Financial statements of micro and other legal entities

Minister of Finance has issued the Rulebook on the manner of recognition, evaluation, presentation and disclosure of positions in the individual financial statements of micro and other legal entities ("Off. Gazette of RS" No. 118/2013, hereinafter referred to as "the Rulebook"), which came into force on January 7 2014, and shall apply starting with the preparation of financial statements for 2014.

The Rulebook prescribes the manner of recognition, evaluation, presentation and disclosure of positions in the individual financial statements of micro and other legal entities which do not apply International Financial Reporting Standards (hereinafter “IFRS”) and International Financial Reporting Standard for small and medium-sized legal entities (hereinafter the “IFRS for SMEs”), in accordance with the Law on Accounting ("Official Gazette of RS", No. 62/13).

The Rulebook requires for micro entities not to exceed two of the following criteria:

- Average number of employees up to 10;
- Operating income up to EUR 700,000, in the RSD counter value, at the middle exchange rate of the National Bank of Serbia;
- The average value of operating assets (calculated as the arithmetic mean of such value at the beginning and end of the financial year) up to EUR 350,000 in the RSD counter value, at the middle exchange rate of the National Bank of Serbia,

as well as an entrepreneur, or an individual who undertakes a business activity for the purpose of profit generation and keeps business books by double-entry bookkeeping system, unless otherwise provided by a special law.

The Rulebook is also applicable to legal entities partially financed from public funds or other earmarked funds, and partially or completely financed based on membership contributions and not established for the purpose of profit generation (such as political organizations, trade unions as legal entities, foundations and endowments, associations, chambers, churches and religious communities in the area of conducting business or other activities in accordance with the regulations governing the conduct of such activities, as well as other organizations organized on the basis of membership).

The provisions of the Rulebook shall not apply to micro and other legal entities who, in accordance with the Law on Accounting, decided to continuously apply the IFRS for SMEs.

Legal entities, which the Rulebook applies to, are obliged to recognize, evaluate, present and disclose the positions in the individual financial statements in accordance with the law, the Rulebook and their accounting policies act.

The Rulebook also prescribes that the Rulebook on recognition and valuation of the assets, liabilities, income and expenses of small legal entities and entrepreneurs ("Official Gazette of RS", no. 106/06 and 111/06 - correction) shall seize to apply as of 31 December of 2014.