

A large, abstract graphic of a network or sphere made of interconnected blue nodes and lines, positioned in the upper right background of the page.

Poland

Accounting

FUNDS AND FUND MANAGEMENT 2009

1.1 Accounting for funds

Note: Investment funds that are registered in Poland are required to apply national accounting regulations. Investment funds, having their registered office in the territory of the European Economic Zone and conducting activity in Poland based on a European passport, apply the laws and regulations of their country of origin.

In addition, investment funds that are quoted on an organized market apply the regulations relating to issuers of securities on that market.

The information below relates to the investment funds registered in Poland only.

1.2 Requirements to produce financial statements

Requirements to maintain books and records in the local jurisdiction

The accounting records of the investment funds are kept by the investment fund management company in its registered office. It may outsource the maintenance of the fund's accounting records to another entity authorized pursuant to separate provisions.

Preparation of financial statements by investment funds

All investment funds are required to prepare semiannual and annual financial statements. The template of the financial statements, the range of the supplementary information and the valuation methods are set out in the decree of the Ministry of Finance dated 24 December 2007 on the specific accounting principles of investment funds.

The investment funds that are listed on the stock exchange are additionally required to prepare a quarterly report that consists of condensed financial statements comprising the financial data and information required by decree of the Ministry of Finance dated 19 October 2005 on current and periodical information provided by issuers of securities.

Choice of period/year-end for investment funds

In accordance with the law, the financial year of the investment fund is consistent with the calendar year.

A fund that commences its activity in the second quarter of the financial year is not obliged to prepare semiannual financial statements. In this case, the annual financial statements are the first to be prepared.

A fund that commences its activity in the fourth quarter of the financial year is not obliged to prepare a set of annual financial statements. In this case, the semiannual financial statements prepared in the subsequent year are the first financial statements.

Requirement for comparatives

Comparative data are required for all financial statements.

Restrictions on the currency under which financial statements must be prepared

There are restrictions on the currency under which financial statements must be prepared. The accounting records shall be kept and the financial statements shall be prepared in the Polish language and in the Polish currency. However, when more than 50 percent of the assets are invested in securities or money market instruments that are purchased in foreign currency outside the territory of Poland or that are denominated in foreign currency, the accounting records may be held and the financial statements may be prepared in the foreign currency as set out in the fund's statute.

Accounting publications specific to the investment funds

There are no accounting publications specific to funds industry.

Use of short form accounts

There are no provisions in accounting regulations for short form accounts.

Umbrella structures

Investment funds with segregated sub-funds prepare the semiannual and annual aggregated financial statements of the funds (treated as a whole) and the financial statements of sub-funds, respectively. The template and the scope of information included in the aggregated financial statements and the financial statements of sub-funds are defined in the decree of the Ministry of Finance dated 24 December 2007 on the specific accounting principles of investment funds.

Classes of investment fund units

According to the Act on Investment Funds, an open-ended investment fund or a specialized open-ended investment fund may issue investment fund units which differ as regards the method of charging administration fees or those which are charged against the fund's assets.

There is no requirement to prepare financial statement for each class of units. All types of units are incorporated in the same financial statement presented by the investment fund.

1.3 Requirement to audit financial statements

The annual financial statements of investment funds require annual audits. The audited financial statements shall be approved by the shareholders meeting of the fund management company. The annual financial statements of close-ended investment fund shall be approved by the investors' meeting. Audited financial statements shall be made public at the latest four months after the end of each financial year.

Semiannual financial statements require a limited review. The reviewed financial statements shall be made public at the latest two months after the end of first six months of the financial year.

Quarterly reports issued by investment funds that are listed at the stock exchange do not need to be reviewed or audited.

1.4 Publication of financial statements

The annual financial statements shall be filed with Registration Court and published in Official Journal Monitor Polski B.

Reviewed semiannual financial statements shall be published on the Web sites specified in the fund's statute.

Quarterly reports issued by investment funds traded at the stock exchange are made public in accordance with separate regulations.

1.5 Accounting standards

Investment funds shall comply with Polish GAAP specified in the Accounting Act and the Decree of the Ministry of Finance dated 24 December 2007 on specific accounting principles of investment funds.

According to the Accounting Act, matters not provided by the Act, while adopting the accounting rules, an entity may apply national accounting standards issued by the Accounting Standards Committee. In the case where

there is no such national standard, International Financial Reporting Standards may be applied.

1.6 Contents of financial statements¹

Requirements for inclusion in annual and semiannual financial statements:

	Required by law	Required by GAAP	Complied with for Best Practice
A statement which includes all income less expenses plus realized and unrealized gains and losses	Yes	Yes	Yes
A statement which only includes income less expenses	No	No	No
A statement which only includes income less expenses plus realized gains and losses	No	No	No
Statements of net assets and liabilities	Yes	Yes	Yes
Statements of changes in net assets	Yes	Yes	Yes
Cash flow statement ²	Yes	Yes	Yes
Statement of accounting policies	Yes	Yes	Yes
3 year net asset value table ³	Yes	Yes	Yes
5 year net asset value table	No	No	No
Introduction to financial statements	Yes	Yes	Yes
Listing of investments	Yes	Yes	Yes
Notes	Yes	Yes	Yes
Supplementary information	Yes	Yes	Yes
Letter to the investment fund units holders	Yes	Yes	Yes
Custodian conformation	Yes	Yes	Yes

1 In Poland, as law states all requirements, no real distinction can be made between legal requirement, GAAP requirement or industry best practice).

2 Not required for financial statements of open-ended investment funds.

3 Required only for open-ended investment funds and specialized open-ended investment funds.

1.7 Accounting policies and disclosures

According to Polish GAAP below listed items are presented in semiannual and annual financial statements as follows:

- The acquisition or sale of investment components shall be included in a fund's accounting records on the date the agreement is concluded.
- Investments quoted on an active market according to last available price determined on an active market on the valuation date as at an hour specified in the fund's statute with sufficient valuation adjustments, if applicable,
- Investments non quoted on an active market at amortized cost measured using effective interest rate (for debt securities) or according to reliably estimated fair value recognized as a value indicated by:
 - estimating the value of a component of the investment by a specialized, independent entity rendering this type of service, insofar as it is possible for this entity to reliably estimate cash flows associated with this component;
 - application of an appropriate model for the valuation of a component of an investment, insofar as the initial data used in the model originate from an active market;
 - estimating the value of a component of an investment by applying a generally recognized estimation method; and
 - estimating the value of a component of an investment, for which there is no active market, on the basis of a publicly announced price for a similar component – and in particular of a similar legal structure and commercial purpose – on an active market.
- Securities acquired in buy-sell-back agreement, shall be valued, starting from the date on which the purchase agreement is concluded at amortized cost using effective interest rate.
- Securities sold in sell-buy-back agreement, shall be valued starting from the date of concluding the sale agreement at amortized cost measured using effective interest rate.
- The dividend owed under shares quoted on an active market shall be included in the accounting records on the date on which the ex-dividend price is used for the first time for the purpose of valuation of the given shares.

- Interest income on debt securities, valued at their fair value, shall be accrued according to principles set for these securities by the issuer.

Appendix

Reference material

The following details the relevant laws and regulations for collective investment funds and fund management companies and provides addresses (in certain instances) for where this material can be located:

Accounting pronouncements

- Ministry of Finance: www.mf.gov.pl
- Accounting Act
- Decree of the Ministry of Finance on specific accounting principles of investment funds

Regulator

- Polish Financial Supervision Authority: www.knf.gov.pl
- Act on Financial Market Supervision
- Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies
- Act on Trading in Financial Instruments
- Act on Investment Funds

Stock Exchange

www.wse.com.pl

Tax authority

Ministry of Finance: www.mf.gov.pl

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