 66, Paragraph two and Chapter 6.[1] of this Law.

[23 February 1995; 6 November 1996; 10 September 1998; 16 December 1999; 20 November 2003; 26 May 2005; 19 October 2006; 22 May 2008; 12 March 2009; 10 June 2010; 29 November 2012; 9 July 2013; 19 September 2013]

Section 2.

The annual report shall be prepared in Latvian.

The currency unit euro shall be used in the annual account and numbers shall be rounded up to whole numbers (euros).

The balance of foreign currency money and the advance payment expressed in foreign currencies, a loan or the balance of loans, as well as other balances of debtor or creditor debts to be paid in foreign currencies shall be indicated in the annual account, recalculating them in euro according to the foreign currency exchange rate to be used in accounting, which is in effect at the end of the last day of the accounting year.

[19 September 2013]

Section 3.

(1) The accounting year shall cover 12 months and usually coincide with the calendar year. A different beginning and end of the accounting year shall be admissible only for a commercial company, co-operative society registered in Latvia, a European economic interest group, European co-operative society and European commercial company registered in Latvia, an individual undertaking, a farm and a fishing undertaking registered in Latvia if so determined by the articles of association, by-laws or company contract of the relevant referred to company. Different beginning and end of the accounting year shall be determined by the relevant decision of the company for an individual undertaking, farm and fishing undertaking for which the articles of association have not been adopted or the by-laws have not been developed.

(2) The accounting year may be changed. A change of the accounting year shall be justified and appropriate explanations shall be provided in the notes to the annual accounts.

(3) The first accounting year of a newly established company may cover a shorter or a longer period of time, but not longer than 18 months.

(4) If the beginning of the accounting year of an existing company is changed, the accounting year may not exceed 12 months.

(5) The accounting year in which a company is reorganised or terminates its activities, as well as an accounting year the beginning of which is changed, may be shorter than 12 months.

[23 February 1995; 6 November 1996; 20 November 2003; 26 May 2005; 19 October 2006; 10 June 2010]

Section 4.

(1) The annual accounts, as a unified whole, shall consist of a financial report and the report of the company management regarding the development of the company during the accounting year.
(2) The annual accounts shall be prepared in accordance with the Law on Accounting, this Law and other laws and regulations. The Cabinet shall issue regulations regarding the procedures regarding receipt of financial support (financial assistance) from the State, local government, the European Community, other international organisations and institutions, and the reflection of donations and gifts of money or kind in the annual accounts.
(2[1]) The Cabinet shall determine the following for the application of this Law:

1) the procedures by which events as of the balance sheet date, change of the accounting policy, changes in accounting estimates and corrections of mistakes shall be reflected in financial reports;

2) the procedures by which income from the sale of goods and provision of services, transfer of company's assets for the use to other persons, acquiring income from interest, royalties and dividends, shall be accounted and evaluated;

3) the methods for accounting and evaluation of fixed assets and investment property and the procedures for the reflection of the costs related thereto;

4) the criteria and methods for evaluation of the reserves, accumulated income, accumulated liabilities, contingent liabilities and contingent assets;

5) the procedures by which a company, which is a contractor of a construction contract or a performer of work of another long-term contract, shall account and evaluate income and expenditure related to the construction contract or another long-term contract;

6) the procedures by which extraordinary dividends shall be accounted and reflected in financial reports.

(3) The annual accounts shall provide a true and fair view of the assets and liabilities, financial position, profit or loss and cash flow of the company.
(4) If the information included in annual accounts prepared in accordance with this Law does not provide a sufficiently true and fair view of the company, additional information shall be provided in the annex to the annual accounts.
(5) In exceptional cases, if the application of any of the provisions included in Chapters 3, 4 and 5 of this Law contradicts the requirement laid down in Paragraph three of this Section regarding the submission of a true and fair view, there may be derogation from the relevant provisions. Each such derogation shall be explained in the notes to the annual accounts, indicating its essence, reason and influence on the assets, liabilities, financial position and profit or loss of the company, and the method chosen shall also be explained.
(6) Paragraphs four and five of this Section shall not apply to a company which complies with the criteria laid down in Section 54.[1], Paragraph two of this Law and has chosen to use the privileges and exemptions laid down in Chapter 6.[1] of this Law.
[6 November 1996; 16 December 1999; 22 March 2001; 20 November 2003; 26 May 2005; 19 October 2006; 30 September 2010; 29 November 2012; 22 May 2014]

Section 5.

(1) The balance sheet shall be prepared and the profit or loss shall be calculated in accordance with the forms provided in Sections 10-14 of this Law. The company may choose one of these forms for preparing a profit or loss account.
(2) The form of the profit or loss account may not be changed unless one and the same form has been used for the accounts for at least two years in succession.
(3) [6 November 1996]

(4) The requirements of Paragraph two of this Section need not be applied in exceptional cases, if the reason for the change of the profit or loss account form is the acquisition of a subsidiary company of a group and the requirement by the parent company of the group that the same form be used in related companies.
(5) A change in the profit or loss account form shall be referred to in the annex and the reason for the change explained.
(6) The content and procedures for drawing up a cash flow statement and a statement of changes in equity shall be determined by the Cabinet.
[6 November 1996; 16 December 1999; 26 May 2005; 19 October 2006; 30 September 2010]

Section 6.

(1) The items set out in Sections 10-14 of this Law shall each be separately presented in the prescribed sequence. The items designated by Arabic numerals may be subdivided if the special characteristics of the company so require. Additionally, new items designated by such numerals may be added if their content is not included in any of the existing items.
(2) The items designated by Arabic numerals may be combined if their amounts are insignificant or if such combining provides greater clarity. Combined items shall be set out in detail in the notes.
[19 October 2006]

Section 7.

(1) The annual accounts shall show the respective figures from the previous accounting year for each item of the balance sheet, the profit or loss account, the cash flow statement and the statement of changes in equity. If in the accounting year mistakes from the previous year are discovered or the accounting policy has changed, the relative previous accounting year item indicators shall be corrected. For each case where the data have not been mutually comparable or the correction of previous accounting year data has been performed, an explanation shall be provided in the annex to the annual accounts.
(2) The balance sheet, profit or loss account, cash flow statement and statement of changes in equity items which have no figures (amounts), shall be set out only if there is a corresponding item with an amount in the preceding annual accounts.
[16 December 1999; 26 May 2005]

Section 8.

Mutual set-off of asset and liability items or income and expense items shall not be allowed.

Section 9.

(1) If an asset or a liability relates to several items of the form, its relation to other items shall be reflected either below the item in which it is included, or in the notes to the accounts, if such reflection is necessary for understanding the annual accounts.
(2) The company's acquired own stocks or shares shall be set out in the balance sheet item "Own stocks and shares", but participation in the subsidiary companies of a group or the parent company of a group, or in other subsidiary companies of such a group, or the capital of a subsidiary company of such subsidiary company of a group shall be set out shall be set out in the balance sheet item "Participation in the capital of related undertakings". The participation of the company in the capital of other companies under the significant influence thereof in which is

ensured not less than 20 per cent, but not more than 50 per cent of the voting rights of stockholders or shareholders in such company, shall be set out in the balance sheet item "Participation in the capital of associated undertakings".
[16 December 1999; 19 October 2006]

Chapter 2
Layout of the Balance Sheet Preparation and Profit or Loss Account

Section 10.

Layout of the Balance Sheet
[12 March 2009]

Assets

Long-term investments

I. Intangible investments:
1. Development costs
2. Concessions, patents, licenses, trade marks and similar rights
3. Other intangible investments
4. Goodwill
5. Payments on account for intangible investments

II. Fixed assets:
1. Land, buildings and structures and long-term plantings
2. Long-term investments in rented fixed assets
3. Equipment and machinery
4. Other fixed assets and inventory
5. Costs of the establishment of fixed assets and unfinished building objects
6. Payments on account for fixed assets

III. Investment properties

IV. Biological assets

V. Long-term financial investments:
1. Participation in the capital of related companies
2. Loans to related companies
3. Participation in the capital of associated companies
4. Loans to associated companies
5. Other securities and investments
6. Other loans and other long-term debtors
7. Own stocks and shares
8. Loans to stockholder or shareholders, and management

Current Assets

I. Inventories:
1. Raw materials, basic materials and consumables
2. Work in progress

3. Finished products and goods for sale
4. Unfinished orders
5. Advance payments for goods
6. Draft animals and productive animals

II. Long-term investments held for sale

III. Debtors:
1. Purchasers and commissioning party debts
2. Related undertaking debts
3. Associated undertaking debts
4. Other debtors
5. Shares not paid into company capital
6. Short-term loans to co-owners of undertakings and management
7. Next period costs
8. Accrued income

IV. Short-term financial investments:
1. Participation in capital of related undertakings
2. Own stocks and shares
3. Other securities and participation in capital
4. Derivative financial instruments

V. Cash

Liabilities

Equity:
1. Stock or share capital (equity capital)
2. Stock (share) emission premium
3. Long-term investment revaluation reserve
4. Financial instrument revaluation reserve
5. Reserves:
    a) reserves specified by law
    b) reserves for own stocks or shares
    c) reserves specified by the company articles of association
    d) other reserves
6. Retained profits:
    a) retained profits brought forward from the previous year
    b) retained profits of the accounting year

Provisions:
1. Provisions for pensions and similar obligations
2. Provisions for contingent taxes
3. Other provisions

Long-term creditors:
1. Loans against debentures
2. Loans convertible to stock
3. Loans from credit institutions
4. Other loans

5. Prepayments received from purchasers
6. Accounts payable to suppliers and contractors
7. Bills of exchange payable
8. Debts to related undertakings
9. Debts to associated undertakings
10. Taxes and State mandatory social insurance payments
11. Other creditors
12. Next period income
13. [19 October 2006]
14. Unpaid dividends

Short-term creditors:
1. Loans against debentures
2. Loans convertible to stock
3. Loans from credit institutions
4. Other loans
5. Prepayments received from purchasers
6. Accounts payable to suppliers and contractors
7. Bills of exchange payable
8. Debts to related undertakings
9. Debts to associated undertakings
10. Taxes and State mandatory social insurance payments
11. Other creditors
12. Next period income
13. [19 October 2006]
14. Unpaid dividends
15. Accrued obligations
16. Derivative financial instruments

[6 November 1996; 16 December 1999; 22 March 2001; 20 November 2003; 19 October 2006]

Section 11.

Profit or Loss Account Form in Vertical Format
(classified by method of payment for the period)

1. Net turnover
2. Changes in stocks of finished goods and work in progress
3. Costs (capitalised) referenced to own long-term investments
4. Other income from economic activities
5. Cost of materials
    a) costs of raw materials and consumables
    b) other external costs
6. Labour costs:
    a) remuneration for work
    b) pensions from company funds
    c) State mandatory social insurance payments
    d) other social insurance costs
7. Write-offs and value adjustments:
    a) depreciation and write off of fixed and intangible assets
    b) write-off of the value of current assets over and above regular write-offs
8. Other costs of economic activity

9. Income from participation in capital of group subsidiary and associated companies
10. Income from securities and loans forming long-term investments
11. Other income from interest and similar income
12. Write-off of the value of long-term financial investments and short-term securities
13. Interest payments and similar costs
14. Profit or loss before extraordinary items and taxes
15. Extraordinary income
16. Extraordinary expenses
17. Profit or loss before taxes
18. Enterprise income tax for the accounting year
19. Other taxes
20. Profit or loss for the accounting year
[6 November 1996; 16 December 1999; 20 November 2003; 19 October 2006; 12 March 2009]

Section 12.

Profit or Loss Account – Vertical Format
(according to period costs method)

1. Net turnover
2. Production costs of goods sold
3. Gross profit or loss
4. Sales costs
5. Administrative expenses
6. Other income from economic activities
7. Other costs of economic activities
8. Income from participation in capital of group subsidiary and associated companies
9. Income from securities and loans forming long-term investment
10. Other interest income and similar income
11. Write-off of the value of long-term financial investments and short-term securities
12. Interest payments and similar expenses
13. Profit or loss before extraordinary items and taxes
14. Extraordinary income
15. Extraordinary expenses
16. Profit or loss before taxes
17. Enterprise income tax for the accounting year
18. Other taxes
19. Profit or loss for the accounting year
[16 December 1999; 19 October 2006]

Section 13.

Profit or Loss Account Form in Account Format
(classified according to period costs method)

Expenses:
1. Decrease in the inventory of finished products and work in progress
2. Costs of supplies:
    a) costs of raw materials and consumables
    b) other external costs
3. Labour costs:

a) remuneration for work
b) pensions from company funds
c) State mandatory social insurance payments
d) other social insurance costs

4. Write-off of the value of assets:
a) depreciation and write-off of fixed assets and intangible assets
b) write-off of the value of current assets to the extent that they exceed the amount of normal write-offs

5. Other costs of economic activity
6. Write-off of value of long-term investments and short-term securities
7. Interest payments and similar expenses
8. Profit before extraordinary items and taxes
9. Extraordinary expenses
10. Enterprise income tax for the accounting year
11. Other taxes
12. Profit for the accounting year

Income:

1. Net turnover
2. Increase in the inventory of finished products and work in progress
3. Costs (capitalised) referenced to own long-term investments
4. Other income from economic activities
5. Income from participation in capital of group subsidiary and associated companies
6. Income from securities and loans forming long-term investments
7. Other interest income and similar income
8. Loss before extraordinary items and taxes
9. Extraordinary income
10. Loss for the accounting year

[6 November 1996; 16 December 1999; 20 November 2003; 19 October 2006]

Section 14.

Profit or Loss Account Form in Account Format
(classified according to sales costs method)

Expenses:

1. Production costs of sold products
2. Selling costs
3. Administrative costs
4. Other costs of economic activity
5. Write-off of the value of long-term financial investments and short-term securities
6. Interest payments and similar expenses
7. Profit before extraordinary items and taxes
8. Extraordinary expenses
9. Enterprise income tax for the accounting year
10. Other taxes
11. Profit for the accounting year

Income:

1. Net turnover
2. Other income from economic activities

3. Income from participation in capital of group subsidiary and associated companies
4. Income from securities and loans which form long-term investments
5. Other interest income and similar income
6. Loss before extraordinary items and taxes
7. Extraordinary income
8. Loss for the accounting year
[6 November 1996; 16 December 1999; 19 October 2006]

Chapter 3
Special Provisions Regarding Individual Balance Sheet Items

Section 15.

Assets, which are intended for long-term use or are invested in a long-term use property are long-term investments. Other assets are current assets.

Section 16.

Each item of long-term investments on the balance sheet or in the annex shall include the following information:

1) acquisition cost or cost of production in accordance with the balance sheet of the preceding year;
2) increases, including improvements during the accounting year;
3) liquidation value at the commencement of the accounting year;
4) any transfers from one item to another during the accounting year;
5) revaluation during the accounting year;
6) total amount of revaluation before the balance sheet date, including that referred to in Clause 5;
7) depreciation and write-offs of value during the accounting year;
8) adjustments for depreciation and write-offs of value for previous years, including adjustments in depreciation and write-offs of value of liquidated assets and assets withdrawn from use;
9) total depreciation and write-offs of value before the balance sheet date, including as set out in Clauses 7 and 8.

[16 December 1999]

Section 17.

(1) Expenses, incurred before the balance sheet date, but relating to future years, shall be set out as prepaid expenses on the asset side. Income, received before the balance sheet date, but relating to the next year or future years, shall be set out as deferred income in the liabilities.
(2) Amounts receivable within one year, and amounts receivable later than within one year, after the balance sheet date, shall be set out separately for each item of obligations of debtors in the balance sheet.
(3) Amounts payable within one year, and amounts payable later than within one year, after the balance sheet date, shall be set out separately for each item of obligations to creditors.
(4) Obligations which are payable within one year after the balance sheet date shall be considered to be short-term creditor obligations. Obligations which are payable later than within one year after the balance sheet date shall be considered to the long-term creditor obligations. The total amounts of short-term and long-term creditor obligations shall also be set out separately.

(5) The content of the costs and income as set out in Paragraph one of this Section shall be explained in the annex.
[6 November 1996; 16 December 1999]

Section 18.

(1) Only rights acquired in exchange for valuable consideration may be set out in the investments in intangible assets item “Concessions, patents, licenses, trade marks and similar rights”.
(2) Research costs and founding expenditures may not be capitalised. Development costs may be included in the balance sheet in the intangible investment item “Development costs” only if all of the following conditions are in effect:

1) the company intends to finish an asset object in order to use it for the own needs of the company or to sell it;

2) it is possible for the company to finish such asset object and it has access to the required technical, financial and other resources in order that such asset object may be finished and used for the own needs of the company or to sell it;

3) the company is able to transparently show what kind of economic benefits from the utilisation or sale of such asset object will be received in the future;

4) the company is able to believably value the amount of costs of the such asset object.

[6 November 1996; 20 November 2003; 19 October 2006]

Section 19.

(1) Reserves are intended to cover specific forms of obligations, which relate to the accounting year or previous years and which are foreseeable or known during the preparation of the annual accounts period, but for which the size or the date of the creation and covering of the concrete obligation is not clearly known.
(2) Reserves shall not exceed the amount necessary and they may not be used for correcting of asset value. Detailed information regarding the reserve items established shall be provided in the annex, setting out the basis for establishing each reserve, the amount at the beginning and end of the accounting year and increase and decrease of the reserve amounts, and explaining the reason and the valuation methods used.
(3) Amounts included in the “Other reserves” item shall be presented in the annex divided according to the type of reserve, and shall provide the information set out in Paragraph two of this Section.
(4) Irrespective of the date of the receipt or issue of the invoice, expenses that are created in the accounting year shall not be attributed to the reserves if the amount of this expense or the date of payment is precisely known during the preparation of the annual accounts period.
[16 December 1999; 22 March 2001; 20 November 2003; 26 May 2005]

Section 20.

Under the item “Retained profits for the accounting year”, the amount shall be set out which corresponds to the amount set out under the profit or loss item “Profit or loss for the accounting year”. The profit distribution or coverage of losses of a company shall be set out in the accounts for the following year, correspondingly decreasing the amount set out at the beginning of the accounting year under the item “Retained profits for the previous year”.
[16 December 1999; 12 March 2009]

Section 20.[1]

(1) Differed tax obligation amounts (if there are such) shall be indicated in the composition of long-term creditors, adding a new item “Differed tax obligations”, but differed tax asset amounts (if there are such) – in the composition of long-term financial investments, adding a new item “Differed tax assets”.
(2) Income and expenditures associated with differed tax obligations and differed tax assets (if there are such) shall be indicated in the profit or loss account, adding a new relevantly named item number in order after the item “Enterprise income tax for the accounting year”.
[26 May 2005; 19 October 2006]

Section 20.[2]

Investment properties, biological assets and long-term investments held for sales companies shall indicate separately from other asset items, including in the balance sheet assets new relevantly named items.
[26 May 2005; 19 October 2006]

Chapter 4
Special Provisions Regarding Individual Items in the Profit or Loss Account

Section 21.

Net turnover is income from the basic activities of the company, sale of goods and provision of services, from which trade discounts and other allocated discounts, and value added tax and other taxes directly related to sales, have been subtracted.
[6 November 1996; 22 March 2001; 19 October 2006]

Section 22.

(1) Under the item “Production costs of goods sold” referred to in Sections 12 and 14 of this Law shall be set out the costs of products, goods or services used to achieve net turnover as the actual cost of their production or acquisition.
(2) There shall be included in the items “Selling costs” and “Administrative costs” referred to in Sections 12 and 14 of this Law, the related personnel costs, material costs and amounts of depreciation and write-off of the value of fixed assets, and other related costs.
(3) There shall be included in the items “Other income from economic activities” and “Other costs for economic activities” the related income from economic activities or costs for economic activities of a company, which are not set out under other profit or loss account items and which have occurred as the result of economic activity or are connected with it or result directly from it.
[16 December 1999; 19 October 2006]

Section 23.

(1) Income and expenses, which occur as a result of events or transactions, which are clearly different from the usual activities of a company and which are not expected to be frequently or periodically repeated, shall be set out under the items “Extraordinary income” and “Extraordinary expenses”.
(2) Usual activities are any activities, which a company performs within its operational activities, and activities, which support the operational activities of the company, or have developed in relation to such activities or are a direct result of such.

(3) The amounts and types of extraordinary income and expenses shall be explained in the annex, except in cases where the amounts are insignificant
[16 December 1999; 19 October 2006]

Section 24.

(1) Companies which, as of the balance sheet date, do not exceed the limits of the two criteria referred to in Paragraph two of this Section, may establish an item "Gross profit" or "Gross loss" in the required format on the profit or loss account form by combining:

in Section 11 – items 1 to 5;

in Section 12 – items 1 to 3 and 6;

in Section 13 – expense items 1 and 2, and income items 1 to 4;

in Section 14 – expense item 1 and income items 1 and 2.

(2) The criteria referred to in Paragraph one shall be as follows:

1) balance sheet total – 1 400 000 euros;

2) net turnover – 3 400 000 euros;

3) average number of employees for the accounting year – 250.

(3) The balance sheet total referred to in Paragraph two of this Section is the total sum of the asset items set out in Section 10 of this Law. The average number of employees shall be calculated by adding up the working employees of the company on the last date of each month of the accounting year and dividing the sum by the number of months in the accounting period.

(4) A company shall no longer be entitled to the privileges referred to in Paragraph one of this Section, if it exceeds two of the limits referred to in Paragraph 2, items 1-3 of this Section, but only if this occurs for two years in succession.
[6 November 1996; 16 December 1999; 22 March 2001; 19 October 2006; 19 September 2013]

Chapter 5
Valuation Rules

Section 25.

(1) The items of annual accounts shall be evaluated according to the following accounting principles:

1) it shall be assumed that the company will continue as a going concern;

2) the evaluation methods used shall be the same as used in the previous accounting year;

3) the evaluation shall be carried out with appropriate care in compliance with the following conditions:

a) only the profit earned before the balance sheet date shall be included in the accounts;

b) all foreseeable amounts at risk and losses that have occurred during the accounting year or previous years, even if they have become known during the time period between the balance sheet date and the date when the annual accounts are signed by the person or administration institution referred to in Section 61, Paragraph two of this Law, shall be taken into account;

c) all decrease in value and depreciation amounts shall be calculated and taken into account regardless of whether the accounting year has closed with a profit or a loss;

4) income and expenses related to the accounting year shall be included in the profit or loss account regardless of the payment date or the date of receipt or issue of the invoice. Expenses shall accord with income for the respective accounting periods;

5) the component parts of the asset and liability items shall be evaluated separately;

6) the opening balance sheet of each accounting year shall accord with the closing balance sheet of the previous accounting year;

7) all items that have a significant influence on the evaluation or taking of decisions by the users of the annual accounts shall be set out. Insignificant items, which do not significantly alter the annual accounts, but make it excessively detailed, may be not set out. In such case, combined items shall be set out in the balance sheet, the profit or loss account, the cash flow statement and the statement of changes in equity, and details of such shall be provided in the annex;

8) economic activities of an undertaking shall be recorded in the books and reflected in the annual accounts, taking into account their economic content and nature, not just their legal form.

(2) In exceptional cases, there may be derogation from the accounting principles referred to in Paragraph one of this Section. Each such derogation shall be explained in the annex, indicating how it will affect the assets and liabilities, financial position and profit or loss of the company.

[6 November 1996; 16 December 1999; 26 May 2005; 19 October 2006; 12 March 2009]

Section 26.

(1) Long-term investments shall be evaluated in accordance with their initial value, that is, the cost of their acquisition or actual cost of production.

(2) The acquisition cost shall be calculated by adding the expenses related to the acquired object until the time when it is put into operation to the acquisition price. The acquisition price is the amount of money or its equivalent paid or the fair value of consideration given to acquire the asset at the time when the asset was acquired or made.

(3) The actual cost of production shall be calculated by adding up the cost of raw materials and materials, and other expenditures directly related to the production of the object. The actual cost of production may also include parts of costs, which are indirectly related to the production of the object, if these costs are applicable to the same time period.

(4) The interest on loans received for the formation of fixed assets in respect of the period up to the time the object is put into operation may be included in the actual cost of the newly created object. In such case, information regarding the amount of interest included in the composition of fixed assets shall be set out in the annex.

[16 November 1999; 22 March 2001; 20 November 2003]

Section 27.

The initial value of long-term investments as have a limited time period of effective usefulness shall be gradually written off (depreciated) over the expected time period of effective usefulness. The initial value of land parcels shall not be subject to write-off (depreciation).

[6 November 1996; 26 May 2005]

Section 28.

(1) If the value of the object of a long-term investment at the date of the balance sheet is lower than the value calculated according to the conditions of Sections 26 and 27 of this Law, and it is expected that the reduction in value will be long-term, the respective object shall be valued according to the lower value.

(2) Decrease in value may also be applied to long-term financial investments, evaluating them in accordance with the lower value as of the balance sheet date.

(3) Valuation of the object in accordance with the conditions of Paragraphs one and two of this Section may be stopped if there is no longer a reason for decrease in value.

(4) Decreases in value in accordance with the conditions of Paragraphs one and two of this Section, and changes in value in accordance with the conditions of Paragraph three of this

Section, shall be set out in the annex of the annual accounts with sufficient justification and detail.
[16 December 1999; 26 May 2005]

Section 29.

(1) Long-term investment objects, the value of which is significantly higher than the cost of their acquisition or production cost price or their valuation on the balance sheet of the previous year, may be re-valued in accordance with their higher value, if it may be assumed that the value increase will be long-term. Depreciation of fixed assets and the decrease in value of investments shall be recalculated every year in accordance with the value recorded for the respective year and shall be recorded in the same amounts in the profit or loss account.
(2) The increase in value resulting from such revaluation shall be recorded under the item "Revaluation reserve for long-term investments" in the section "Equity". If as a result of the revaluation an increase in value is created, which fully or partially compensates for the reduction in the value of the same long-term investment object, which in previous accounting years had been included in the profit or loss account as costs, such an amount of increase in value, which does not exceed the referred to costs, shall be included in the profit or loss account as income in the accounting year that such was determined.
(3) The revaluation reserve for long-term investments shall be reduced if the re-valued object has been liquidated or is no longer used, or if the increase in value is no longer justified.
(4) The revaluation reserve for long-term investments shall only be decreased in the cases set out in Paragraph three of this Section. The revaluation reserve for long-term investments shall not be allocated to dividends, used to cover losses, transferred to capital or other reserves, or used in for social purposes, for charity or for other purposes.
(5) [16 December 1999]
(6) When Paragraph one of this Section is applied, there shall be set out in the annex the justification for the revaluation of each re-valued asset item of the balance sheet, as well as differences in value where the value determined in accordance with the procedures provided for in Paragraph one of this Section is compared with the value determined in accordance with Sections 26, 27 and 28 of this Law.
[6 November 1996; 16 December 1999; 26 May 2005]

Section 29.^{1}

(1) If a company during the term of validity of a public and private partnership agreement makes long-term investments in fixed assets of a public partner, which have been transferred thereto by the referred to agreement, then the amount of such costs shall be laid down in an additional item "Long-term investments in fixed assets of a public partner" established under the items group "II. Fixed assets".
(2) Long-term investments included in an additional item "Long-term investments in fixed assets of a public partner" shall be evaluated in accordance with the provisions of Sections 26, 27 and 28 and Section 29, Paragraph one of this Law.
[25 February 2010]

Section 30.

(1) The valuation of current assets shall be based on actual acquisition or production costs.
(2) The actual cost of acquisition shall be calculated by adding expenses related to purchase to the purchase price.

(3) The actual cost of production shall be calculated by adding up the usage of raw materials, basic materials and consumables, in accordance with the costs of acquisition and additional costs directly related to production of the product being valued. There may be added to production costs, the cost of relevant parts not directly related with the production of the product, if these costs are applicable to the same period. Sales costs shall not be included in the actual cost of production.

Section 31.

(1) The actual cost of acquisition or production of inventory may be determined as the weighted average price or by using the "First in – first out" method (FIFO).
(2) If the value established by using the methods set out in Paragraph one of this Section differs significantly from the market price on the balance sheet date, the difference for each inventory item shall be explained in the annex.
[16 December 1999]

Section 32.

(1) The valuation applied to current assets shall be such as to value them on the balance sheet date in accordance with the lowest market price or actual cost.
(2) Inventory balances shall be valued in accordance with either the acquisition or production cost price, or the lowest market price on the balance sheet date depending upon which of these indicators is the lowest. In special cases – if the inventory units are damaged, partially or fully obsolete or the production termination or sale costs have significantly increased thereof – the relevant inventory units shall be valued in conformity with the net sale value.
[16 December 1999; 26 May 2005]

Section 33. [20 November 2003]

Section 34. [20 November 2003]

Section 35.

(1) Expenses related to the creation of the investments in intangible assets referred to in items 1-4 of the division "I. Investments in Intangible Assets" of Section 10 of this Law shall be systematically written off over the time of useful life.
(2) If it is not possible to specify the useful utilisation period of the cost of acquiring the investment indicated in item "Intangible value", in such item shall be valued the acquisition costs from which are deducted the accumulated losses from the reduction in value.
[6 November 1996; 26 May 2005; 19 October 2006]

Section 36.

(1) If the repayable amount of a loan is higher than the amount received, the difference shall be set out separately on the asset side of the balance sheet or in the annex.
(2) The amount of this difference shall gradually be written off as expenses, reasonably allocated by year. It shall be completely written off by not later than the debt repayment date.

Section 37.

(1) Debtor and creditor balances shall be set out in the balance sheet in accordance with the corroborating documents and entries in accounting registers, and they shall accord to the accounting data of the debtors and creditors themselves on the balance sheet date. In case of disputes, balances shall be set out in the balance sheet in accordance with the accounting data. For debtor debts, repayment of which is dubious, bad debt reserves shall be set up in the amount of the doubtful amounts. The debtor debt balances shall be set out in the balance sheet at their net value, which shall be calculated by subtracting the balances of the established bad debt reserves, from the accounting value of the debts according to the accounting data. Justification for the amount of the established bad debt reserves shall be provided in the annex of the annual accounts. If a debt is considered unrecoverable (lost without hope of recovery), it shall be respectively written off from reserves established for bad debts or shall be included in losses.
(2) [16 December 1999]
(3) The equity of a company shall be set out in the balance sheet by components.
(4) Long-term creditor debt items shall include those amounts of obligations the payment of which is due more than a year after the end of the respective accounting year, and which are created in order to finance long-term investments and business assets or in order to cover obligations, and which are not included in short-term creditor items.
(5) Short-term creditor items shall include amounts that are payable in nearest 12 months time after the end of the accounting year, and other obligations, which occur in the normal cycle of activity of the undertaking.
[6 November 1996; 16 December 1999; 20 November 2003; 26 May 2005]

Section 38.

If stocks or shares of new emission have been sold for a larger amount than the nominal value, the difference shall be set out under "Equity" and "Stock (share) emission premium" items on the liability side of the balance sheet. If stock or shares of new emission have been sold for an amount below the nominal value, the difference shall be set out under the same item as a negative number.
[19 October 2006; 12 March 2009]

Section 39. [26 May 2005]

Chapter 6
Rules Regarding the Content of the Annex

Section 40.

The explanations, comparisons, details and justification required in Sections 5, 6, 7, 9, 16, 17, 19, 23, 25, 26, 28, 29, 31, 36 and 37 of this Law, and the information prescribed by Sections 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 54, 55.[4] and 55.[7] of this Law shall be set out in numbers, text and tables in the annex to the annual accounts.
[6 November 1996; 16 December 1999; 20 November 2003; 25 May 2005]

Section 41.

Information shall be provided in the annex regarding the methods used for the valuation of different items in the annual accounts, and the methods for calculation of depreciation, decrease in value and write-off of the value of long-term investments. If any amounts in the annual accounts have been converted from a foreign currency into units of currency of the Republic of Latvia, justification for such conversion shall be provided.

Section 42.

(1) There shall be set out in an annex, in regard to the subsidiary companies of a group, and in regard to associated companies, names and legal addresses, the participatory share of the company in the composition of the group (in respect of which annual accounts have been drawn up)in the share capital of such companies as a percentage. The amount of equity and of profit or loss of subsidiary companies of the group and associated companies in accordance with the last approved annual accounts of each such company shall also be indicated. This information need not be provided if it is insignificant for fulfilling the requirements set out in Section 4, Paragraph three of this Law.
(2) Information laid down in Paragraph one of this Section need not be provided if it could seriously harm the interests of the respective company, in the annex indicating that such information is not provided for the referred to reason.
(3) The amount of equity and profit or loss of a company referred to in Paragraph one of this Section need not be presented if the respective company does not publish its annual accounts and if the participatory share in it is less than 50 per cent.
[16 December 1999; 19 October 2006]

Section 43.

If the equity capital consists of several types of stock or shares, the number and nominal value of each type of stock or shares shall be set out in the accounts. Stock companies shall always set out the number of stock and their nominal value.
[19 October 2006]

Section 44.

If a company has taken a loan which may be converted into stock, the amount payable for each such loan, the exchange rate and time periods pursuant to which the loan may be converted into capital of the company, shall be disclosed. If a loan has been obtained against the security of bonds or other debt documents, with a right to receive interest, the amount payable on any such loan and the stipulated interest rate shall be disclosed.
[19 October 2006]

Section 45.

(1) Each debt item in the balance sheet shall provide information about the part payable more than five years after the balance sheet date.
(2) If the assets of a company have been pledged or encumbered by some other loan security, such shall be set out together with the information regarding the terms of the pledge and any other conditions by way of guarantee to secure repayment of the loan, and the balance sheet value of the pledged property. The total creditor debt amounts, which are covered by the security, which has been provided to related companies, shall be set out separately indicating the type and form of security.
(3) The total amount of old-age pensions, warranty and guarantee obligations, discounted bills of exchange and other financial liabilities not reflected in the balance sheet shall be set out. If a company has entered into lease or rent agreements, which are significant for its operations, the obligations provided for under these agreements shall be specially indicated. Obligations to

existing and former employees in relation to pensions and obligations to related companies shall be set out separately.
(4) Amounts of advances, loans or guarantees issued to the management shall be set out in the part regarding separate position groups (members of the council and board), mentioning the interest rate, the most important terms and amounts payable.
(5) [19 October 2006]
(6) Total remuneration amounts in the accounting year to the sworn auditors of the company or to the sworn auditor of the commercial company (hereinafter – sworn auditor) shall be indicated separately regarding:

1) examination of the annual accounts;
2) the performance of other audit tasks;
3) consultation regarding tax issues;
4) the performance of other specialist tasks.

[6 November 1996; 16 December 1999; 19 October 2006]

Section 46.

(1) If the cadastral value of immovable property of the company has been determined, it shall be set out in the annex.
(2) If the possibility of choice has not been used to apply the valuation of fair value to financial instruments as provided for in Section 55.[1] of this Law, an explanation shall be provided in the annex regarding the amount of derivative financial instruments and the essential division by the groups of these instruments indicating the balance sheet value and fair value if such can be specified with one of the methods referred to in Section 55.[2], Paragraph one of this Law.
(3) If the possibility of choice has not been used to apply the reduction in value provided for in Section 28, Paragraph two of this Law to long-term financial investments referred to in Section 55.[1], Paragraph four of this Law, the fair value of which is less than the balance sheet value, information shall be provided in the annex regarding the balance sheet and fair value of individual assets or asset groups, explaining why reduction of value is not being applied and indicating the facts, which certify that the reduction in value is short-term and have been caused due to transitional circumstances.
[16 December 1999; 20 November 2003; 19 October 2006]

Section 47.

If part of the profit expected for work, which has not been completed by the end of the accounting year is included in the item “Work in progress”, it shall be set out together with the evaluation methods used.

Section 48.

(1) The net turnover set out in the profit or loss accounts shall be presented in the annex, allocated according to forms of basic activity and geographical markets, if the forms of basic activity (selling of products and provision of services) and geographical markets of the company differ significantly.
(2) The provisions of this Section are not applicable to companies, which may use the profit or loss account form in accordance with the conditions of Section 24, Paragraph one of this Law. Other companies need not provided the information requested in Paragraph one of this Section if such may seriously harm the interests of the relevant company, indicating in the annex that such information shall not be provided due to the referred to reason.

(3) A farm and fishing undertaking, commercial company, co-operative society, individual undertaking, which is engaged in agricultural production and receives the State aid for agriculture or the European Union aid for agriculture and rural development or applies enterprise income tax rebate for taxpayers which are carrying out agricultural activities, shall specify separately in annex to the annual account the income from agricultural activities, which is included in the net turnover of the profit or loss account.
[6 November 1996; 16 December 1999; 19 October 2006; 10 June 2010]

Section 49.

(1) Information shall be provided in the annex regarding the amounts of taxes and fees paid in the accounting year, allocated according to types of taxes and fees and tax privileges received and abatements granted – for each tax separately indicating the documents which confirm the rights to such privileges and abatements.
(2) The amounts of tax and fee obligations, the late charges calculated, penalty payments and other amounts payable or overpaid to the State budget or local government budgets, included in accounts payable or accounts receivable, appropriately reconciling such amounts with the tax administration, shall be set out in detail according to types of taxes and fees.
(3) [19 October 2006]
[6 November 1996; 16 December 1999; 19 October 2006]

Section 50.

(1) Information shall be provided regarding the average number of persons employed during the accounting year. Personnel costs shall be detailed as required by Section 11, item 6 and Section 13, expense item 3 of this Law.
(2) The total remuneration allocated to the management for performance of their functions shall be set out allocated according to separate groups of positions (members of the council and board). The same shall apply to pensions and similar obligations for former administrative institution members.
[6 November 1996; 20 November 2003; 19 October 2006]

Section 51.

(1) The following information shall be provided regarding the company's aggregate own stock or shares:
1) the number of stocks or shares and the total amount of their nominal value, and the ratio of this total amount in the capital of the undertaking;
2) the number of stocks or shares repurchased or sold during the accounting year, their nominal value, their percentage ratio in the equity capital, and the total repurchasing or selling price;
3) the reason for acquiring own stock or shares of the undertaking in the accounting year.
(2) The information referred to in Clause 1 of this Section shall be set out separately for those stocks or shares which have been acquired as property and those which have been acquired by way of pledge.
[19 October 2006]

Section 52.

(1) If in the accounting year the subsidiary company has acquired or sold parent company stocks or shares, the parent company shall submit information regarding the nominal value of such

stocks or shares and the ratio thereof in the capital of the parent company, as well as shall indicate the buying and selling amounts.
(2) The information, which is referred to in Paragraph one of this Section, shall be indicated separately for such stocks or shares, which are acquired in ownership, and those which are acquired as pledges.
[19 October 2006]

Section 53. [16 December 1999]

Section 53.[1]

(1) A company shall provide information regarding each agreement not included in the balance sheet, indicating the type, purpose and financial impact thereof if the risks or benefits associated with such agreements are significant and if the information regarding such risks and benefits is necessary in order to value the financial status of the company.
(2) A company shall provide information regarding its transactions with related parties if such transactions are significant and do not conform to normal market conditions, indicating the amount of such transactions, the type of relationship of the related parties and other information regarding such transactions, which is necessary in order to understand the financial status of the company. In formation regarding individual transactions with related parties may be unified in groups on the basis of the type of such transactions, except in cases where it is necessary to provide information separately in order to value the impact of related party transactions upon the financial status of the company.
(3) Companies, which do not exceed two of the criteria referred to in Section 24, Paragraph two of this Law shall be permitted to provide information only regarding the type and purpose of the agreements referred to in Paragraph one of this Section. Companies, which do not exceed two of the criteria referred to in Section 24, Paragraph two of this Law if they are not stock companies shall be permitted not to provide the information referred to in Paragraph two of this Section. Stock companies shall provide information regarding transactions, which are directly or indirectly performed with the largest of such company stockholders and with the management of such company (members of the council or board of directors).
(4) A company, the transferable securities of which have been included in the regulated market of the Member States, shall provide information, if an opinion of the auditor of internal audit regarding transactions between the company and a member of the board or the council thereof or between a company and a person related to a member of the board of the council (within the meaning of the Commercial Law) has been received.
[19 October 2006; 14 June 2012]

Section 54.

(1) Companies, which on the balance sheet date do not exceed two of the criteria referred to in Paragraph two of this Section, are permitted not to draw up a management report, a cash flow statement and statement of changes in equity, not to calculate and specify the amounts of deferred tax assets and obligations in the financial report and to draw up a shorted annex. In the shortened annex it is permitted not to provide the information referred to in Sections 44 and 52 and Section 55.[4], Clause 3 of this Law.
(2) The criteria referred to in Paragraph one of this Section are as follows:
1) balance sheet total – 400 000 euros;
2) net turnover – 800 000 euros;
3) average number of employees in the accounting year – 25.
(3) [16 December 1999]

(4) The balance sheet total in accordance with the requirements of Paragraph two of this Section shall be formed by the total amount of all asset items referred to in Section 10 of this Law. The average number of employees shall be calculated by adding up the number of working employees of the company on the last date of each month of the accounting year and dividing the amount by the number of months in the accounting year.
(5) If on the balance sheet date, the company exceeds or ceases to exceed two of the criteria referred to in Paragraph two of this Section, it shall accordingly lose or acquire the opportunity to apply the privileges referred to in Paragraph one of this Section, however, only if it occurs for two accounting years in succession. A newly established company may apply privileges referred to in Paragraph one of this Section in the first accounting year, if on the balance sheet date it does not exceeds two of the criteria referred to in Paragraph two of this Section.
(6) [20 November 2003]
[6 November 1996; 16 December 1999; 22 March 2001; 20 November 2003; 19 October 2006; 1 December 2009; 10 June 2010; 29 November 2012; 19 September 2013]

Chapter 6.^{1}
Additional Privileges and Exemptions to Companies
[29 November 2012]

Section 54.^{1}

(1) Companies, which on the balance sheet date do not exceed two of the criteria laid down in Paragraph two of this Section, in addition to the privileges referred to in Section 54, Paragraph one of this Law are permitted:

1) to draw up an abridged balance sheet in accordance with the procedures laid down in Section 54.^{2} of this Law;

2) not to draw up an annex. In such case the information referred to in Section 54.^{3} of this Law shall be provided in the end of a balance sheet or an abridged balance sheet in the form of notes with numbers, text or tables (hereinafter – balance sheet notes).

(2) The criteria referred to in Paragraph one of this Section shall be as follows:

1) the total amount of the balance sheet – 50 000 euros;

2) the net turnover – 100 000 euros;

3) the average number of employees in the accounting year – 5.

(3) The total amount of the balance sheet in compliance with the requirements of Paragraph two of this Section shall be the total amount of all asset items of the layout of balance sheet laid down in Section 10 of this Law or of the abridged balance sheet (Section 54.^{2}) respectively.
(4) The average number of employees shall be calculated by counting the employees employed in the company on the last date of each month of the accounting year and dividing the sum by the number of months in the accounting year.
(5) If a company on the balance sheet date does not exceed or terminates to exceed two of the criteria laid down in Paragraph two of this Section, it shall respectively lose or acquire a possibility of applying the privileges referred to in Paragraph one of this Section, however, only in such case if it occurs both in the current and previous accounting year. A newly established company may apply the privileges referred to in Paragraph one of this Section in the first accounting year, if it does not exceed two of the criteria laid down in Paragraph two of this Section on the balance sheet date.
[19 September 2013]

Section 54.^{2}

(1) In an abridged balance sheet the following item groups and items shall not be included in the

layout of balance sheet provided for in Section 10 of this Law:

1) in chapter "Long-term investments" of the part "Assets":

a) the item group III "III. Investment properties",

b) the item group IV "IV. Biological assets";

2) in chapter "Current assets" of the part "Assets":

a) the item group II "Long-term investments held for sale",

b) the item 4 "4. Derivative financial instruments" of the item group IV "Short-term financial investments";

3) the item 4 "4. Financial instruments revaluation reserve" in chapter "Equity" of the part "Liabilities".

(2) A company which has chosen to draw up an abridged balance sheet:

1) land, buildings or structures or parts thereof, which in accordance with the layout of the balance sheet given in Section 10 of this Law are indicated in the composition of investment properties, and long-term plantings, which are indicated in the composition of biological assets, shall be reclassified as fixed assets and reflected in the part "Assets", chapter "Long-term investments", item group II "II. Fixed assets", item 1 "Land, buildings and structures and long-term plantings" of the layout of the balance sheet given in Section 10 of this Law in the same balance sheet value;

2) draft animals and productive animals, which in accordance with the layout of the balance sheet given in Section 10 of this Law are laid down in the composition of assets, shall be reclassified as inventories and reflected in the part "Assets", chapter "Current assets", item group I "I. Inventories", item 6 "6. Draft animals and productive animals" of the layout of the balance sheet given in Section 10 of this Law in the same balance sheet value;

3) annual plantings and sowings, as well as animals other than draft animals and productive animals and which in accordance with the layout of the balance sheet given in Section 10 of this Law are laid down in the composition of the biological assets, shall be reclassified as inventories and reflected respectively in the part "Assets", chapter "Current assets", item group I "Inventories", item 2 "2. Unfinished orders" or item 3 "3. Finished products and goods for sale" or in another relevant item of inventories of the layout of the balance sheet given in Section 10 of this Law in the same balance sheet value;

4) long-term investment objects, which in accordance with the layout of the balance sheet given in Section 10 of this Law are determined in the composition of long-term investments held for sale, shall be reclassified back to the corresponding long-term investment items in the same balance sheet value;

5) land, buildings, structures or other objects of fixed assets determined in the composition of long-term investments held for sale, which are intended to be sold in the course of regular economic activity, may be reclassified as inventories and reflected in the part "Assets", chapter "Current assets", item group I "I. Inventories", item 3 "3. Finished products and goods for sale" of the layout of the balance sheet given in Section 10 of this Law.

Section $54.^3$

(1) The information referred to in Section 45, Paragraphs two and four and Section 49 of this Law, as well as the data regarding the average number of employees of the accounting year shall be provided in the balance sheet notes.

(2) A company, which uses the privileges and exemptions referred to in this Chapter and has carried out the following in the accounting year:

1) has changed the accounting year, in addition shall submit a justification for the change of the accounting year (Section 3, Paragraph two);

2) has changed the layout of the profit or loss account, in addition shall explain the reason for such change (Section 5, Paragraph five);

3) has combined insignificant amounts, which apply to several balance sheet items, in one balance sheet item, in addition shall provide details of such total amount (Section 6, Paragraph two);

4) has detected the mistakes of the previous periods or changed the accounting policy and accordingly corrected the data of the previous accounting years, in addition shall provide an explanation regarding each event (Section 7, Paragraph one);

5) has derogated from the accounting principles referred to in Section 25, Paragraph one of this Law, shall provide an explanation regarding any such derogation, indicating how it will affect the assets and liabilities, the financial position and the profit or loss of the company (Section 25, Paragraph two);

6) has included the interest of loans received in the actual cost of the newly created fixed asset for a period of time until putting thereof into service, in addition shall provide data regarding the amount of interest (Section 26, Paragraph two);

7) has overestimated the object of a long-term investment in compliance with a higher or lower value, in addition shall provide a justification of overestimation regarding each overestimated item of the balance sheet asset, as well as a difference of the evaluation (Section 28, Paragraph four and Section 29, Paragraph six);

8) has established bad debt reserves, in addition shall provide a justification for the amount of such reserves (Section 37, Paragraph one).

(3) A company, which has its own stock or shares (there is a sum in the balance sheet item "Equity stock and shares"), shall provide the data laid down in Section 51 of this Law in the balance sheet notes.

(4) A farm and fishing undertaking, a commercial company, a co-operative society, an individual undertaking, which is engaged in agricultural production and receives the State aid for agriculture or the European Union aid for agriculture and rural development, or applies enterprise income tax rebate for taxpayers which are performing agricultural activities, in addition shall specify in the balance sheet notes the income from agricultural activities, which is included in the net turnover of the profit or loss account (Section 48, Paragraph three).

Section 54.[4]

A company, which uses at least one of the privileges and exemptions referred to in Section 54.[1], Paragraph one, Clauses 1 and 2 of this Law, may not use the optional possibility referred to in Sections 55.[1] and 55.[5] of this Law for the evaluation of the financial instruments (also derivative financial instruments), investment properties, biological assets and long-term investments held for sale in their fair value.

Chapter 7
Management Report
[16 December 1999]

Section 55.

(1) Clear information regarding the development, financial results of the performance and financial status of the company, as well as information regarding substantial risks and unclear circumstances faced by the company shall be provided in the management report. Such information shall be justified by clear and comprehensive analysis of the development, financial results of the performance and financial status of the company according to the scope of operation and complexity of the relevant company. In order to understand the development, financial results of the performance and financial status of the company, such analysis shall include:

1) the indicators of financial results;

2) insofar as they are significant, also the main non-financial indicators characterising the company and the relevant sector – information regarding impact of the environmental protection requirements, and information regarding employees (for example, the employment policy applied, guarantees and support to employees) or other information;

3) if possible, references to the sums indicated in the financial report and additional explanations regarding them. The non-financial indicators referred to in Clause 2 of this Paragraph need not be provided by the companies which do not exceed two of the criteria referred to in Section 24, Paragraph two of this Law.

(2) The following indications must also be provided in the management report:

1) regarding any important events since the end of the accounting year;

2) regarding future development of the company;

3) regarding research work and development measures, if any;

4) regarding branches and representations of the company in foreign states;

5) regarding use of the financial instrument and, if it is significant for the assessment of the assets, liabilities, financial status and profit or losses of the company, also regarding the financial risk management objectives and policy, regarding the risk management policy adopted in relation to each significant anticipated type of future transactions, to which risk limitation accounting is applied, and regarding the subjection of the company to the market risk, credit risk, liquidity risk and cash flow risk.

(3) Proposals for utilisation of the profit of the company (also taking into account the extraordinary dividends calculated, if any) or covering of losses shall be provided in the management report.

(4) [12 March 2009]

(5) If the management of the company is of the opinion that it is not possible to continue the operation of the company without such special preconditions as writing-off of debts or additional capital investments, the management report must provide a detailed description regarding them.

(6) [20 November 2003]

[6 November 1996; 16 December 1999; 20 November 2003; 19 October 2006; 12 March 2009; 22 May 2014]

Chapter 7.[1]
Valuation of Fair Value
[20 November 2003]

Section 55.[1]

(1) In derogating from the valuation provisions provided for in Sections 26, 28, 29, 30, 32 and 36 of this Law, financial instruments (also derivative financial instruments) may be valued in fair value if the conditions included in Paragraphs two, three and four of this Section are observed.

(2) Contracts for which the basic assets are goods and in accordance with which both parties have the right to settle in cash or with some other financial instrument, within the meaning of this Law are derivative financial instruments, except in the case where all of the following conditions are in effect:

1) the contract is entered into in accordance with the planned purchase of goods, raw materials, basic materials and ancillaries, sale or use needs of the company and they still apply;

2) the contract already initially was intended for the needs referred to in Clause 1 of this Paragraph;

3) the contract obligations are intended to be completed with the supply of the goods.

(3) Valuation of the fair value shall be applied only to those financial obligations, which are an integral part of the trade portfolio or which have been created from derivative financial instruments.

(4) The following financial assets shall not be subject to valuation of fair value:

1) investments held to the end of term, which are not derivative financial instruments;

2) loans and debtor debts, which are not held for trade;

3) participation in the group subsidiary companies, associated companies and managed-in-common company capital and company emitted capital securities, as well as other financial instruments, which, taking into account international accounting standards, which have been adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, shall not be subject to valued fair value.

(5) In addition to the valued fair value laid down in Paragraph one of this Section, any financial asset or financial obligation item may be valued, which is qualified as a risk insured item, or also a specified part of such item if such is necessary in accordance with the accepted risk limitation accounting system of the company.

(6) In derogation of the valuation provisions provided for in Paragraphs three and four of this Section, financial instruments may be valued in accordance with international accounting standards, which have been adopted in accordance with Commission Regulation (EC) No 1725/2003 of 29 September 2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (hereinafter – Regulation No 1725/2003), taking into the amendment made to Regulation No. 1725/2003 up to 5 September 2006 and in the annex providing the relevant information in conformity with the requirements, which are laid down in the international accounting standards, which have been adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

[20 November 2003; 19 October 2006; 12 March 2009]

Section 55.[2]

(1) The valuation of the fair value of financial instruments in the cases referred to in Section 55.[1] of this Law must be believable. An valuation is believable if the fair value of the financial instrument is specified utilising one of the following methods:

1) financial instruments for which published prices are quoted in asset public securities market – on the basis of the market price. If the financial instrument does not have the referred to market price, but such price is for a separate component thereof or similar financial instruments, such instrument market price may be established taking into account the market price of the component thereof or similar financial instrument; or

2) financial instruments for which it is not possible to specify a market price – on the basis of the value, which is calculated utilising generally known and applicable valuation models and methods if the calculated value appropriately reflects the possible market price of such instruments.

(2) Financial instruments the fair value of which cannot be believably specified with the methods referred to in Paragraph one of this Section shall be valued according to the procedures laid down in Sections 26, 28, 30, 32 and 36 of this Law.

[20 November 2003]

Section 55.[3]

(1) Changes to the fair value of a financial instrument, which have occurred in the performance of valuation in accordance with the methods laid down in Section 55.2, Paragraph one of this Law, shall be included in the profit or loss account, except in the following cases:

1) the financial instrument is qualified as a risk limitation instrument and in accordance

with the risk limitation accounting system accepted by the company it is intended that some (or all) of the changes to the value of such instrument not be reflected in the profit or loss account;

2) the changes in the value of the financial instrument is dependent upon the changes in the exchange rate associated with the long-term cash investment of the company in the equity capital of an existing company under foreign jurisdiction. In both of the referred to cases, the changes in the fair value of the financial instruments shall be shown in the balance sheet item "Financial instrument revaluation reserve".

(2) Changes in the fair value of financial assets available for sale if such assets are not derivative financial instruments, a company shall show in the balance sheet item "Financial instrument revaluation reserve".

(3) The financial instrument revaluation reserve, which is shown in the balance sheet item "Financial instrument revaluation reserve", shall include a profit or loss account for the same period in which the relevant financial instrument is sold, extinguished or alienated in some other way or also in which the value of the financial asset is reduced.

[20 November 2003; 19 October 2006]

Section 55.[4]

If financial instruments have been valued at fair value, the annex shall include the following information:

1) most important assumptions on the basis of which the used valuation model and method was chosen if such the fair value of such instruments are laid down in accordance with Section 55.[2], Paragraph one, Clause 2 of this Law;

2) the fair value of financial instruments and the changes in value thereof, which are included in the profit or loss account or the balance sheet item "Financial instrument revaluation reserve" in the subdivision regarding the financial asset categories in conformity with the subdivision, which is laid down in international accounting standards, which have been adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards;

3) in the subdivision regarding derivative financial instrument groups – and explanation regarding such instruments, indicating the total amount, as well as information regarding essential provisions and conditions, which may influence in the future the expected amount of cash flow, the time of creation and certainty;

4) a table, which shows changes in the balance sheet item "Financial instrument revaluation reserve" during the accounting year.

[20 November 2003; 19 October 2006]

Section 55.[5]

(1) In derogation of the valuation provisions provided for in Sections 27, 28 and 29 of this Law, the investments in properties on the basis of the initial accounting costs thereof are allowed to be valued at their fair value if one of the following conditions is observed:

1) all investment property objects shall be permanently available prices in the active market for similar investment property objects in the same location or condition or in accordance with similar lease or other agreements (if such are entered into); or

2) the fair value of all investment property objects shall be determined by separately valuing each parcel of land, building, structure or the relevant part of such objects. A certified immovable property valuer shall determine the value.

(2) In derogation of the valuation provisions provided for in Sections 26, 27, 28, 29, 30 and 32 of this Law, in the initial accounting of biological assets and subsequently it is allowed to value the fair value from which is deducted the sales costs (for example, commission payments, payments

in the commodity exchange, and taxes and fees associated with settlement) if one of the following conditions is observed:

1) the biological asset objects shall have active market and permanently available market prices; or

2) it is possible for the biological asset objects with other recognised methods to specify the fair value at the current location and condition thereof.

(3) In derogation of the valuation provisions provided for in Sections 27, 28 and 29 of this Law, long-term investments held for sale while they conform to the classification criteria are allowed to be valued at a lower value in comparison with the active accounting value and fair value thereof from which sales costs are deducted. If the facts or events indicate a reduction in the value of long-term investments held for sale, a value reduction examination shall be performed and the losses, which have been created by such reduction in the value of the investment, determined.

[26 May 2005; 19 October 2006]

Section 55.^{6}

Investment properties, biological assets or long-term investments held for sale shall not be subject to depreciation, which the company shall value on the basis of the fair value. Changes in the value of such assets, which have been created in performance of a revaluation of the relevant fair value or the fair value from which sales costs have been deducted, or in the performance of a reduction in value examination shall be included in the profit or loss account.

[25 May 2005; 19 October 2006]

Section 55.^{7}

(1) If the investment properties, biological assets or long-term investments held for sale have been valued in the relevant fair value or the fair value from which sales costs have been deducted, at least the following information shall be included separately for each of the referred to item groups in the annex:

1) a description of the asset included in the item group;

2) the methods which were applied and the important assumptions on the basis of which the value of such assets was specified;

3) the balance sheet value in conformity with the balance sheet of the previous year;

4) increases (if there are such) in the accounting year, separately indicating those increases which were created from acquisitions;

5) alienations (if there are such) in the accounting year;

6) profit or loss from value corrections in the accounting year;

7) any transfers (if there are such) to other item groups in the accounting year.

(2) The following additional information shall be provided regarding long-term investments held for sale, which have been valued at fair value from which sales costs have been deducted:

1) the time of the intended alienation of such investments and the alienation regulations;

2) if there is a subdivision into units (type of basic activity, branch or other clearly separable component part of an undertaking) – the unit to which such information relates.

[26 May 2005]

Chapter 8
Annual Accounts of a Group
[16 December 1999]

Chapter 9
Form of Drawing Up and Signing of the Annual Accounts
[19 October 2006]

Section 61.

(1) The annual accounts shall indicate the following information:

1) the name (merchant's firm name) and legal address of the undertaking, as well as the registration number thereof in the Commercial Register or the Enterprise Register and types of principal activity (main types of economic activity), specifying the name and code in compliance with the statistical classification of economic activities laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (Text with EEA relevance);

2) [12 March 2009];

3) [19 October 2006];

4) for partnerships – also its type, members with personal liability and limited partner name and surname, personal identity number and address, but for legal persons – name, registration number and legal address;

5) for capital companies – also its type, the name and surname, personal identity number of and offices held by members of the executive institution, council members (if such has been established) and auditor. This information shall also be provided regarding those persons who have left such offices during the accounting year;

6) co-operative societies – also its type, the name and surname, personal identity number of and offices held by members of the executive institution, council members (if such has been established). This information shall also be provided regarding those persons who have left such offices during the accounting year.

(2) The annual accounts shall be signed by:

1) [12 March 2009];

2) [19 October 2006];

3) the annual accounts of a partnership – all the members of such partnership or such members of the partnership who are specially authorised to represent the partnership;

4) the annual accounts of capital companies – the board;

5) the annual accounts of co-operative societies – the board.

(3) If a member of a partnership, member of the board of a capital company or co-operative society, considers that the annual accounts cannot be approved, or also has some objections, such person may indicate his or her different point of view in a special note.

[6 November 1996; 22 March 2001; 20 November 2003; 25 May 2005; 19 October 2006; 12 March 2009; 14 June 2012]

Chapter 10
Auditing and Publishing of Accounts and Management Reports

Section 62.

(1) If a capital company, co-operative society, European co-operative society and European commercial company registered in Latvia indicators exceed two of the criteria referred to in Section 54, Paragraph two of this Law, as well as if transferable securities of a company are admitted to trading on the regulated market of Member States, its prepared annual accounts shall be audited by a sworn auditor in accordance with the Law On Sworn Auditors.
(2) [16 December 1999]
(3) If amendments are made in the annual accounts of a capital company, co-operative society, European co-operative society and European commercial company registered in Latvia after the sworn auditor has audited it, the sworn auditor shall audit the accounts anew, in respect of the amendments made. Such repeated audit shall be referred to in the opinion of the auditor regarding the audit of the annual accounts.
[6 November 1996; 12 February 1998; 16 December 1999; 22 March 2001; 20 November 2003; 25 May 2005; 19 October 2006; 22 May 2008]

Section 63.

(1) The audit of the annual accounts shall also include an accounting audit in order to determine whether the accounts comply with the basic rules of accounting. The audit shall also determine whether requirements of the laws and regulations governing the preparation of annual accounts and the provisions of the articles of association of the company have been observed.
(2) The lawful representatives of the capital company, co-operative society, European co-operative society and European commercial company registered in Latvia shall submit the annual accounts to the sworn auditor immediately after preparation of such.
(3) The sworn auditor may require from the lawful representatives of the capital company, co-operative society, European co-operative society and European commercial company registered in Latvia all information and explanations which are necessary for a thorough audit. If necessary, the sworn auditor may require such information before receiving the annual accounts.
(4) Neither the sworn auditor, nor his or her assistants may disclose commercial secrets of which they become informed during the audit.
[16 December 1999; 22 March 2001; 20 November 2003; 26 May 2005; 19 October 2006]

Section 64.

The sworn auditor shall prepare a written auditor’s report of the results of the audit performed in accordance with the requirements of the Law On Sworn Auditors.
[6 November 1996; 16 December 1999; 22 March 2001]

Section 65. [16 December 1999]

Section 66.

(1) A company, not later than a month after approval of the annual account and not later than four months after the end of the accounting year, but a company whose volume of activity exceeds two of the criteria referred to in Section 24, Paragraph two of this Law, and a company which is the parent company of a group of companies which prepares consolidated annual accounts, not later than seven months after the end of the accounting year, shall submit a copy of the annual account

and of the sworn auditor's report (if such exists) to the State Revenue Service (according to the place of establishment of the company), together with an explanation as to when the annual account was approved. The explanation by the capital company as to when the annual account was approved shall be replaced by the extract from the minutes of the stockholders' or shareholders' meeting containing the decision on the approval of the annual account. The company shall submit the documents referred to in this Paragraph in paper or electronic format.
(2) The companies to which the provisions of Section 54 of this Law are applicable are not required to submit a management report. In such case a duly authenticated extract from the minutes of the meeting of stockholders or shareholders of the company containing the decision on distribution of profits (also taking into account the extraordinary dividends calculated, if any) or loss-absorbency shall be submitted.
(3) A company, in complying with the provisions of Paragraph two of this Section or of Section 54, shall attach an explanatory note signed by the board of the company to the submitted annual accounts, stating that the provisions of Section 54, Paragraphs two, four and five of this Law have been complied with.
(4) Not later than within five working days the State Revenue Service shall electronically submit the documents referred to in Paragraphs one, two and three of this Section (if they have been submitted electronically) or the electronic copies of these documents (if they have been submitted in paper format) to the Enterprise Register. The Enterprise Register shall ensure the public access to the received documents. The procedure of authentication of electronic copies of documents and electronic transfer of documents shall be determined by the intra-departmental agreement.
(5) Not later than within five working days of receipt of the documents referred to in Paragraph four of this Section the Enterprise Register shall publish a notice in the official gazette *Latvijas Vēstnesis* on the accessibility of the information referred to in Paragraphs one, two and three of this Section at the Enterprise Register.
(6) [6 November 1996]
[6 November 1996; 16 December 1999; 22 March 2001; 20 November 2003; 19 October 2006; 22 May 2008; 25 February 2010; 9 July 2013; 22 May 2014]

Section 67. [22 May 2008]

Section 68.

If the management of a company fails to submit documents in accordance with the requirements of Section 66, Paragraphs one, two and three of this Law, an official of the State Revenue Service shall impose a fine in accordance with the procedures laid down in law.
[6 November 1996; 19 October 2006; 22 May 2008]

Transitional Provisions

[16 December 1999]

1. The amendments made by this Law are applicable to annual accounts commencing with the 1999 accounting year, except the amendments in Section 10 of this Law in relation to short-term creditors and long-term creditors and amendments in Section 17, Paragraph three of this Law which are applicable commencing with the 2000 accounting year.

2. Consolidated annual accounts, commencing with the 1999 accounting year, shall be prepared in accordance with the Law on Consolidated Annual Accounts.

3. Section 1, Paragraph three of this Law in relation to investment broker companies and investment management companies shall be applied commencing with the 2005 accounting year.

[20 November 2003]

4. Up to the day when the relevant amendment to the Law On Investment Companies comes into force, the term "investment administration company" shall be understood by the term "investment company".
[20 November 2003]

5. Until the day of the coming into force of the new Cabinet regulations, but not later than by 1 January 2006, Cabinet Regulation No. 728 of 24 August 2004, Regulations regarding Mandatory Applicable Latvian Accounting Standards and Procedures by which Cash Flow Statements and Changes in Equity Statements shall be Prepared, shall be applied insofar as they are not in contradiction to this Law.
[26 May 2005]

6. The amendments to Section 1, Paragraph two and Section 54, Paragraph two of this Law shall come into force on 1 January 2007 and shall be applied to the accounting periods, which commence with this date or later.
[19 October 2006]

7. [10 June 2010]

8. Section 45, Paragraph six and Section $53.^1$ of this Law shall come into force on 1 January 2008.
[19 October 2006]

9. Amendments to Section 66, Paragraphs one, two, four and five, repeal of Section 67 and the amendment to Section 68 of this Law shall come into force on 1 July 2008 and shall apply to the annual accounts submitted on or after this date.
[22 May 2008]

10. Amendments to the Part "Terminology Used in this Law" regarding deletion of the second sentence in explanation of terms "The management" and "A group", amendments to Section 1 regarding deletion of words "individual undertakings, farms and fishing undertakings", as well as deletion of Paragraph two, amendments to Section 61 regarding deletion of Clause 2 of Paragraph one and Clause 1 of Paragraph two of this Law shall come into force on 1 July 2013.
[12 March 2009; 10 June 2010]

$10.^1$ Coming into force of the amendments provided for in Paragraph 10 of these Transitional Provisions is repealed.
[14 June 2012]

11. Amendment to Section 54, Paragraph one of this Law regarding permission not to draw up a cash flow statement and statement of changes in equity, not to calculate and specify the amounts of deferred tax assets and obligations in the financial report shall be applicable to annual accounts starting from the reporting year 2009.
[1 December 2009]

12. Section $29.^1$ of this Law shall be applied to annual accounts starting from the reporting year 2010.
[25 February 2010]

13. Individual undertakings, farms and fishing undertakings, which become the subjects of this Law, shall specify the difference between total amount of assets and sums of debts of long-term and short-term creditors on the opening balance sheet in an additional item “Capital of economic activity” established in the balance sheet item group “Equity”.
[10 June 2010]

14. Section 4, Paragraph 2.[1] of this Law and amendment to Section 5, Paragraph six of this Law shall come into force on 1 July 2011 and shall be applied to annual accounts starting from the reporting year 2011.
[30 September 2010]

15. Amendment to Section 1, Paragraph six, as well as Section 4, Paragraph six and Chapter 6.[1] of this Law shall be applicable to annual accounts starting from the accounting year 2013.
[29 November 2012]

16. Amendments to Section 1, Paragraphs one and two, Section 2, Section 24, Paragraph two, Clauses 1 and 2, Section 54, Paragraph two, Clauses 1 and 2 and Section 54.[1], Paragraph two, Clauses 1 and 2 of this Law which are made in relation to transition to euro shall be applicable to annual accounts starting from the accounting year 2014.
[19 September 2013]

Informative Reference to European Union Directives

This Law includes legal norms arising from:

1) the Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies;

2) Seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts;

3) Council Directive 84/569/EEC of 27 November 1984 revising the amounts expressed in ECU in Directive 78/660/EEC;

4) Eleventh Council Directive 89/666/EEC of 21 December 1989 concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State;

5) Council Directive 90/604/EEC of 8 November 1990 amending Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts as concerns the exemptions for small and medium-sized companies and the publication of accounts in ecus;

6) Council Directive 90/605/EEC of 8 November 1990 amending Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts as regards the scope of those Directives;

7) Council Directive 94/8/EC of 21 March 1994 amending Directive 78/660/EEC as regards the revision of amounts expressed in ecus;

8) Council Directive 1999/60/EC of 17 June 1999 amending Directive 78/660/EEC as regards amounts expressed in ecus;

9) Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001 amending Directives 78/660/EEC, 83/349/EEC and 86/635/EEC as regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institutions;

10) Council Directive 2003/38/EC of 13 May 2003 amending Directive 78/660/EEC on the annual accounts of certain types of companies as regards amounts expressed in euro;

11) Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and

consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings (Text with EEA relevance);

12) Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC;

13) Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 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; and

14) Directive 2012/6/EU of the European Parliament and of the Council of 14 March 2012 amending Council Directive 78/660/EEC on the annual accounts of certain types of companies as regards micro-entities.

[20 November 2003; 26 May 2005; 19 October 2006; 29 November 2012]

Chairperson A. Gorbunovs
Supreme Council of the Republic of Latvia

Secretary I. Daudišs
Supreme Council of the Republic of Latvia

Riga, 14 October 1992