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# Romania

## Accounting

FUNDS AND FUND MANAGEMENT 2009

### 1.1 Requirement to produce financial statements

#### Requirement to maintain the books and records in the local jurisdiction

All accounting records of Romanian regulated funds must be maintained in and updated in the country. Semiannual and annual financial statements must be prepared and all detailed reconciliations (investments, cash, units, etc) must be performed in the country. Dividends must be issued from the country.

#### Production of financial statements by collective investment funds

Romanian regulated funds are required to produce annual financial statements in accordance with the 4th European Directives as mentioned in the Order 75/2005 issued by the Romanian National Securities Commission (Order 75/2005). The Order 75/2005 is applicable for the periods starting 1 January 2006.

The financial statements are signed by the person responsible for their preparation and are submitted for approval to the board of administrators of the fund's management company. The chairman of the board of administrators of the fund's management company signs the financial statements of the fund upon their approval.

#### Choice of period/year end for collective investment funds

Romanian regulated funds can not choose their own year-end. In accordance with the Order 75/2005 the financial year starts at 1 January and ends at 31 December, except in the first year of activity when financial year starts when the funds commence its activity.

#### Requirement for comparatives

Comparatives are required to be presented in financial statements.

### **Restrictions on the currency under which financial statements must be prepared**

The reporting currency is the Romanian Leu. However, for internal information purposes, financial statements may be presented in other currency.

### **Accounting publications specific to the funds industry (as issued by accounting bodies or the regulators)**

The accounting policies and the content of the financial statements of funds are regulated by the Accounting regulation prepared in accordance with the 4th Directive of the European Economic Community as mentioned in the Order 75/2005 issued by the Romanian National Securities Commission and the Romanian Accounting Law no.82/1991 issued by the Romanian Ministry of Finance.

### **Use of short form accounts**

There are no provisions in legislation for short form accounts.

### **Umbrella schemes**

There are no provisions in legislation with regards to this aspect.

### **Classes of shares**

Financial statements are required which incorporate all classes of shares.

There is no requirement to produce financial statements for each class of share.

## **1.2 Requirement to audit financial statements**

The annual financial statements of funds regulated by Romanian National Securities Commission require annual audits. There is no requirement to audit the interim financial statements

The auditor must be independent of the fund, and should be a member of the Romanian Chamber of Auditors. The interim accounts do not require audit.

## **1.3 Publication of financial statements**

Funds are required to file their annual financial statements together with the Report of administrators and the auditor's report with the Romanian National Securities Commission.

Annual financial statements have to be published in the Romanian Official Gazette. If the financial statements and the report of administrators are published in their entirety they should be in the format and with contents similar to those on which the auditor has issued their audit report. In case they are published in a condensed format, this fact should be mentioned. In this case it should be mentioned just the type of the auditor’s opinion issued and if any emphasize of a matter was included in the auditor’s report.

## 1.4 Accounting standards

For periods starting 1 January 2006 Romanian regulated funds must apply Romanian Accounting Principles (RAP), which is in accordance with the Fourth European Directive.

## 1.5 Contents of financial statements

Requirements for inclusion in annual financial statements:

	Required by Romanian Accounting Regulations (RAP)
A statement which includes all income less expenses plus realized and unrealized gains and losses	No
A statement which only includes income less expenses	No
A statement which only includes income less expenses plus realized gains and losses	Yes
Statements of net assets and liabilities	Yes
Statement of changes in net assets (*)	Yes
Cash flow statement (*)	Yes
Statement of accounting policies	Yes
3-year net asset value table	No
5 year net asset value table	No
Statement of portfolio changes	No
Listing of assets	No
Summary listing of assets	Yes
Related party transactions	Yes
Soft commissions	Yes
Statement of financial preparer’s responsibility	Yes
Investment Manager’s report	Yes
Custodian’s/Trustee’s report	No
Details on the risks of financial instruments used	Yes

\* Not required for open-ended investment funds.

## 1.6 Accounting treatments and disclosures

The following items must be included in the annual financial statements:

	Required by Romanian Accounting Principles (RAP)
Futures are shown on balance sheet using the grossed up notional amount	No
Futures are shown on the balance sheet based on the margin outstanding	No
Futures are shown on the balance sheet based on the margin outstanding and the margin paid to date	No
Organization costs are written off immediately (*)	No
Organization costs are amortized over one year (*)	No
Organization costs are amortized over more than one year (*)	Yes
Issue costs are charged to the statement of operations	Yes
Issue costs are netted off against creation proceeds	No
Contingent deferred sales charges are recorded as income	Not specifically addressed by RAP
Contingent deferred sales charges are netted off against redemption proceeds	Not specifically addressed by RAP
Holdings in other collective investment funds are consolidated if the fund holds > 50% of the underlying collective investment fund's shares (***)	Not specifically addressed by RAP
Methods used in financial statement presentation to measure listed investments are:	
Cost (**)	Yes
Market value:	
bid	No
mid	No
offer	No
close	No
price at any time during the day	No
The financial statements distinguish between income and capital	Yes

\* Organization costs mean set-up costs. Such costs may be amortized over a five years period. Should such cost are not fully amortized no profit distribution is allowed.

\*\* Should market value is lower an impairment provision is booked.

\*\*\* Consolidated financial statements should be prepared in accordance with the requirements of the 7th European Directive as mentioned in the Order 74/2005 issued Romanian National Securities Commission should certain criteria are met.

## Appendix

### Reference material

The following details relevant laws and regulations for collective investment funds and fund management companies and provides web addresses for where this material can be located:

### Regulator

- Romanian National Securities Commission <http://www.cnvmr.ro>
- Romanian Ministry of Finance <http://www.mfinante.ro>

### Law

- 4th European Directive as mentioned in the Order 75/2005 issued by the Romanian National Securities Commission
- 7th European Directives as mentioned in the Order 74/2005 issued by the Romanian National Securities Commission
- Romanian Accounting Law no 81/1991 issued by the Romanian Ministry of Finance

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