

Ordinance (2000:605) concerning the Annual Reports and Budget Documentation

1 Introductory provisions

Area of application of the ordinance

Art 1

This ordinance applies to agencies that report directly to the Government. Sections 1 (2), 2 (3 and 5-8), 4, 5 (1-6 and 8-12), 7 (2) and 10 apply to public utilities. Sections 6 (1) and 9 (3) are also applicable to public utilities that have appropriations from the government budget placed at their disposal.

Art 2

The Ordinance shall not apply if other provisions have been made in an Act or Ordinance or by a special decision of the Government.

Common provisions relating to annual reports, interim reports and budget documentation

Art 3

Each year the agency shall draw up, and submit to the Government, an annual report, an interim report and a budget documentation.

These documents shall provide a concise basis for the Government's follow-up, appraisal or budgeting of the agency's operations.

Art 4

The annual report, the interim report and the budget documentation shall refer to all operations for which the agency is responsible, regardless of how these operations are financed or the form in which they are performed.

2 General provisions relating to the annual report

Submission of the annual report

Art 1

The agency shall submit an annual report to the Government for the preceding financial year no later than by February 22 each year.

Art 2

When it submits its annual report to the Government, the agency shall also submit copies of its annual report to the National Audit Office and the Financial Management Authority.

Art 3

The agency shall submit the documentation required by the Financial Management Authority for the central government annual report and consolidated financial statements no later than February 15 each year.

Content of the annual report**Art 4**

The annual report shall consist of

- a performance report,
- a statement of financial performance,
- a statement of financial position,
- an appropriation report,
- a cash flow statement, and
- notes.

The agency's annual report shall also contain a summary of important information from the statement of financial performance, the statement of financial position and the appropriation report. The summary shall also contain information on the loan limit, appropriation credit and certain key indicators.

In its annual report the agency shall also provide information on other circumstances of significance for the Government's follow-up and appraisal of operations.

Arrangement and generally accepted accounting practice**Art 5**

The annual report shall be well arranged and drawn up in accordance with generally accepted accounting practice.

True and fair view**Art 6**

The constituent parts of the annual report shall be arranged as a composite whole and shall provide a true and fair view of the results of operations and of expenses, revenues, and the financial position of the agency.

Other fundamental accounting principles**Art 7**

The following shall be observed when the annual report is drawn up:

1. It shall be assumed that the agency will continue operations.
2. The same principles for the valuation, classification and sub-division of the various items in the annual report shall be used consistently from one financial year to the next.

3. The valuation of the various items shall be made while exercising reasonable prudence.
4. Revenue and expenses referring to the financial year shall be included regardless of the point of time when they are received or paid.
5. The different constituent parts of the balance sheet shall be valued individually.
6. Assets and liabilities may not be set off against each other. Nor may items of revenue and expense be set off against each other.
7. The opening balance for a financial year shall correspond to the closing balance of the immediately preceding financial year.

If there are particular grounds and this is in accordance with Articles 5 and 6, a departure may be made from the provisions of paragraph one. In that case particulars of the departure, the reasons for it and an assessment of its effects on the results of operations and on expenses, revenues and the agency's financial position shall be provided in a note.

Signing of the annual report

Art 8

The annual report shall be signed by the head of the agency and, if the agency has a board, by all members of the board.

3 The Performance Report

Art 1

The agency shall report and comment on the outcome of its operations in relation to the goals and in accordance with the reporting requirements stipulated by the Government in the Approval document, or in another decision.

In cases where the Government has not stipulated reporting requirements, the agency shall report and comment on the development of its output in terms of volumes, revenues, costs and quality.

Art 2

It shall be evident from the performance report how the cost of operations and revenue other than that received in the form of appropriations are broken down in accordance with the structure of the report on operations stipulated by the Government.

4 The statement of financial performance and the statement of financial position

Components of the statement of financial performance

Art 1

The statement of financial performance shall present, in summary form, all the revenue received and expenses incurred by the agency during the financial year.

Components of the statement of financial position

Art 2

The statement of financial position shall present, in summary form, all the assets and liabilities of the agency and its capital on balance sheet date. Pledged assets and contingent liabilities shall be disclosed as memorandum items.

5 Valuation rules

Fixed assets and current assets

Art 1

A fixed asset is an asset that is intended for permanent use or possession. All other assets are current assets.

Art 2

Expenditure on research and development and suchlike may be recognized as a fixed asset if it is considered that it will be of considerable value for operations in future years.

Acquisition value of fixed assets

Art 3

Fixed assets shall be taken up at an amount which corresponds to the cost of their acquisition or manufacture (acquisition value), unless otherwise provided for in the second and third paragraphs, Articles 4-7 or Article 11.

A fixed asset that is received free of charge, or for an amount which is considerably lower than its market value, shall be taken up at its market value at the time it is acquired.

When fixed assets are transferred between agencies, the Financial Management Authority may lay down the valuation principles that shall apply at the point in time of the transfer.

Depreciation of fixed assets

Art 4

Fixed assets with a limited economic life shall be depreciated systematically during their lifetime.

A fixed asset of the type described in Article 2 shall be depreciated annually by at least 20 per cent of its value unless, as a result of special circumstances, depreciation by less than 20 per cent is deemed to correspond to generally accepted accounting practice.

Amounts of depreciation shall be reported in the statement of financial performance.

Write-down of fixed assets

Art 5

If a fixed asset has a lower value on balance sheet date than the value that is obtained from Article 3 and Article 4 first paragraph, or Article 7, the asset shall be written down to the lower value if it can be assumed that the reduction in value is permanent.

The amount by which an asset is written down under the first paragraph shall be reversed if there is no longer reason for it.

Depreciation and reversals referred to in the first and second paragraphs above shall be reported in the statement of financial performance.

Revaluation of fixed assets

Art 6

Tangible or financial fixed assets which have a reliable and permanent value which significantly exceeds their book value under Article 3, Article 4 first paragraph, and Article 5 first and second paragraphs, or Article 7 or Article 11 may be revalued at an amount not exceeding this value.

The amount of the revaluation shall be reported under agency capital.

Shares and participation rights in associated companies and subsidiary companies

Art 7

The equity method shall be applied for the valuation of shares and participation rights in associated companies and subsidiary companies.

Valuation of current assets

Art 8

Unless otherwise provided for in Article 9 or Article 11, current assets shall be taken up at the lower value of their acquisition value and their actual value at balance sheet date.

Unless otherwise provided for in Article 10, the acquisition value is the expenditure for the acquisition or manufacture of the asset.

A current asset that is received free of charge or for an amount that is considerably lower than its actual value, shall be taken up at its actual value at the time it is acquired.

When current assets are transferred between agencies, the Financial Management Authority may lay down the valuation principles that shall apply at the point in time of the transfer.

Actual value refers to the sales value after a deduction is made for estimated selling expenses. If special reasons exist, the actual value may be determined to be the replacement cost, or another value compatible with Section 2, Articles 5 and 6.

Valuation of work-in-progress

Art 9

Work in progress on behalf of another may be valued at an amount which exceeds its acquisition value if special reasons exist and it is compatible with Section 2, Articles 5 and 6.

Acquisition value of stock

Art 10

The acquisition value of stock of similar assets may be calculated on the basis of the first-in, first-out principle, of weighted average prices or of other similar principles. The last-in, first-out principle may not be used.

Fixed quantities and values

Art 11

Tangible fixed assets, raw materials and consumables which are replaced and whose total value is of minor importance to the agency may be taken up as a fixed amount and a fixed value if their quantity, value and composition does not vary significantly.

Conversion of claims and liabilities in foreign currencies

Art 12

Claims and liabilities in foreign currencies shall be converted in accordance with the exchange rate in force on balance sheet date, if this is compatible with Section 2, Articles 5 and 6.

6 Appropriation report and cash flow statement

Appropriation report

Art 1

In the appropriation report the agency shall report on the outcome of the appropriations that the agency has at its disposal and the income headings that the agency shall report on in accordance with the breakdown made in the Government approval document or other decisions of the Government, or the agency that has delegated the right of disposal. The outcome shall be compared with the amount allocated or delegated per appropriation or appropriation item and with the estimated amount for each income heading. An analysis shall be made of discrepancies.

The appropriation report shall also show the extent to which the agency, on the basis of special authority granted to it, has ordered goods or services or approved grants, compensation, loans or the like that will entail expenditure in following financial years but which are not covered by appropriations at the disposal of the agency.

The appropriation report shall also show how the agency has complied with other financial conditions laid down by the Government.

Cash flow statement

Art 2

The cash flow statement shall show the agency's payments broken down by operations, investments, tax collection and transfers. This analysis shall show how these operations have been financed, and how the agency's cash position has changed. In connection with the cash flow statement, the agency shall provide the comments and explanations necessary to make an assessment of this statement.

7 Supplementary information

Art 1

In addition to what is provided for in other sections in this ordinance, the annual report shall contain any supplementary information prescribed by the Financial Management Authority.

Art 2

In its annual report the agency shall present the taxable remuneration and other benefits disbursed during the financial year, as well as any future commitments made, in respect of each and every one of

1. the members of the board of the agency,
2. the members of the agency's advisory council appointed by the Government, and
3. the management staff at the agency appointed by the Government.

The agency shall also state any appointments held by these persons on the boards or advisory councils of other government agencies and on the boards of limited companies.

8 Interim report

Art 1

The agency shall submit an interim report to the Government no later than August 15 each year. The interim report shall cover the first six months of the current financial year.

The interim report shall consist of:

- a statement of financial performance,
- a statement of financial position,
- an appropriation report,
- a forecast, for the current financial year, of the outcome of appropriations, income headings and special authorisations, and the costs and revenues of operations.

The interim report shall be signed by the head of the agency. The provisions in respect of annual reports contained in Section 2 Article 2, Article 4 third paragraph, and Articles 5-7 shall be observed when the interim report is drawn up.

9 Budget documentation and documentation for in-depth appraisals

Common provisions for budget documentation and documentation for in-depth appraisals

Art 1

If the agency's budget proposals are expected to lead to an increase in costs or a reduction in revenue, it shall present proposals for measures it intends to take in its operations which will lead to a corresponding reduction in costs. Should special reasons exist, the proposals may also refer to other operations.

Art 2

The agency shall examine the appropriateness of the rules which govern its operations. If the agency's proposals necessitate amendments to a statute, proposed amendments shall be provided. Proposals for amendments to statutes shall be drawn up in accordance with the principles for writing statutes.

Budget documentation

Art 3

The agency shall submit a budget documentation to the Government no later than March 1 each year. The budget documentation shall contain the agency's proposals for the financing of operations for the next three financial years. The material shall also contain proposals for any special authorizations required by the agency to enter into commitments on future expenditure not covered by its estimated appropriations.

If the accumulated unspent appropriation at the disposal of the agency at the end of the preceding financial year amounts to more than three per cent of the appropriation, the agency shall report the planned use of the unspent appropriation during the current and the three following financial years.

The agency's proposals shall not exceed the ceiling established by the Government for the agency's operations.

Documentation for in-depth appraisal

Art 4

The Government decides each year on the operations that shall be the subject of an in-depth appraisal.

The documentation required for the Government's in-depth appraisal shall be submitted in a special report no later than January 15 in the year stipulated by the Government.

Art 5

The agency's documentation for the in-depth appraisal shall include a comprehensive performance analysis and proposals for the aims and financing of operations for the financial year(s) to which the documentation refers. The operations shall be evaluated in the performance analysis and reported on in relation to the objectives of operations established by the Government.

The documentation shall also contain a comprehensive analysis of the external environment of the agency and a resource analysis.

10 Special provisions for public utilities**Art 1**

No later than March 1 each year, the public utility shall submit to the Government an annual report for the preceding financial year which has been audited by the National Audit Office. This report shall cover the public utility and, where relevant, the group of companies owned by the public utility. The annual report shall consist of:

- an administration report,
- a statement of financial performance,
- a statement of financial position,
- a cash flow statement, and
- notes.

Interim reports for public utilities**Art 2**

No later than July 1 and November 1 each year the public utility shall submit an interim report for the public utility and, where appropriate, the group of companies owned by the public utility. The reports shall apply to the first four or eight months respectively of the current financial year.

The interim report shall contain a statement of financial performance and a statement of financial position in summary form. The statement of financial performance shall be drawn up in the same way as in the annual report and be based on the same principles. Changes in turnover, results etc. shall be commented on, as well as important events for the public utility or group of companies owned by the public utility that occurred during the period.

The interim report submitted by November 1 shall be examined by the National Audit Office.

Plan of operations for public utilities

Art 3

No later than March 1 each year, the public utility shall submit to the Government its proposals for a plan of operations for the three following financial years. In this plan of operations the agency shall describe its operations and present the strategies it has decided upon to achieve the operational and financial objectives established for the utility. The plan of operations shall also contain an investment plan and, if the utility has appropriations from the government budget at its disposal, an appropriation report and budget documentation.

In the investment plan the utility shall report on the focus of its investments and their planned breakdown by different areas of investments, and how it intends to finance the investments.

11 Implementing provisions

Art 1

Directives for the implementation of this ordinance may be issued by the Financial Management Authority.

This ordinance enters into force on January 1, 2001 when the ordinance (1996:882) on the annual reports of agencies etc. shall cease to apply.

Where annual reports for the financial year 2000 are concerned, the following sections and paragraphs shall apply Sections 3 and 4, Section 5 second and third paragraphs and Sections 6-13 of the ordinance (1996:882) on the annual reports of agencies etc., and Section 1 Articles 1 and 3, and Section 10 Article 1 of this ordinance.