Republic of Latvia

Cabinet

Regulation No. 569

Adopted 24 August 2021

**Regulations Regarding Annual Statements of Political Organisations (Parties) and Alliances Thereof**

*Issued pursuant to*

*Section 18, Paragraph two, Clause 1 of the Accounting Law*

**I. General Provisions**

1. The Regulation prescribes the structure, volume, and content of the annual statement of political organisations (parties) and alliances thereof (hereinafter – the political organisation (party)), and also the procedures for drafting, examining, and submitting it.

2. The political organisation (party) shall prepare the annual statement for each reporting year which shall consist of the balance sheet, the revenue and expenditure account, the cash flow statement, and the report.

3. The annual statement must provide a clear overview of the resources of the political organisation (party), their sources, and the financial position as on the last day of the reporting year (hereinafter – the balance sheet date), and also of its economic transactions, revenues, and expenditures in the reporting year.

4. The euro shall be used as the measure of value in the annual statement. The annual statement shall be prepared in Latvian.

5. The balance sheet, the revenue and expenditure account, and the cash flow statement shall be drafted on the basis of the layouts indicated in Annexes 1, 2, and 3 to this Regulation and in conformity with the following conditions:

5.1. the items shall be reflected each individually in the order indicated in the layouts;

5.2. the items designated in the layouts with Arabic numerals may be divided into a more detailed manner or new items may be added if such corrections provide more clarity;

5.3. the relevant data of the previous reporting year shall be indicated in each item. If such data are not comparable, it shall be explained in the report;

5.4. the relevant sums total shall be indicated in the items. If information on the components of such sums total is necessary, a more detailed division shall be included in the report;

5.5. the numbers indicated in the items shall be justified by source documents, the results of the closing inventory of the reporting year, and the relevant entries in the accounting registers.

**II. Drafting of the Balance Sheet**

6. The balance sheet is a component of the annual statement in which the balances of the resources of the political organisation (party) and their sources on the balance sheet date are indicated. The resources shall be indicated in the assets of the balance sheet, but their sources – in the liabilities of the balance sheet. The sum total of the assets of the balance sheet must be equal to the sum total of the liabilities of the balance sheet.

7. The property of the political organisation (party) – the long-term investments purchased, created by themselves, obtained as a gift (donation), inheritance, or in other way and the current assets – shall be indicated in the assets of the balance sheet.

8. Long-term investments are resources which are intended for long use (more than one year) or have been invested in a long-term property. Other assets are current assets.

9. The residual value of computer software and other intangible investments shall be indicated in the item “Intangible investments”.

10. The initial value of plots of land and also the residual value of buildings, structures, and perennial plantings shall be indicated in the item “Immovable property”.

11. The residual value of vehicles and other fixed assets shall be indicated in the item “Other fixed assets”.

12. The residual value of intangible investments and fixed assets shall be calculated by deducting all write-offs of the value from the initial value, also the annual amounts of reduction in the value of intangible investments and the depreciation amounts for fixed assets recorded in the reporting year and the previous years.

13. The initial value for intangible investments and fixed assets shall be determined on the basis of:

13.1. the amount of cash which has been paid for them if they have been purchased or created by themselves;

13.2. the amount recorded in revenues if they have been received as a gift (donation), inherited, or obtained in another way.

14. The initial value for intangible investments and fixed assets which were actually obtained in the previous years, but for which the initial value had not been determined at that time, may be determined in the reporting year.

15. One of the following justifications shall be used in determination of the initial value of the intangible investments and fixed assets referred to in Paragraph 14 of this Regulation:

15.1. the amount of cash which was paid for the relevant intangible investments or fixed assets at the time of purchasing or creating them;

15.2. the amount which was recorded in revenues when receiving the relevant intangible investments or fixed assets as a gift (donation), inheritance, or obtaining them in another way;

15.3. the current market price of similar intangible investments or fixed assets.

16. The annual amounts of reduction in the value of intangible investments and the depreciation amounts for fixed assets are usually calculated by uniform division of the amounts to be written off during the period of useful use according to years which usually conform to the initial value of the accounting units of the relevant intangible investments or fixed assets. The period of useful use of the accounting units of intangible investments or fixed assets in years shall be determined by the administrative body (board) of the political organisation (party).

17. The investments of the political organisation (party) in the equity capital of capital companies on the basis of the amount of cash paid or, if a property investment has been made, the evaluation of the relevant investment shall be indicated in the item “Stocks and shares”. The stocks and shares received as a gift (donation) shall be indicated in the balance sheet on the basis of the amount of cash recorded in revenues. In an exceptional case, if the exchange or market price of shares or stocks is significantly lower than the value initially recorded in revenues, the exchange or market price of the abovementioned stock or share shall be indicated in the balance sheet. The difference shall be written off in expenditures.

18. Inventories and securities shall be indicated in the balance sheet on the basis of the amount of cash which has been paid for them, if they have been purchased, or the amount of cash recorded in revenues, if they have been received as a gift (donation), inheritance, or in another way. In an exceptional case, if the market or exchange price of the relevant inventories or securities is significantly lower than the initially recorded value, the lowest value shall be indicated in the balance sheet. The difference shall be written off in expenditures.

19. The amount of cash which the political organisation (party) has the right to receive from other persons shall be indicated in the item “Debtors”. If the debt of debtors is to be paid in a foreign currency, its amount in the balance sheet shall be indicated being recalculated in euros 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 reporting year. The increase in the evaluation obtained after recalculation of the balance of debts of debtors to be paid in a foreign currency in euros (hereinafter – the positive difference) shall be recorded in revenues, but the reduction in the evaluation in euros (hereinafter – the negative difference) shall be written off in expenditures.

20. The amount of cash in the cashier’s office and the amount of non-cash payments in bank accounts of the political organisation (party) shall be indicated in the item “Cash”. If there is cash in a foreign currency in the cashier’s office or bank account, it shall be indicated in the balance sheet being recalculated in euros 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 reporting year. The positive difference obtained after recalculation of the balance of the foreign currency shall be recorded in revenues, but the negative difference shall be written off in expenditures.

21. The funds and also debts of long-term and short-term creditors of the political organisation (party) shall be indicated in the liabilities of the balance sheet. Such debts which are to be paid within a year after the balance sheet date shall be considered as debts of short-term creditors. Debts which are to be paid later than within a year after the balance sheet date shall be considered as debts of long-term creditors.

22. If the debt of creditors is to be paid in a foreign currency, its amount in the balance sheet shall be indicated being recalculated in euros 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 reporting year. The positive difference obtained after recalculation of the balance of debts of creditors to be paid in a foreign currency shall be recorded in expenditures, but the negative difference – in revenues.

23. The political organisation (party) may create one fund intended for unlimited use – a reserve fund or, on the basis of the statutes of the political organisation (party) or the decisions taken by the administrative body (board), may reallocate the reserve fund or a specific part thereof into funds intended for limited use – a capital fund and target funds. The capital fund shall usually be attributed to the long-term investments of the political organisation (party). Target funds shall be created if it is necessary to account separately and indicate specific sources of resources in order to provide a clear overview of them or in order to meet the conditions of donors.

24. A reserve fund and the funds intended for limited use (if any) during the reporting year shall be accounted separately in accounting registers opened for this purpose or in accounts of analytical accounting.

25. The balance of the reserve fund indicated at the beginning of the reporting year shall be increased by the exceedance of revenues of the reporting year over expenditures (conforms to the amount indicated in the item “Difference of revenues and expenditures” of the revenue and expenditure account with a positive number), but shall be decreased by the exceedance of expenditures over revenues (conforms to the amount indicated in the item “Difference of revenues and expenditures” of the revenue and expenditure account with a negative number) and by the amounts which are transferred into the funds intended for limited use (if any).

26. Revenues which have occurred during the reporting year from selling or liquidation of the long-term investments or current assets kept in the fund intended for limited use, and also after settling of liabilities shall be recorded as an increase in the balance of such fund. Expenditures and losses which have occurred during the reporting year after use of the resources of the fund intended for limited use or writing off of the value of the long-term investments or current assets kept in such fund, their selling or liquidation, and also after settling of liabilities shall be recorded as a decrease in the balance of such fund.

27. Balances of the relevant funds at the end of the reporting year shall be indicated in the items “Reserve fund”, “Capital fund”, and “Target funds”. The amount not covered by the balances of the reserve fund shall be indicated in the balance sheet item “Reserve fund” as a negative number.

28. The sum total of liabilities of the political organisation (party) against the State budget and local government budgets for taxes and fees, and also mandatory State social insurance contributions to be paid shall be indicated in the item “Taxes and mandatory State social insurance contributions”.

29. Liabilities of the political organisation (party) against other persons for the goods received and services provided, and also liabilities against employees for the wages, remunerations, or other payments not transferred to their accounts in credit institutions or from the cashier’s office of the political organisation (party) shall be indicated in the item “Other creditors”.

**III. Drafting of the Revenue and Expenditure Account**

30. The revenue and expenditure account is a financial statement in which revenues, expenditures of the political organisation (party) and their difference in the reporting year are indicated. The revenue and expenditure account shall include all revenues. This account shall include all expenditures (payments), except for:

30.1. the purchase costs of movable and immovable property – payments which are related to the purchase, creation (construction), or preparation of the fixed assets for the intended activity, the purchase of computer software, other intangible investments, capital economic interest, stocks and other securities, and also inventories;

30.2. advance payments;

30.3. payment of debts of long-term and short-term creditors.

31. Revenues and expenditures in a foreign currency shall be indicated in the revenue and expenditure account being recalculated in euros according to the foreign currency exchange rate to be used in accounting which is in effect at the beginning of the day when such revenues were received or expenditures were made.

32. The membership fee and the admission fee collected (paid into the cashier’s office or bank account of the political organisation (party)) in the reporting year shall be indicated in the item “Membership fee and admission fee”.

33. The gifts (donations) of funds, the (financial) gifts (donations) of movable or immovable property, and also the services received in the form of a gift (donation) shall be indicated in the item “Gifts (donations) received”. Gifts (donations) of funds shall be evaluated on the basis of the amount of cash paid and accepted into the cashier’s office or bank account of the political organisation (party). Financial gifts (donations) and services received in the form of a gift (donation) shall be evaluated in cash on the basis of the value indicated in the acceptance documents of the gift (donation).

34. The cash, movable or immovable property received in the form of an inheritance in the reporting year shall be indicated in the item “Inheritances received”. An inheritance of funds shall be evaluated on the basis of the amount of cash paid and accepted into the cashier’s office or bank account of the political organisation (party). The movable or immovable property inherited shall be evaluated in cash on the basis of the value indicated in the inheritance acceptance documents.

35. The dividends received from investment into capital companies shall be indicated in the item “Revenues from economic activity”. Also the amount which has been calculated from the revenues from selling of goods or provision of services received in the reporting year (if any), deducting the trading discounts and other discounts granted and the amounts of claims of buyers reducing such revenues (if any), and also the value added tax and other taxes which are directly related to selling, if such have been included in the sum total of the abovementioned revenues, shall be indicated in this item. Such revenues which have not been paid yet until the balance sheet date shall be also included in the sum total of such revenues.

36. The financing from the State budget received in the reporting year shall be indicated in the item “Financing from the State budget”.

37. The cash revenues from the received insurance remuneration, compensation, selling of fixed assets, other long-term investments, or current assets, and other cash revenues from the sources of financing which are not prohibited in laws and regulations shall be indicated in the item “Other revenues”. Also the balance of debts of debtors to be paid in a foreign currency and the positive difference obtained after recalculation of the balances of a foreign currency, and also the negative difference obtained after recalculation of the balances of debts of creditors to be paid in a foreign currency shall be indicated in this item.

38. Expenditures of the political organisation (party) in the reporting year shall be indicated in the item “Expenditures” in the sum total, but in the items designated with Arabic numerals – according to the individual types of expenditures. Such expenditures which have not been paid yet until the balance sheet date shall be also included in the items of expenditures. Payments which have been made in purchasing movable and immovable property shall be included in expenditures according to the use (inventories) or the calculated depreciation and reduction in the value (fixed assets and intangible investments).

39. The following shall be indicated in the item “Wages and other payments to natural persons”:

39.1. the amounts of wages, remunerations, or other payments considered equivalent to work remuneration calculated in the reporting year before deduction of taxes or other payments provided for in laws (hereinafter – the gross amounts);

39.2. the amounts of mandatory State social insurance contributions calculated in the reporting year, the calculated payments provided for in the law for employees in case of incapacity for work in the gross amounts, cash contributions in private pension funds, and other payments of cash related to social insurance of employees;

39.3. other payments to natural persons which have not been made in relation to organising charity events and gifts (donations).

40. Expenditures which have occurred as a result of publishing newspapers, journals, bulletins, books, and other printed papers shall be indicated in the item “Expenditures in relation to printed papers”.

41. The materials, goods, and other inventories purchased, received as a gift (donation), an inheritance, or in other way and consumed in the reporting year shall be indicated in the item “Expenditures of materials”. They shall be evaluated on the basis of the amount of cash which has been paid for them, but the inventories received as a gift (donation), an inheritance, or in another way shall be evaluated on the basis of the amount that has been recorded in revenues. In an exceptional case, if the balances of the inventories of the relevant types have been evaluated in the previous years lower than the initially recorded value, they shall be evaluated on the basis of the evaluation existing in the accounting at the beginning of the reporting year.

42. The depreciation amount of the fixed assets in the ownership of the political organisation (party) calculated in the reporting year and also the amount of reduction in the value of intangible investments shall be indicated in the item “Depreciation and write-off of fixed assets and intangible investments”.

43. The following shall be indicated in the item “Other expenditures”:

43.1. the insurance payments for the property and the expenditures or losses which have occurred after selling or liquidation of fixed assets and other long-term investments;

43.2. the balance of debts of debtors to be paid in a foreign currency and the positive difference obtained after recalculation of the balances of a foreign currency, and also the negative difference obtained after recalculation of the balances of debts of creditors to be paid in a foreign currency. In an exceptional case, if the balances of the relevant securities at the end of the reporting year have been evaluated lower than the initially recorded value, the difference written off in expenditures shall be indicated in this item;

43.3. other expenditures, including expenditures for stationery, legal services, and unlawfully received donations to be repaid, fines, and other payments.

44. The amounts of tax payments calculated in the reporting year shall be indicated in the tax items of the revenue and expenditure account in division according to the types of taxes.

45. The exceedance of revenues in the reporting year over expenditures as a positive number or the exceedance of expenditures over revenues – as a negative number shall be indicated in the item “Difference of revenues and expenditures”.

**IV. Drafting of the Cash Flow Statement**

46. The cash flow statement is a financial statement in which the cash revenues, expenditures, and balances of the political organisation (party) in the reporting year are indicated.

47. The cash revenues and expenditures in a foreign currency shall be indicated in the cash flow statement being recalculated in euros according to the foreign currency exchange rate to be used in accounting which is in effect at the beginning of the day when such revenues were received or expenditures were made.

48. The cash payments which are related to the purchase, creation (construction), or preparation of the fixed assets for the intended activity, the purchase of computer software, other intangible investments, capital economic interest, stocks and other securities, and also inventories shall be indicated in the item “Cash payments in relation to the purchase of movable and immovable property”.

49. Cash payments to natural persons in charity events, when disbursing allowances and making gifts (donations) shall not be included in the item “Wages and other cash payments to natural persons”.

50. Cash expenditures which have occurred as a result of publishing newspapers, journals, bulletins, books, and other publications prepared in printing techniques shall be indicated in the item “Cash expenditures in relation to printed papers”.

51. Cash expenditures which are related to the payment of debts of short-term and long-term creditors (also to the State or local government budget for taxes), advance payments, and other cash expenditures shall be indicated in the item “Other cash expenditures”.

52. If there is cash balance in a foreign currency at the end of the reporting year, it shall be recalculated in euros 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 reporting year. The difference obtained after recalculation of the balances of the foreign currency shall be indicated in the item “Result of fluctuations in currency exchange rates”.

**V. Report**

53. General information on the political organisation (party) shall be indicated in the report and explanations regarding specific items of the balance sheet, the revenue and expenditure account and economic transactions shall be provided, and also other information the content and amount of which is determined by the administrative body (board) of the political organisation (party) shall be provided.

54. The following information shall be included in the general information on the political organisation (party):

54.1. the name and legal address;

54.2. the registration number and date;

54.3. the information on the administrative body (board) of the political organisation (party): the given name and surname of the members of the board, and also the date of taking up the office.

55. The following information shall be provided in the explanations regarding specific items of the balance sheet, the revenue and expenditure account and economic transactions:

55.1. the justification of the initial value of the intangible investments and fixed assets referred to in Paragraph 14 of this Regulation;

55.2. the information on funds:

55.2.1. the balances of funds at the beginning and end of the reporting year;

55.2.2. the increase in the balances of funds in the reporting year in the sum total and in division according to the sources of their formation – from the difference of revenues and expenditures calculated in the revenue and expenditure account, from reallocation of the resources of funds, or from other sources;

55.2.3. the reduction in the balances of funds in the reporting year in the sum total and in division according to directions – reallocation to other funds, use of the resources kept in funds, or decrease in their value;

55.3. the information on taxes and fees:

55.3.1. the amounts of taxes and fees paid in the reporting year in division according to the types of taxes and fees;

55.3.2. the tax reliefs received and the rebates granted – for each tax individually, indicating the documents confirming the right to such rebates and reliefs;

55.3.3. data regarding tax payments the payment deadline of which has not set in yet, regarding late tax payments and the amounts of the increase in the principal debt, late fees, and fines related thereto, and also regarding other amounts to be paid into the State budget or local government budgets according to the types of taxes – after coordination of the abovementioned data with the tax administration;

55.4. a detailed information on all essential liabilities which are not included in the balance sheet;

55.5. the information on such gifts (donations) received within the meaning of Section 2, Paragraph two of the Law on Financing of Political Organisations (Parties) which are not included in the balance sheet, the revenue and expenditure account, and also the cash flow statement;

55.6. if members of the administrative body (board) of the political organisation (party) have received a wage or remuneration for expenditures of a specific type – the sum total of the wage or remuneration and explanations as to what type of expenditures have been reimbursed;

55.7. the average number of employees employed according to employment contracts per year and the sum total of their wage, and also other information.

**VI. Examination and Submission of the Annual Statement**

56. The annual statement of the political organisation (party) shall be examined, prior to its submission, by its audit body of economic and financial activity and, if the turnover of the resources of the political organisation (party) in the calendar year has been more than 10 minimum monthly wages, it shall be audited by a sworn auditor.

57. The annual statement shall be submitted to the Corruption Prevention and Combating Bureau in accordance with the procedures and within the time period laid down in the Law on Financing of Political Organisations (Parties).

**VII. Closing Provisions**

58. Cabinet Regulation No. 591 of 13 July 2004, Regulations Regarding Annual Statements of Political Organisations (Parties) and Alliances Thereof (*Latvijas Vēstnesis*, 2004, No. 112; 2010, No. 185; 2013, No. 183), is repealed.

59. The Regulation shall come into force on 1 January 2022.

Prime Minister A. K. Kariņš

Minister for Finance J. Reirs

**Annex 1**

Cabinet

Regulation No. 569 24 August 2021

**Layout of the Balance Sheet**

**Assets**

Long-term investments

I. Intangible investments.

II. Fixed assets.

1. Immovable property.

2. Other fixed assets.

III. Long-term financial investments.

1. Stocks and shares.

Current assets

I. Inventories.

1. Materials.

2. Goods.

II. Debtors.

III. Securities.

IV. Cash.

**Liabilities**

I. Funds.

1. Capital fund.

2. Target funds.

3. Reserve fund.

II. Long-term creditors.

III. Short-term creditors.

1. Taxes and mandatory State social insurance contributions.

2. Other creditors.

Minister for Finance J. Reirs

**Annex 2**

Cabinet

Regulation No. 569 24 August 2021

**Layout of the Revenue and Expenditure Account**

I. Membership fee and joining fee.

II. Received gifts (donations).

III. Received inheritances.

IV. Revenues from economic activity.

V. State budget financing.

VI. Other revenues.

VII. Revenues in total.

VIII. Expenditures.

1. Lease of premises and services related to the lease of premises.

2. Lease of other immovable or movable property.

3. Communication and Internet services.

4. Transport services.

5. Advertising services.

6. Other services.

7. Wages and other payments to natural persons.

8. Expenditures related to printed papers.

9. Expenditures related to organising public events.

10. Expenditures related to organising charity events, gifts (donations).

11. Expenditures of materials.

12. Depreciation and write-off of fixed assets and intangible investments.

13. Other expenditures.

IX. Taxes.

X. Expenditures in total.

XI. Difference of revenues and expenditures.

Minister for Finance J. Reirs

**Annex 3**

Cabinet

Regulation No. 569 24 August 2021

**Layout of the Cash Flow Statement**

I. Balance of cash at the beginning of the reporting year.

II. Cash revenues from the membership fee and admission fee.

III. Cash received in the form of a gift (donation).

IV. Cash received in the form of an inheritance.

V. Cash revenues from economic activity.

VI. Cash revenues from investments into capital companies.

VII. Financing from the State budget.

VIII. Other cash revenues.

IX. Cash revenues in total.

X. Cash payments for services.

1. Lease of premises and services related to the lease of premises.

2. Lease of other immovable or movable property.

3. Communication and Internet services.

4. Transport services.

5. Advertising services.

6. Other services.

XI. Cash payments which are related to the purchase of movable and immovable property.

XII. Wages and other cash payments to natural persons.

XIII. Cash expenditures in relation to printed papers.

XIV. Cash expenditures related to organising public events.

XV. Cash expenditures related to organising charity events, gifts (donations).

XVI. Cash expenditures related to repayment of unlawfully received donations.

XVII. Other cash expenditures.

XVIII. Cash expenditures in total.

XIX. Result of fluctuation in foreign currency rates.

XX. Balance of cash at the end of the reporting year.

Minister for Finance J. Reirs