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Decision on the structure and content of annual financial statements of credit unions

(Official Gazette 30/2017 and 108/2022 – unofficial consolidated version)

Zagreb, October 2022

Decision on the structure and content of annual financial statements of credit unions

Subject matter Article 1

This Decision prescribes the structure and content of annual financial statements of credit unions.

Types of annual financial statements Article 2

The annual financial statements referred to in Article 1 of this Decision are:

- Balance sheet statement (Statement of financial position),
- Income statement, and
- Notes to the financial statements.

Structure and content of annual financial statements Article 3

- (1) Credit unions shall prepare the annual financial statements in accordance with the structure and content prescribed in this Decision and in compliance with the provisions of the Accounting Act.
- (2) The structure and content of annual financial statements shall be defined in more detail in the Instructions for the implementation of the Decision on the structure and content of annual financial statements of credit unions in Annex to this Decision and constituting an integral part thereof.
- (3) The data in the Balance sheet and the Income statement shall be presented in kuna for the current and the previous year.
- (4) The annual financial statements referred to in Article 2 of this Decision shall be prepared and presented in compliance with the relevant provisions of the Croatian Financial Reporting Standards.
- (5) Credit unions shall deliver the annual financial statements referred to in Article 2 of this Decision together with the relevant audit report to the Financial Agency for public disclosure and to the Croatian National Bank, at the latest within four months of the expiry of the business year to which the annual financial statements relate.

Under Article 1 of the Decision on amendments to the Decision on the structure and content of annual financial statements of credit unions, Official Gazette 108/2022, which entered into force on 27 September 2022, paragraph (3) has been amended in part.

Transitional and final provisions Article 4

Credit unions shall prepare and submit the first annual financial statements in accordance with the provisions of this Decision for the reporting period beginning on 1 January 2016.

Article 5

On the date of the entry into force of this Decision, the Decision on the structure and content of annual financial statements of credit unions (Official Gazette 32/2009) shall cease to have effect.

Article 6

This Decision shall enter into force on the eighth day after the day of its publication in the Official Gazette.

TRANSITIONAL AND FINAL PROVISIONS

(Decision on amendments to the Decision on the structure and content of annual financial statements of credit unions, Official Gazette 108/2022, entered into force on 27 September 2022)

Article 3

This Decision shall enter into force on the eighth day after the day of its publication in the Official Gazette.

INSTRUCTIONS FOR THE IMPLEMENTATION OF THE DECISION ON THE STRUCTURE AND CONTENT OF ANNUAL FINANCIAL STATEMENTS OF CREDIT UNIONS

1. These instructions shall govern in more detail the implementation of the Decision on the structure and content of annual financial statements of credit unions.
2. The amounts in individual financial statements, in particular those that should be reported in negative, are entered in brackets.

ANNUAL FINANCIAL STATEMENTS OF CREDIT UNIONS

| | | |
|--------------------|--|------|
| Name of entity: | | MB: |
| | | OIB: |
| 1. | BALANCE SHEET STATEMENT (STATEMENT OF FINANCIAL POSITION) | |
| 1.1 | Statement of financial position (balance sheet statement) should contain the following: | |
| Position | Name of position | |
| ASSET | | |
| 1 | Cash in hand | |
| 2 | Deposits with credit institutions | |
| 3 | Loans to credit union members | |
| 4 | Repayable financial aid to credit union members | |
| 5 | Foreclosed and repossessed assets | |
| 6 | Tangible assets (net of depreciation) | |
| 7 | Interest, fees and other assets (7.1+7.2+7.3) | |
| 7.1 | Accrued undue interest | |
| 7.2 | Accrued due interest and fees | |
| 7.3 | Other | |
| 8 | Less: Special provisions for identified losses arising from contingent liabilities | |
| A | TOTAL ASSETS (1+2+3+4+5+6+7-8) | |
| LIABILITIES | | |
| 1 | Deposits of credit union members (1.1+1.2) | |
| 1.1 | Savings deposits | |
| 1.2 | Time deposits | |
| 2 | Received loans (2.1+2.2) | |
| 2.1 | Short-term loans | |
| 2.2 | Long-term loans | |
| 3 | Interest, fees and other liabilities (3.1+3.2+3.3+3.4+3.5) | |
| 3.1 | Accrued undue interest and fees | |
| 3.2 | Accrued due interest and fees | |
| 3.3 | Special provisions for off-balance sheet items | |
| 3.4 | Provisions for litigation | |
| 3.5 | Other | |
| B | TOTAL LIABILITIES (1+2+3) | |
| EQUITY | | |
| 1 | Paid-in membership holdings | |
| 2 | Legal reserves | |
| 3 | Reserves provided for by the Articles of Association and other capital reserves | |
| 4 | Retain earnings / (loss) | |

| | |
|----------|--|
| 5 | Previous year profit (loss) |
| 6 | Current year profit (loss) |
| C | TOTAL CAPITAL (1+2+3+4+5+6) |
| D | TOTAL LIABILITIES AND CAPITAL (B+C) |
| | |
| | OFF-BALANCE SHEET ITEMS |
| 1 | Guarantees |
| 2 | Bills of exchange |
| 3 | Credit lines and commitments |
| 4 | Other standard off-balance sheet risky items |
| 5 | Total off-balance sheet items (1+2+3+4) |

| | | |
|-----------------|--|------|
| Name of entity: | | MB: |
| | | OIB: |
| 2. | INCOME STATEMENT | |
| 2.1. | The statement of profit or loss shall be as follows: | |
| Position | Name of position | |
| 1 | Total interest income (1.1 + 1.2) | |
| 1.1 | Interest income from loans | |
| 1.2 | Other interest income | |
| 2 | Total interest expenses (2.1 + 2.2 + 2.3) | |
| 2.1 | Interest expenses on deposits | |
| 2.2 | Interest expenses on received loans | |
| 2.3 | Other interest expenses | |
| 3 | NET INTEREST INCOME (1-2) | |
| 4 | NET INCOME FROM FEES AND COMMISSIONS (4.1-4.2) | |
| 4.1 | Income from fees and commissions | |
| 4.2 | Expenses on fees and commissions | |
| 5 | TOTAL NON-INTEREST INCOME/EXPENSES (5.1 + 5.2 + 5.3 + 5.4) | |
| 5.1 | Gains / (losses) from foreign exchange trading (currency exchange business) | |
| 5.2 | Gains / (losses) from exchange rate differences per foreign exchange accounts with credit institutions | |
| 5.3 | Effects of application of agreed currency clause per previously concluded agreements | |
| 5.4 | Other income | |
| 6 | TOTAL OTHER NON-INTEREST EXPENSES (6.1 + 6.2) | |
| 6.1 | Non-repayable financial aid to credit union members | |
| 6.2 | Other expenses | |
| 7 | NET NON-INTEREST INCOME (4 + 5 - 6) | |
| 8 | TOTAL GENERAL ADMINISTRATIVE EXPENSES AND DEPRECIATION (8.1 + 8.2 + 8.3) | |
| 8.1 | Expenses for employees | |
| 8.2 | Deprecation | |
| 8.3 | Other administrative expenses | |
| 9 | EXPENSES ON VALUE ADJUSTMENTS AND PROVISIONS FOR LOSSES | |
| 10 | INCOME (LOSS) BEFORE TAXES (3 + 7 - 8 - 9) | |
| 11 | INCOME TAX | |
| 12 | CURRENT YEAR PROFIT (LOSS) (10 - 11) | |

Under Article 2 of the Decision on amendments to the Decision on the structure and content of annual financial statements of credit unions, Official Gazette 108/2022, which entered into force on 27 September 2022, the table below item (2) has been amended.

3. NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements should be prepared so as to include (at a minimum):

a) basic data on the credit union (name; address of head office; phone number and e-mail number; number of the Decision on the entry in the register of companies with the Commercial Court and registered activities; initial capital registered in the Commercial Court register; MB/OIB; number of members of the general meeting; members of the supervisory board and the management board; number of members and membership holdings; staff numbers; credit institution where the account for regular operations has been opened; highest and lowest lending and borrowing rates agreed in the reporting period; percentage of the shares of ten largest depositors in total deposits of all credit union members; ongoing litigation; total initial capital increased by reinvested earnings of previous periods; the audit fee charged by the certified auditor for the statutory audit of the annual financial statements);

b) summary of significant accounting policies followed;

c) information on key assumptions regarding future operations and an assessment of risk creating uncertainties as at the balance sheet.

d) additional and supplementary information not presented in the Balance sheet statement and Income statement important (necessary) for understanding each of the positions reported in these statements.