Accounting Decree 1339/1997

Based upon a presentation of the Minister of Trade and Industry, by virtue of the chapter 8, section 6 of the Accounting Act (1336/1997) of December 30, 1997, the following is enacted:

Chapter 1

Layout of the profit and loss account and the balance sheet

Section 1

Profit and loss account based on the nature of expenses

The profit and loss account shall be presented with the following layout unless otherwise provided below:

1. NET TURNOVER

2. Variation in stocks of finished goods and in work in progress

3. Work performed by the undertaking for its own purposes and capitalised

4. Other operating income

5. Raw materials and services
   a) Raw materials and consumables
      aa) Purchases during the financial year
      ab) Variation in stocks
   b) External services

6. Staff expenses
   a) Wages and salaries
   b) Social security expenses
      ba) Pension expenses
      bb) Other social security expenses

7. Depreciation, amortization and reduction in value
   a) Depreciation and amortization according to plan
b) Reduction in value of non-current assets

c) Exceptional reduction in value of current assets

8. Other operating expenses

9. OPERATING PROFIT (LOSS)

10. Financial income and expenses

a) Income from group undertakings

b) Income from participating interests

c) Income from other investments held as non-current assets

d) Other interest income and other financial income

e) Reduction in value of investments held as non-current assets

f) Reduction in value of investments held as current assets

g) Interest and other financial expenses

11. PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES

12. Appropriations

a) Change in cumulative accelerated depreciation

b) Change in taxation-based reserves

c) Group contribution

13. Income taxes

14. Other direct taxes

15. PROFIT (LOSS) FOR THE FINANCIAL YEAR

(30.12.2015/1752)

In item 10 sub-items c and d of the profit and loss account layout laid down in subsection 1 above, income received from group undertakings shall be presented as a separate item. Similarly, interest and other financial expenses payable to group undertakings shall be disclosed as a separate item in item 9 sub-item g.

Section 2

Profit and loss account based on function of expenses
Instead of the layout laid down in section 1 subsection 1, the profit and loss account may be presented with the following layout unless otherwise provided below:

1. NET TURNOVER
2. Cost of sales
3. Gross profit (loss)
4. Sales and marketing expenses
5. Administration expenses
6. Other operating income
7. Other operating expenses
8. OPERATING PROFIT (LOSS)
9. Financial income and expenses
   a) Income from group undertakings
   b) Income from participating interests
   c) Income from other investments held as non-current assets
   d) Other interest income and other financial income
   e) Reduction in value of investments held as non-current assets
   f) Reduction in value of investments held as current assets
   g) Interest and other financial expenses
10. PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES
11. Appropriations
   a) Change in cumulative accelerated depreciation
   b) Change in taxation-based reserves
   c) Group contribution
12. Income taxes
13. Other direct taxes
14. PROFIT (LOSS) FOR THE FINANCIAL YEAR
In item 9, sub-items c and d of the profit and loss account layout laid down in subsection 1 above, income received from group undertakings shall be presented as a separate item. Similarly, interest and other financial expenses payable to group undertakings shall be disclosed as a separate item under sub-item g.

*Subsections 3-4 have been repealed by Decree 30.12.2015/1752.*

**Section 3 (30.12.2015/1752)**

*Layout of the profit and loss account for a non-profit association or a foundation*

The profit and loss account of a non-profit association or a foundation shall be presented with the following layout:

**Ordinary operations**

1. Income
2. Expenses
   a) Staff expenses
   b) Depreciation and amortisation
   c) Other expenses
3. Surplus/Deficit

**Fundraising**

4. Income
5. Expenses
6. Surplus/Deficit

**Investments and financial activities**

7. Income
8. Expenses
9. Surplus/Deficit
10. Subsidies
11. Profit/loss for the period
12. Appropriations
a) Change in cumulative accelerated depreciation

b) Change in taxation-based reserves

c) Group contribution

13. Surplus (Deficit) for the financial year

Ordinary operations referred to above in subsection 1 consist of activities carried out in order to fulfil the purpose defined in the rules.

The income and expenses falling to each category of ordinary operations, fund-raising and investment and financing may be broken down in a note instead of the profit and loss account. Where necessary to provide a true and fair view, the income and expenses from ordinary operations shall also be broken down by function in the profit and loss account or a note. In the profit and loss account, no other information needs to be presented on business activities besides total income and expenses, provided that a separate profit and loss account prepared for the business activities is presented as a note.

If necessary for the provision of a true and fair view, a non-profit association or a foundation may prepare its profit and loss account in accordance with section 4, where its operations consist mainly of the possession of real estate. In this case, income and expenses pertaining to the following categories shall be presented as a note:

1) ordinary operations;

2) fundraising;

3) investment and financing activities; and

4) subsidies.

Notwithstanding the provisions above in this section, a non-profit association and a foundation may prepare its profit and loss account in accordance with the layout based on the nature of expenses under section 1 or based on function of expenses under section 2 provided that the notes referred to above in subsection 4 are presented.

Section 4

Profit and loss account of a real estate undertaking

By way of derogation from section 1, subsection 1, the profit and loss account for operations consisting of the possession of real estate, with the exception of undertakings referred to in the Accounting Act chapter 3 section 9, subsection 1, paragraphs 1 through 3, shall be presented with the following layout:

1. Income from real estate

a) Charges
b) Rents

c) Compensations

d) Other income from real estate

2. Bad debts and other adjustments to income

3. Real estate expenses

a) Staff expenses

b) Administration services

c) Maintenance

d) Maintenance of outdoor areas

e) Cleaning services

f) Heating

g) Water and sewage

h) Electricity and gas

i) Waste disposal

j) Indemnity insurance

k) Rents

l) Real estate tax

m) Repairs

n) Other expenses

4. PROFIT FROM OPERATIONS BEFORE DEPRECIATION

5. Depreciation, amortization and reduction in value

a) Buildings

b) Machinery and equipment

c) Other capitalised long-term expenditure

6. Financial income and expenses
a) Dividend income  
b) Interest income  
c) Other financial income  
d) Interest expenses  
e) Other financial expenses  

7. PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES  

8. Appropriations  
a) Change in cumulative accelerated depreciation  
b) Change in taxation-based reserves  
c) Group contribution  

9. Direct taxes  

10. PROFIT (LOSS)/SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR  

By way of derogation from subsection 1, a housing company may present its profit and loss account with the layout laid down in section 1, subsection 1 if all shareholders have given their permission.

If charges collected can be broken down into maintenance and finance charges, the finance charges collected shall be disclosed under other financial income.

Section 5  

Section 5 has been repealed by Decree 30.12.2015/1752.

Section 6  

Balance sheet  

The balance sheet shall be presented with the following layout:  

Assets  

A NON-CURRENT ASSETS  

I. Intangible assets  

1. Development expenditure  

2. Intangible rights
3. Goodwill
4. Other intangible assets
5. Advance payments

II. Tangible assets
1. Land and waters
2. Buildings
3. Machinery and equipment
4. Other tangible assets
5. Advance payments and construction in progress

III Investments
1. Holdings in group undertakings
2. Amounts owed by group undertakings
3. Participating interests
4. Amounts owed by participating interest undertakings
5. Other shares and similar rights of ownership
6. Other debtors

B CURRENT ASSETS
I Stocks
1. Raw materials and consumables
2. Work in progress
3. Finished products/Goods for resale
4. Other stocks
5. Advance payments

II Debtors
1. Trade debtors
2. Amounts owed by group undertakings
3. Amounts owed by participating interest undertakings
4. Loans receivable
5. Other debtors
6. Subscribed capital unpaid
7. Prepayments and accrued income

III Investments
1. Holdings in group undertakings
2. Other shares and similar rights of ownership
3. Other investments

IV Cash at bank and in hand

Capital, reserves and liabilities

A CAPITAL AND RESERVES

I Subscribed capital

II Share premium account

III Revaluation reserve

IV Other reserves

1. Reserve for invested unrestricted equity
2. Legal reserve
3. Reserves provided for by the articles of association or comparable rules
4. Fair value reserve
5. Other reserves

V Retained earnings (loss)

VI Profit (loss) for the financial year

B APPROPRIATIONS
1. Cumulative accelerated depreciation
2. Taxation-based reserves

C PROVISIONS
1. Provisions for pensions
2. Provisions for taxation
3. Other provisions

D CREDITORS
1. Bonds
2. Convertible bonds
3. Liabilities to credit institutions
4. Loans from pension institutions
5. Advances received
6. Trade creditors
7. Bills of exchange payable
8. Amounts owed to group undertakings
9. Amounts owed to participating interest undertakings
10. Other creditors
11. Accruals and deferred income

(30.12.2015/1752)

Non-current amounts of debtors in item B.II and sub-items 1–7 thereto referred to in subsection 1 above must be shown separately in the balance sheet.

Non-current amounts of creditors in item D and sub-items 1–11 thereto referred to in subsection 1 above must be shown separately in the balance sheet.

A non-profit association or a foundation must disclose as a separate item in the balance sheet funds or capital the use of which is restricted by special regulations (restricted fund). The use of assets covering restricted funds, as well as the income, expenses, assets and liabilities pertaining to the funds, the amount of capital in the fund and changes therein must be presented as a note, unless they are shown in the profit and loss account or the balance sheet. Corresponding information must also be provided on transactions between a foundation, companies belonging to its group and the
restricted fund. If there are many restricted funds, the information referred to above in this subsection, regardless of the amount of capital in the funds, may be presented in a grouped manner showing the relevant details despite the grouping. (30.12.2015/1752)

Funds to be managed separately must be disclosed as a separate item in the balance sheet.

The unamortised acquisition cost of a real estate owned by the reporting entity shall be shown in the sub-items 1 and 2 of item A.II in paragraph 1 above. In addition, acquisition costs of property lease rights capitalised in accordance with the Accounting Act chapter 5, section 11 shall be shown as a separate heading in the sub-item referred to above. (23.8.2001/748)

Section 7 (30.12.2015/1752)

Section 7 has been repealed by Decree 30.12.2015/1752.

Section 8 (30.12.2015/1752)

Consistency

The manner of presentation of the profit and loss account and balance sheet may not be changed unless necessary for the provision of a true and fair view referred to in chapter 3, section 2 of the Accounting Act.

Section 9 (30.12.2015/1752)

More detailed subdivision

The profit and loss account and balance sheet may be complemented by subtotals and such new items may be added which are not included among the items specified in the layout for profit and loss account or balance sheet, as long as this does not jeopardise the true and fair view referred to in chapter 3, section 2 of the Accounting Act.

The balance sheet and the profit and loss account must be presented with a more detailed subdivision if necessary for clarifying the factors affecting the result for the financial year or balance sheet items.

Section 10

Combination of items

Subsection 1 has been repealed by Decree 30.12.2015/1752.

Subsection 2 has been repealed by Decree 30.12.2015/1752.

Unless their presentation as separate items is material for the purposes of giving a true and fair view, items in the profit and loss account layouts laid down in sections 1 through 5 may be combined, where such combination makes for greater clarity. However, net turnover and profit (loss) for the financial year as well as subtotals written in capital letters must be shown as separate items in a profit and loss account prepared in accordance with the layout of section 1 or 2 above.
Unless their presentation as separate items is material for the purposes of giving a true and fair view, balance sheet items of the layout laid down in section 6 above that are preceded by Arabic numerals, with the exception of own shares or similar rights of ownership as well as holdings in group undertakings, may be combined, where such combination makes for greater clarity. (30.12.2015/1752)

Section 11
Renaming and omission of items

A profit and loss account or balance sheet item for which there is no amount for the financial year and the previous one is not to be entered in the profit and loss account or the balance sheet. In addition, a reporting entity may use other numbers or letters to identify the layout categories referred to in sections 1 through 6 or present the items without these identifying characters. (30.12.2015/1752)

*Subsection 2 has been repealed by Decree 30.12.2015/1752.*

*Subsection 3 has been repealed by Decree 30.12.2015/1752.*

Chapter 2

Cash flow statement and notes to the financial statements (30.12.2004/1313)

Section 1 (30.12.2004/1313)
Cash flow statement

The cash flow statement referred to in the Accounting Act chapter 3, section 1, subsection 1 paragraph 3 must set out information in respect of the following:

1) **cash flows from operating activities** providing information on the extent to which the operations of the reporting entity have generated sufficient cash flows to maintain operating capability of the entity, pay dividends and make new investments and repay loans without recourse to external sources of financing.

2) **cash flows from investing activities** providing information on the extent to which expenditures have been made for resources intended to generate future income and cash flows; and

3) **cash flows from financing activities** providing information on the changes in capital, reserves and liabilities during the reporting period.

Section 2
Notes concerning the preparation of financial statements (30.12.2015/1752)

The notes to the financial statements must set out information in respect of the following matters:

*Paragraph 1 has been repealed by Act 30.12.2015/1752.*
2) if the profit and loss account or balance sheet layout has been changed, reasons and effects thereof;

3) adjustments made to the figures for the preceding financial year;

4) clarification of non-comparability between the figures of the financial year and the previous one;

5) income and expenses relating to preceding financial years as well as correcting entries unless they are immaterial;

5 a) gross amounts of items combined in accordance with chapter 1, section 10 in the profit and loss account or the balance sheet, if this information is material; (30.12.2015/1752)

5 b) information on items combined in accordance with chapter 1, section 11 in the profit and loss account or the balance sheet, if this information is material; (30.12.2015/1752)

6) items related to more than one balance sheet layout category, if this information is material; and

Paragraph 7 has been repealed by Decree 30.12.2015/1752.

Subsections 2 to 4 have been repealed by Decree 30.12.2015/1752.

Section 2 a (30.12.2015/1752)

Accounting policies adopted

The measurement and recognition principles and methods applied for the preparation of the financial statements must be presented as a note.

However, the information referred to above in subsection 1, does not need to be provided in respect of:

1) stocks, where the order of use of the goods belonging to it is consistent with their order of acquisition;

2) intangible assets capitalised in the balance sheet in accordance with chapter 2, section 5 a of the Accounting Act, where the acquisition cost is expensed in a similar manner applied in taxation;

3) development expenditures, goodwill or other long-term expenditures, where these have not been capitalised in accordance with chapter 5, sections 8, 9 or 11 of the Accounting Act;

4) a contract with a long production or construction period, if the income generated from it is recognised on the basis of the accrual principle by way of derogation from chapter 5, section 4 of the Accounting Act;

5) financial instruments and investment properties, where they are measured in accordance with chapter 5, section 2;
6) the basis of the exchange rate used in translation into Finnish currency of receivables and liabilities and other commitments expressed in foreign currency, if the exchange rate at the balance sheet date has been used.

The financial reporting framework used do not need to be specified as a note referred to above in the preceding subsection 1, unless the reporting entity complies with the international financial reporting standards referred to in chapter 7 a of the Accounting Act.

Section 3

Notes to the profit and loss account

The notes to the financial statements must set out information in respect of the following matters:

1) in large undertakings and public interest entities, net turnover broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised; (30.12.2015/1752)

2) information on the amount and content of exceptional income and expense items, if they are not immaterial; (30.12.2015/1752)

3) principles used for depreciation and amortisation according to plan and any changes thereto;

3 a) the amount of reductions in value referred to in chapter 5, section 13 of the Accounting Act, unless these have been entered separately in the profit and loss account; (30.12.2015/1752)

4) changes in provisions, if they are not immaterial; (30.12.2015/1752)

Paragraphs 5 and 6 have been repealed by Decree 30.12.2015/1752.

7) the amount of financial expenses referred to in chapter 5, section 2, subsection 3 of the Accounting Act, if these have not been entered separately in the profit and loss account. (30.12.2015/1752)

Subsections 2 and 3 have been repealed by Decree 30.12.2015/1752.

Section 4

Notes to assets in the balance sheet

The notes to the financial statements must set out information in respect of the following matters:

Paragraphs 1 and 2 have been repealed by Decree 30.12.04/1313.

3) information on the amortisation period and method for capitalised development expenditure; (30.12.2015/1752)

4) information on the amortisation period and method for goodwill; (30.12.2015/1752)
5) unamortised cost and the positive difference between the amount repayable in respect of a debt and the amount received arising from issuing debt, if these are not shown separately under other long-term expenditure in the assets in the balance sheet; (30.12.2015/1752)

5 a) report of the measurement and recognition principles applied to the acquisition cost of immaterial rights referred to in chapter 5, section 5 a of the Accounting Act and other long-term expenditure referred to in chapter 5, section 11 of the Accounting Act;

6) revaluation principles and valuation methods used for revaluing assets;

7) the undepreciated balance of the acquisition cost of machinery and equipment held as non-current assets;

Paragraphs 8 through 10 have been repealed by Decree 30.12.2015/1752.

11) material amounts shown under prepayments and accrued income; and

Paragraph 12 has been repealed by Decree 30.12.2015/1752.

In addition to the requirements laid down in subsection 1 the following information must be set out for non-current assets, the acquisition cost and revaluations shown separately broken down by balance sheet category:

1) amounts at the beginning of the financial year;
2) additions and retirements during the financial year as well as transfers between categories;
3) accumulated depreciation, amortisation and reduction in value at the beginning of the financial year;
4) accumulated depreciation, amortisation and reduction in value relating to retirements and transfers;
5) depreciation and amortisation according to plan during the financial year; (30.12.2015/1752)
6) reductions in value and reversals thereof; and (30.12.2015/1752)
7) the amount of interest included in the acquisition cost during the financial year in accordance with chapter 4, section 5, subsection 3 of the Accounting Act. (30.12.2015/1752)

In addition to the requirements laid down in subsection 1 the following information must be set out for debtors in B:II.2 referred to in chapter 1, section 6, subsection 1:

1) trade debtors;
2) other debtors; and
3) prepayments and accrued income.
The provisions of subsection 3 shall also apply to debtors in B:II.3 referred to in chapter 1, section 6 subsection 1.

Subsections 5 and 6 have been repealed by Decree 30.12.2015/1752.

Notes to the financial statements must disclose the carrying amount and fair value of financial instruments included in non-current assets which have been measured at an amount higher than their fair value and for which no reduction in value has been recognised according to the chapter 5, section 13 of the Accounting Act, either by financial instrument or otherwise appropriately grouped, and they must disclose proof that the value of the asset will reach its carrying amount again and possible other reasons for not recognising a reduction in value. (30.12.2015/1752)

Section 5

Notes to capital, reserves and liabilities in the balance sheet

The notes to the financial statements must set out information in respect of the following matters:

1) details of movements in capital and reserves and transfers between items thereof during the financial year broken down by balance sheet category;

1 a) decrease in the acquisition cost of own shares and adjustments to items of capital and reserves; (30.12.2004/1313)

1 b) if the reporting entity is a limited liability company or a co-operative, a calculation of distributable equity reflecting as a negative item the amount of capitalised development expenditure in accordance with chapter 5, section 8 of the Accounting Act; (30.12.2015/1752)

1 c) the proportion of the amount in 1b, to which the holders of capital loans referred to in chapter 5, section 5 c of the Accounting Act are entitled; (30.12.2015/1752)

2) information on non-current liabilities which become due and payable after more than five years broken down by balance sheet category;

3) key rights pertaining to financial instruments issued by the reporting entity carrying entitlement to shares or other proportions of equity capital, and the number of such instruments by class; (30.12.2015/1752)

3 a) key terms and conditions and total amount of bonds issued by the reporting entity; (30.12.2015/1752)

4) items included in accrued expenses and deferred income, if these are not immaterial; (30.12.2015/1752)

Paragraph 5 has been repealed by Decree 30.12.2015/1752.

6) details of material amounts shown under provisions if it is necessary for the purposes of clarifying balance sheet items.
In addition to the requirements laid down in subsection 1, the following information must be set out for liabilities in D.8 referred to in chapter 1, section 6, subsection 1:

1) advance payments received;
2) trade creditors;
3) bills of exchange payable;
4) other creditors; and
5) accruals and deferred income.

The provision of paragraph 2 shall also apply to creditors in D.9 referred to in chapter 1 section 6 paragraph 1.

Subsections 4 and 5 have been repealed by Decree 30.12.2015/1752.

Section 5 a (30.12.2015/1752)

Notes on measurement at fair value

Where a reporting entity has applied chapter 5, sections 2 a and 2 b of the Accounting Act to the measurement of financial instruments or other asset items referred to in said sections, notes must set out information in respect of the following matters:

1) key assumptions underlying the valuation models and procedures;
2) aggregated fair value per each class of financial instrument or other asset item;
3) the amount of change in valuation per class referred to above in paragraph 2 recognised in the profit and loss account and in the fair value reserve;
4) information on the extent of use per each class of derivatives contracts;
5) the nature of each class referred to above in paragraph 4 and any such material terms which could affect the amount, timing and certainty of future cash flows; and
6) changes in the fair value reserve during the financial year.

If financial derivatives have not been measured at fair value in accordance with chapter 5, section 2 a of the Accounting Act, notes to the financial statements shall disclose the fair value of derivatives by class of derivative, if this can be reliably determined, and information on the extent and nature of their use. The measurement of fair value shall be based on market value in respect of such financial derivatives for which reliable markets can be readily identified. Where the market value is not readily identifiable for an instrument but can be identified for its components or for a similar instrument, the market value may be derived from that of its components or of the similar instrument;

Section 6
Notes on income taxes

The notes to the financial statements must set out information in respect of the following matters:

1) deferred tax liabilities and assets referred to in chapter 5, section 18 of the Accounting Act not recognised in the balance sheet provided that they are material;

*Paragraphs 2 and 3 have been repealed by Decree 30.12.2015/1752.*

*Subsection 2 has been repealed by Decree 30.12.2015/1752.*

Paragraphs 2 and 3 as well as subsection 2 (1752/2015) have been repealed as an adjustment.

Section 7

Guarantees, commitments and off-balance sheet arrangements (28.8.2008/547)

In respect of pledges and other property collateral placed by the reporting entity, the following must be presented as notes: (30.12.2015/1752)

1) debts for which the reporting entity has given a pledge, mortgage or other form of a security, broken down by type of security for each liability item presented in accordance with chapter 1, section 6;

2) the total amount of guarantees referred to in paragraph 1 above broken down as provided in that item;

3) total amount of guarantees other than those referred to in paragraph 1 given by the reporting entity on its own behalf broken down by type of guarantee;

4) total amount of guarantees given by the reporting entity on behalf of undertakings belonging to the same group broken down by type of guarantee; and

5) total amount of guarantees other than those referred to in paragraphs 1 through 4 broken down by type of guarantee.

If a contingent liability or other commitment has not been recorded in the balance sheet in accordance with chapter 5, section 14 of the Accounting Act, the following must be presented as a note: (30.12.2015/1752)

1) pension commitments of the reporting entity not transferred to be borne by an insurance institution; (30.12.2015/1752)

2) lease commitments of the reporting entity;

3) contingent liabilities of the reporting entity on behalf of undertakings belonging to the same group;

4) other contingent liabilities of the reporting entity; and
4 a) other commitments of the reporting entity; (30.12.2015/1752)

5) other off-balance sheet arrangements concerning the reporting entity. (28.8.2008/547)

Where the risks or benefits stemming from an item referred to in subsection 2 are material and this information may be considered crucial in assessing the financial position of the reporting entity, the following information must be presented on such item:

1) business purpose; and

2) assessment of financial impact on the reporting entity. (30.12.2015/1752)

With respect to the items referred to in subsection 2 concerning the following financial year, the total amount must be stated. (30.12.2015/1752)

In the context of the measurement of collateral referred to above in subsection 1, the provisions in chapter 5, section 3, subsection 1, paragraph 3 of the Accounting Act on the recognition of liabilities in the balance sheet must be observed. (30.12.2015/1752)

Section 7 a (28.6.2007/736)

Notes on auditor’s fees

If the accounting records, financial statements, management report and the governance of a reporting entity are subject to an audit in accordance with the Auditing Act (1141/2015), the fees paid or payable to the auditor must be stated broken down by type of engagement as follows:

1) auditing;

2) other actions referred to in section 1, subsection 1, paragraph 2 of the Auditing Act;

3) tax advisory;

4) other services.

Subsection 2 has been repealed by Decree 30.12.2015/1752.

Auditing Act 459/2007 has been repealed by Auditing Act 1141/2015. See Government Decree on Auditing 1377/2015, section 15.

Section 7 b (30.12.2015/1752)

Related party transactions

Information on transactions concluded between the reporting entity and its related parties shall be presented as notes, where these are material and have not been concluded at ordinary commercial terms. Information on individual transactions may be combined by category except where the separate disclosure of the information can be considered necessary in assessing the impact of a
transaction on the financial position of the reporting entity. The information to be disclosed must include:

1) a description of the transaction;

2) value of the transaction;

3) nature of the related-party relationship; and

4) other information on the transaction which is necessary to assess the financial position of the reporting entity.

In the context of application of this section, related parties refer to the definition in the international financial reporting standards adopted by the IAS Regulation referred to in chapter 1, section 4 d of the Accounting Act.

The previous subsection 1 above shall not apply to transactions where the other party is a fully-owned subsidiary of the reporting entity or of another undertaking belonging to the same group.

Notwithstanding the provisions of subsection 1 above, the parties to, and amounts involved in, related-party transactions carried out in ordinary terms shall be disclosed if they are necessary to provide a true and fair view.

Section 8

Notes concerning employees and members of administrative bodies

The notes to the financial statements must set out information in respect of the following matters:

1) the average number of employees during the financial year; and (30.12.2015/1752)

2) wages and salaries, pension expenses and social security expenses if they are not shown separately in the profit and loss account.

The following information must be given concerning the managing director, members and deputy members of the Board of Directors and the Supervisory Board as well as other comparable bodies, separately for each body: (30.12.2015/1752)

1) salaries and other compensation for these duties;

2) the total amount of loans granted to them as well as the decrease and increase in the amount during the financial year with indications of interest rates and other principal terms of the loans; (23.8.2001/748)

3) the total amount and main contents of guarantees and contingent liabilities referred to in section 7, subsection 1, paragraph 5 and subsection 2, paragraph 4; and

4) pension commitments related to these duties.
Information required by subsection 2 paragraph 4 must be given for former members of the bodies referred to in subsection 2 above separately for each body.

A reporting entity whose securities are traded on a regulated market referred to in the Securities Market Act (746/2012) in the European Economic Area has to disclose the information referred to in subsection 2 paragraphs 1 and 4 as well as subsection 3 by person. Other reporting entities need not disclose this information where it relates to one person only. (30.12.2015/1752)

Subsection 5 has been repealed by Decree 30.12.2015/1752.

Section 9

Holdings in other undertakings

The notes to the financial statements must set out information in respect of the following matters:

1) the name and registered office and percentage of holding as well as the amount of capital and reserves and the profit or loss for the financial year of each of the undertakings in which the reporting entity’s holding is at least one fifth; and

2) the information referred to in paragraph 1 as well as the legal form of entity for undertakings for which the reporting entity has an unlimited liability.

For the purposes of determining the percentage of holding referred to in subsection 1 paragraph 1 the holding of a person acting in his own name but on behalf of the reporting entity must be added to the holding of the reporting entity.

The information referred to above in subsection 1 may be omitted if the disclosure of the information would cause material damage to the reporting entity or the target undertaking, and the justifications for the omission are stated. (30.12.2015/1752)

In addition to the provisions of subsection 3 above, the disclosure of capital and reserves and profit or loss for the financial year referred to in subsection 1 paragraph 1 may also be omitted where:

1) the undertaking is included in the consolidated financial statements of the reporting entity or its parent entity as a subsidiary or an associate; or

2) the reporting entity holds less than half of the shares or similar rights of ownership in the undertaking which is exempted from the obligation to file its balance sheet for registration.

Section 10

Notes on a reporting entity which is part of a group

In addition to the above provisions in this chapter, the notes to the financial statements of a reporting entity that is part of a domestic or comparable foreign group must set out information in respect of the following:

1) the name and registered office of the parent undertaking that prepares the consolidated financial statements of the largest body of entities of which the reporting entity is a part;
2) the name and registered office of the parent entity that prepares the consolidated financial statements of the smallest body of entities for which a subconsolidation is prepared and which is included in the consolidated financial statements referred to in paragraph 1 and whose subsidiary the reporting entity is; and

3) where a copy of the consolidated financial statements referred to in paragraphs 1 and 2 can be obtained.

(30.12.2004/1313)

Where consolidated financial statements have not been prepared by virtue of chapter 6, section 1, subsections 4 or 5, the parent undertaking’s notes must state this exception and the name and domicile of the undertaking preparing the consolidated financial statements, to which the annual financial statements of the parent undertaking and its subsidiaries are included. (30.12.2015/1752)

Section 11 (30.12.2015/1752)

Section 11 has been repealed by Decree 30.12.2015/1752.

Chapter 3

Consolidated profit and loss account and balance sheet

Section 1

Layout of the consolidated profit and loss account and balance sheet

The consolidated profit and loss account shall be presented, as applicable, with the layouts laid down in chapter 1, sections 1 through 5 and the consolidated balance sheet with the layout laid down in chapter 1, section 6. In addition, the provisions of chapter 1, sections 7 through 11 shall apply where applicable.

Subsection 2 has been repealed by Decree 30.12.2015/1752.

Section 2

Disclosure of certain items in the consolidated profit and loss account

In the consolidated financial statements prepared in accordance with chapter 1, section 1, the amortisation of goodwill on consolidation and the decrease in negative goodwill on consolidation shall be shown under the heading depreciation, amortisation and reduction in value. Decrease in negative goodwill on consolidation may also be shown as a separate item.

The total sum of items recorded as income and expenses on the basis of chapter 6, section 13 of the Accounting Act are shown in the consolidated profit and loss account under financial income and expenses with the heading “Share of profit (loss) of associates”. However, if the nature of the item so requires, it shall be shown either under income and expenses before operating profit. (30.12.2015/1752)
Income taxes shall be divided in the consolidated profit and loss account or notes thereon into taxes paid or payable for the financial year and previous financial years on the one hand and to changes in deferred tax liabilities or assets on the other hand. (23.8.2001/748)

Minority interests shall be shown as a separate item in the consolidated profit and loss account before profit or loss for the financial year.

*Subsection 5 has been repealed by Decree 30.12.2015/1752.*

**Section 3**

**Disclosure of certain items in the consolidated balance sheet**

The balance of goodwill arising on consolidation still to be amortised shall be shown in the consolidated balance sheet as a separate item under intangible assets. The negative goodwill on consolidation shall be shown in the consolidated balance sheet as a separate item before liabilities. The balance of goodwill arising on consolidation still to be amortised and the negative goodwill on consolidation still to be recorded as income may be shown as a net amount in the consolidated balance sheet.

The sum of the acquisition cost of an associate’s shares or similar rights of ownership referred to in chapter 6, section 13 subsection 2 of the Accounting Act and the additions and subtractions calculated in accordance with section 13 subsections 4 through 7 shall be shown in the consolidated balance sheet as a separate item under non-current investments. (23.8.2001/748)

Deferred tax assets which are a result of adjustment and addition of income taxes referred to in chapter 6, section 11 of the Accounting Act shall be shown in the balance sheet as a separate item under current debtors and a resulting deferred tax liability under liabilities provided that they are not shown as one item together with the deferred tax liabilities and deferred tax assets included in the balance sheets of individual group undertakings, referred to in chapter 5, section 18 of the Accounting Act. (23.8.2001/748)

Minority interests shall be shown in the balance sheet as a separate item after capital and reserves.

Deferred tax liabilities for appropriations shall be shown as a separate item under liabilities provided that they are not shown together with tax liabilities referred to in subsection 3.

**Chapter 4**

**Notes to the consolidated financial statements (30.12.2015/1752)**

**Section 1 (30.12.2015/1752)**

**Notes corresponding to the notes of a single undertaking**

The notes to the consolidated financial statements must set out the information on the group referred to in chapter 2, sections 2 through 10, taking into account that:

1) the disclosure under chapter 2, section 7 b shall not present intra-group transactions eliminated in preparing the consolidated financial statements;
Section 2

Notes concerning the preparation of consolidated financial statements

The notes to the consolidated financial statements must set out information in respect of the following matters: (30.12.2015/1752)

1) the principles applied for the preparation of the consolidated financial statements;

2) changes in the principles and methods applied for the preparation of the consolidated financial statements as well as the effects thereof on the result of operations and financial position;

3) if the measurement and recognition principles used for the preparation of the consolidated financial statements differ from those of the parent undertaking, reasons therefor;

4) if for a special reason the accounting principles referred to in chapter 6, section 4, subsection 2 of the Accounting Act have been departed from for the preparation of the financial statements of a subsidiary included in the consolidation, reasons therefor;

5) if measurement and recognition principles other than those of the group have been used for the preparation of the financial statements of an associate included in the consolidation, reasons therefor;

5 a) indication of and justifications to a situation referred to in chapter 6, section 5, subsection 2 of the Accounting Act and a report of significant events after the financial year in the subsidiary, which are necessary to understand the financial position and result of the subsidiary; (30.12.2015/1752)

6) explanation of changes in the group composition which significantly affect the comparability of the consolidated financial statements with the ones prepared for the previous financial year;

Paragraph 7 has been repealed by Decree 30.12.2004/1313.

8) the basis of the exchange rate used in translation into Finnish currency of the profit and loss account and balance sheet items of a foreign subsidiary or an associate; (30.12.2015/1752)

9) information on the amortisation times of goodwill arising on consolidation; and (30.12.2015/1752)

10) material changes in goodwill on consolidation from the previous financial year broken down in accordance with chapter 2, section 4, subsection 2. (30.12.2015/1752)

Section 3

Notes concerning subsidiaries and associates
The notes to the consolidated financial statements must set out information in respect of the following matters: (30.12.2015/1752)

1) for a subsidiary included in the consolidation, the name, registered office and the proportion of holding in the subsidiary by group undertakings and persons acting in their own names but on behalf of group undertakings as well as a declaration of the basis of control referred to in chapter 1, section 5 of the Accounting Act, if it is not shareholding resulting in a majority of voting rights under subsection 1, paragraph 1 of said section in an undertaking where there are no differences in voting rights between different classes of shares or rights of ownership; (30.12.2015/1752)

2) information referred to above in paragraph 1 for a subsidiary not included in the consolidation and the reason for not consolidating the subsidiary in accordance with chapter 6, section 3 of the Accounting Act; (30.12.2015/1752)

3) the information referred to in paragraph 1 above for an associate included in the consolidation and information on how capital and reserves as at the acquisition date has been presented; (30.12.2015/1752)

4) the information referred to in paragraph 1 above for an associate or a participating interest undertaking not included in the consolidation, the reason for not consolidating said undertaking as well as its capital and reserves and profit or loss in the latest annual financial statements; (30.12.2015/1752)

Paragraph 5 has been repealed by Decree 30.12.2015/1752.

6) information referred to above in paragraph 1 for an undertaking included in the consolidation under chapter 6, section 15 and a report of the factors on which joint management is based; and

7) if a subsidiary is included in the consolidation as referred to in chapter 6, section 5, subsection 2 of the Accounting Act on the basis of financial statements the date of which is not during the financial year of the parent undertaking, an indication of significant events which affect the result of operations and financial position, taking place during the period between these dates. (30.12.2015/1752)

If the reporting entity does not apply chapter 6, section 7, subsection 6 of the Accounting Act capital referred to in subsection 1, paragraph 4 shall also include appropriations. Deferred tax liabilities shall be subtracted from this amount. (30.12.2015/1752)

Subsection 3 has been repealed by Decree 30.12.2004/1313.

Section 4

Other notes

In addition the provisions of sections 1 through 3 above, the notes to the consolidated financial statements must set out information in respect of the following matters: (30.12.2015/1752)

1) details of the amortisation of goodwill on consolidation and decrease in the negative goodwill on consolidation if they are shown as a net amount in the consolidated profit and loss account;
2) details of goodwill on consolidation and negative goodwill on consolidation set off against each other in the consolidated balance sheet;

3) deferred tax liabilities and movements thereof broken down between those relating to appropriations, those relating to consolidation procedures and those included in the profit and loss accounts and in the balance sheets of individual group undertakings, where these are shown as a net amount in the consolidated profit and loss account and balance sheet; (23.8.2001/748)

4) amount of cumulative accelerated depreciation and appropriations shown under capital and reserves;

5) the balance of goodwill on consolidation arising from associates still to be amortised or the negative goodwill on consolidation still to be recorded as income relating to associates. (30.12.2015/1752)

Paragraph 6 has been repealed by Decree 30.12.2015/1752.

Chapter 5

Details of the balance sheet items and details relating to the notes

Section 1

Details of the balance sheet items

Details of the balance sheet items must list amounts shown in the balance sheet broken down by category:

1) non-current assets;

2) current assets;

3) liabilities; and

4) provisions.

The details referred to in subsection 1, paragraph 1 above may alternatively be prepared in such a manner that only movements during the financial year are indicated.

Sections 2 to 4

Sections 2 to 4 have been repealed by Decree 30.12.2015/1752.

Chapter 5 a (30.12.2004/1313)

Scope of application (30.12.2015/1752)

Section 1 (30.12.2015/1752)

Application to reporting entities
This decree shall be observed by reporting entities referred to in chapter 1, sections 1 and 1 a of the Accounting Act, with the exception of small undertakings and micro-undertakings, which are governed by in sections 4 a and 4 b of said chapter. However, a small undertaking and micro-undertaking is allowed to apply this decree in lieu of the Decree on information to be presented in the financial statements of a small undertaking and micro-undertaking (1753/2015).

Section 2

Application of the Accounting Decree on financial statements and consolidated financial statements prepared in accordance with international financial reporting standards

The provisions of this decree shall not apply to annual financial statements and consolidated financial statements prepared in accordance with the international financial reporting standards referred to in chapter 7 a, section 1 of the Accounting Act, with the exception of:

1) section 7 a; section 8, subsection 1, paragraph 1 and subsections 2 through 4; section 9, subsections 1 through 3; section 10, subsection 1 of the previous chapter 2; and

2) section 1; section 3, subsection 1, paragraphs 1 through 4 and 6; and section 4, paragraph 6 of chapter 4.

Chapter 6

Entry into force and transitional provisions

Section 1

Entry into force

This decree shall enter into force on December 31, 1997.

This decree shall revoke the Accounting Decree (1575/1992) issued on December 30, 1992 and all subsequent amendments thereto.

This decree shall be first applied to a financial year starting on January 1, 1998 or later.

A reporting entity may apply this decree to the accounts for the financial year during which the Accounting Act came into force.

Section 2

Transitional provision

If the provisions of the Accounting Act (655/1973) that were in force before January 1, 1998 are applied by the reporting entity after that date it may also apply the corresponding provisions of the revoked decree referred to in section 1 paragraph 2, where this is required in order to comply with the provisions.

Entry into force and application of amendments:

15.5.1998/338
This decree shall enter into force on 1 June 1998.

23.8.2001/748

This decree shall enter into force on 31 December 2001. This decree shall be first applied to the accounts for the financial year starting on 1 January 2002 or thereafter.

A reporting entity may apply this decree to the accounts for the financial year during which this decree enters into force.

30.12.2004/1313

This decree shall enter into force on 31 December 2004 and it shall be first applied to the accounts for the financial year starting on 1 January 2005 or thereafter.

A reporting entity may apply this decree to the accounts for the financial year during which this decree enters into force.

28.6.2008/547

This decree shall enter into force on 1 September 2008 and it shall be first applied to the accounts for the financial year starting when the decree enters into force or thereafter.

A reporting entity may apply this decree to the accounts for the financial year during which this decree enters into force.

30.12.2015/1752

This decree shall enter into force on 1 January 2016.

This decree shall be first applied to the accounts for the financial year starting on 1 January 2016 or thereafter. A reporting entity may, however, apply this decree to financial statements that are prepared after this decree enters into force.