

## Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

**Member Name:** Estonian Auditing Board

**Country:** Estonia

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Number	Question Title/Text/Help text	Answer	Comments
<b>IFAC Part 2 SMO Self-Assessment</b>			
1.	<b>SMO 1</b>		
1.1.	<b>Quality Assurance Program</b>		
1.1.1.	<i>Quality Assurance Review Program</i> In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1 <input checked="" type="radio"/> Yes  2 <input type="radio"/> No	
1.2.	<b>Responsibility for Quality Assurance - Overview</b>		
1.2.1.	<i>Responsibility for Quality Assurance</i> Within your jurisdiction, is your organization responsible for monitoring the quality of the work of your members performing audits of financial statements? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Yes - for all audits of financial statements  2 <input type="radio"/> Yes - for all audits except	

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		<p>those of listed entities</p> <p>3 <input type="radio"/> Our organization shares responsibility for the quality assurance program with another body</p> <p>4 <input type="radio"/> No, responsibility for quality assurance for all audits rests with another body</p> <p>5 <input type="radio"/> Other (please describe)</p> <p>6 <input type="radio"/> Not applicable - no members of our organization perform audits of listed entities</p>	
1.2.6.	<p><i>Quality Assurance (Member Body) All Audits - Scope</i></p> <p>What types of engagements are included in the scope of the quality assurance review program? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Financial statement audit - listed entities (minimum requirement)</p> <p>2 <input checked="" type="checkbox"/> Financial statement audit - audit of other than listed entities</p> <p>3 <input checked="" type="checkbox"/> Other services (e.g., review, compilation)</p> <p>4 <input type="checkbox"/> Insolvency</p> <p>5 <input type="checkbox"/> Other (please specify)</p>	
1.4.	<b>Member - Benchmarking</b>		
1.4.1.	<b>Quality Control Standards and Guidance</b>		
1.4.1.1.	<p><i>Quality Control Standards</i></p> <p>Has your organization established and published quality control standards requiring</p>	<p>1 <input type="radio"/> Yes</p>	

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	firms to implement a system of quality control in accordance with International Standard on Quality Control 1?	2 <input checked="" type="radio"/> No	
1.4.1.2.	<i>Quality Control Standards Follow Up</i> What plans does your organization have for developing and issuing quality control standards for your members? If you do not have such plans, what special reasons or conditions for that fact exist?	1 <input type="radio"/> Yes	Auditing activities are regulated in Estonia with Auditing Act. For last three years Estonia has been waiting for EU 8th Directive final outcome, to upgrade our Auditing Act in accordance with international developments. During the year 2006 new Auditing Act will be drafted.
1.4.1.4.	<i>Other Quality Control Guidance</i> Has your organization established and published other quality control guidance to assist your members to understand the objectives of quality control and to implement and maintain appropriate systems of quality control?	1 <input type="radio"/> Yes	
		2 <input checked="" type="radio"/> No	
1.4.1.6.	<i>Other Quality Control Guidance Follow Up</i> What plans does your organization have for developing and issuing other quality control guidance for your members? If you do not have such plans, what special reasons or conditions for that fact exist?	1 <input type="radio"/> Yes	As soon as the new Auditing Act and public oversight arrangements will be in place, we will come back to this question to clarify also Quality Control Guidance.

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1.4.2.	<b>Design of the Quality Assurance Review Program</b>		
1.4.2.1.	<i>Subject of the QA Review Program</i> Who is the subject of the quality assurance review program?	1 <input type="checkbox"/> Audit firm	
		2 <input checked="" type="checkbox"/> Partner	
1.4.2.3.	<i>Partner</i> As a partner is the subject of the quality assurance review program, the quality assurance program should be designed, as required by SMO1, to obtain reasonable assurance that:  - The partner is subject to an adequate system of quality control relating to audits of financial statements of listed entities (and of other entities or engagements that are included within the scope of the review). - The partner complies with that system. - The partner has adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review.  Does the quality assurance review program contain all three of these elements?	1 <input type="radio"/> Yes	
		2 <input checked="" type="radio"/> No	
1.4.2.4.	<i>QA Program - Design Follow up</i> Please describe which of the three design elements required by SMO 1 has not been		Since quality control system is not required (see 1.4.1.2.), first two

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	included in the quality assurance review program and briefly explain any exclusion.	elements are not included	
1.4.2.5.	<i>Publication of Scope</i> Does your organization publish a description of the scope and design of its quality assurance review program?	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
1.4.2.7.	<i>Name of Documents</i> Please name the published document(s) that describe the scope and design of the quality assurance review program.	Instructions for the examination of the professional activity of auditors	
1.4.2.8.	<i>Location of Documents</i> Please indicate where the document(s) that include details on the scope and design of the quality assurance program can be located (e.g., provide internet address or indicate that documents are available from your organization).	<a href="http://www.auditorkogu.ee/eng/">http://www.auditorkogu.ee/eng/</a>	
1.4.3.	<b>Review Cycle</b>		
1.4.3.1.	<i>Selection Approach</i> Please select the approach used to select subjects for quality assurance review. Select all the answer options that are appropriate.	1 <input type="checkbox"/> Cycle approach	
		2 <input checked="" type="checkbox"/> Risk-based approach	

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1.4.3.6.	<p><i>Risk-based Approach</i> Please indicate the risk factors used to determine which firms or partners are reviewed. Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Number of listed entity clients</p> <p>2 <input type="checkbox"/> Number of entities considered to be of public interest</p> <p>3 <input checked="" type="checkbox"/> Past results of quality assurance reviews</p> <p>4 <input checked="" type="checkbox"/> Failure to meet Continuing Professional Development requirements</p> <p>5 <input checked="" type="checkbox"/> Independence violations</p> <p>6 <input type="checkbox"/> Previously identified deficiencies in the design of, or compliance with the firm's system of quality control</p> <p>7 <input checked="" type="checkbox"/> Other (please describe)</p>	<p>Other reasons are: 1. doubtful information in Activity Report; 2. feedback from clients or third parties;</p>
1.4.4.	<p><b>Implementation of the Quality Assurance Program</b></p>		
1.4.4.1.	<p><i>Date of Implementation</i> On what date did the quality assurance review program commence? (provide month/year)</p>	9/1/2000	
1.4.4.2.	<p><i>Number of Reviews - 2005</i> How many quality assurance reviews were completed during the year ended December</p>	32	

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	31, 2005 (or other 12 month period ending in 2005)?		
1.4.4.3.	<i>Number of Reviews - 2004</i> How many quality assurance reviews were completed during the year ended December 31, 2004 (or other 12 month period ending in 2004)?	32	
1.4.4.4.	<i>Number of Reviews - 2003</i> How many quality assurance reviews were completed during the year ended December 31, 2003 (or other 12 month period ending in 2003)?	21	
1.4.5.	<b>Quality Assurance Review Team Procedures</b>		
1.4.5.1.	<i>Publication of Review Guidelines</i> Does your organization publish guidelines for procedures to be followed by quality assurance review teams?	1 <input checked="" type="radio"/> Yes  2 <input type="radio"/> No	
1.4.5.2.	<i>Name of Guidelines</i> State the name of the published document(s) that include the procedures required to be followed by quality assurance review teams.	Instructions for the examination of the professional activity of auditors	
1.4.5.4.	<i>Location of Guidelines</i>		

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	How can the document(s) that include the procedures required to be followed by quality assurance review teams be located (e.g., provide internet address or indicate that documents are available from your organization)?	<a href="http://www.audiitorkogu.ee/eng/">www.audiitorkogu.ee/eng/</a>	
1.4.5.5.	<p><i>Content of Guidelines</i></p> <p>SMO 1 requires that the procedures to be performed during the quality assurance review include:</p> <p>a. An assessment of the system of quality control relating to audits of financial statements of listed entities (minimum requirement)</p> <p>b. Sufficient review of the quality control policies and procedures and reviews of engagement working papers to evaluate:</p> <ul style="list-style-type: none"> <li>- The functioning of that system of quality control, and compliance with it; and</li> <li>- The compliance with professional standards and regulatory and legal requirements in respect of audits of financial statements</li> </ul> <p>c. Review of engagement working papers</p> <p>d. Specific requirements regarding documentation of the review</p> <p>Does your quality assurance review program</p>	1 <input type="radio"/> Yes	



Number	Question Title/Text/Help text	Answer	Comments
	include requirements for all of these procedures?	2☉ No	
1.4.5.6.	<p><i>Content of Review Guidelines Follow Up</i> Which of the elements required by SMO 1 to be addressed in the review guidelines have not been included in the quality assurance review program? Provide a brief explanation about any exclusions.</p>	<p>a. An assessment of the system of quality control relating to audits of financial statements of listed entities (minimum requirement) - there is no quality control system requirement in Estonia</p> <p>b. Sufficient review of the quality control policies and procedures and reviews of engagement working papers to evaluate: - The functioning of that system of quality control, and compliance with it; and - there is no quality control system requirement in Estonia</p> <p>- The compliance with professional standards and regulatory and legal requirements in respect of audits of financial statements - there is no quality control system requirement in Estonia</p> <p>d. Specific requirements regarding documentation of the review - there is no quality control system requirement in Estonia</p>	

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1.4.5.7.	<p><i>Review of Engagement Working Papers</i> SMO 1 requires procedures to be performed for the review of engagement working papers, including the evaluation of:</p> <ul style="list-style-type: none"><li>- The existence and effectiveness of the system of quality control implemented by the subject of the review;</li><li>- Compliance with professional standards and regulatory and legal requirements in performing the engagement;</li><li>- The sufficiency and appropriateness of evidence documented in the working papers; and</li><li>- Whether the auditor's reports are appropriate in the circumstances.</li></ul> <p>Does your quality assurance review program include requirements for all of these procedures?</p>	<p>1 <input checked="" type="radio"/> Yes</p>           <p>2 <input type="radio"/> No</p>	
1.4.5.9.	<p><i>Documentation</i> Do the procedures to be performed by the quality assurance review team require documentation:</p> <ul style="list-style-type: none"><li>- of evidence supporting the quality assurance review report; and</li><li>- that establishes that the quality assurance</li></ul>	<p>1 <input checked="" type="radio"/> Yes</p>	

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	<p>review was carried out in accordance with the established guidelines.</p> <p>Are both of these requirements included in the quality assurance review program?</p>	2○ No	
1.4.6.	<b>The Quality Assurance Review Team</b>		
1.4.6.1.	<p><i>Skills and Competence</i></p> <p>Members of the quality assurance review team should have the necessary competencies to perform expected work. As required by SMO 1, these competencies should include:</p> <ul style="list-style-type: none"> <li>- Appropriate professional education</li> <li>- Relevant professional experience</li> <li>- Specific training on performing quality assurance reviews</li> </ul> <p>Does the quality assurance review program require members of the quality assurance review team to have all three of these competencies?</p>	1○ Yes	All these elements are expected but not explicitly required by review programm.
1.4.6.2.	<p><i>Skills and Competence Follow Up</i></p> <p>Which of the competencies required by SMO 1 has not been included in the quality assurance review program? Provide a brief explanation about any exclusions.</p>	See 1.4.6.1.	

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1.4.6.3.	<i>Certification/Credentials</i> Are members of the quality assurance review team required to possess certification or credentials issued by your organization to be eligible to serve as team members?	1 <input checked="" type="radio"/> Yes  2 <input type="radio"/> No	
1.4.6.5.	<i>Quality Assurance Review Team Leader</i> Where more than one reviewer is used to conduct a review, is a quality assurance review team leader assigned for each quality assurance review assignment?	1 <input type="radio"/> Yes  2 <input checked="" type="radio"/> No	There is no specific procedure to assign team leader. Still, as all review teams gather one member of the management board and one, who is not the member of the management board, the first ones' are informally team leaders.
1.4.6.6.	<i>QA Review Team Leader Follow Up</i> Please explain why a quality assurance review team leader is not assigned for each quality assurance review assignment.	See 1.4.6.5.	
1.4.6.7.	<i>QA Review Team Leader - Responsibilities</i> As required by SMO 1, the responsibilities of the quality assurance review team leader should include:  - Supervision of the quality assurance review.	1 <input type="radio"/> Yes	Although used in day to day practice, it is not formally established in quality assurance programm.

Number	Question Title/Text/Help text	Answer	Comments
	<p>- Communication of the quality assurance review team's conclusions to the subject of the review.</p> <p>- Preparation of the quality assurance review report.</p> <p>Does the quality assurance program place all these responsibilities on the review team leader?</p>	2☉ No	
1.4.6.8.	<p><i>QA Review Team Leader - Responsibilities Follow Up</i></p> <p>Explain the reasons why one or more of these responsibilities have not been placed on the quality assurance review team leader.</p>	See 1.4.6.7.	
1.4.6.9.	<p><i>Size of Quality Assurance Review Team</i></p> <p>Please estimate the average number of reviewers included on a review team.</p>	2	
1.4.7.	<p><b>Quality Assurance Confidentiality - QA Review Team</b></p>		
1.4.7.1.	<p><i>Exemption for QA Reviewers</i></p> <p>Does your organization exempt members from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews?</p>	1☉ Yes	<p>NB! The question should be rather expressed as following</p> <p>- Does your organization exempt members from professional client confidentiality requirements</p>

Number	Question Title/Text/Help text	Answer	Comments
		2○ No	concerning audit engagement working papers for the purpose of quality assurance reviews?
1.4.7.3.	<i>Confidentiality Requirements</i> Is the quality assurance review team required to follow professional confidentiality requirements similar to those established for professional accountants performing audits of financial statements?	1⊙ Yes	
		2○ No	
1.4.8.	<b>Ethical Requirements and QA Review Team</b>		
1.4.8.1.	<i>Fundamental Principles</i> Are the fundamental principles set out in the IFAC Code of Ethics (relevant national ethical requirements) considered in relation to the quality assurance review team's conduct of a review?	1⊙ Yes	
		2○ No	
1.4.8.3.	<i>Consideration of Independence</i> Quality assurance review team members are expected to be independent of the member (i.e., the accountant or firm being reviewed) and the member's clients selected for review.  Do those who select and approve a review team determine whether the independence of the quality assurance review team leader and	1⊙ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	each member of the quality assurance review team has been reasonably assured?	2○ No	
1.4.8.5.	<i>Reciprocal Reviews</i> Where the review is performed by team members from a single firm (e.g., a "peer review"), please indicate whether firms are permitted to perform reciprocal quality assurance reviews.	1○ Yes, reciprocal reviews are permitted  2○ No, reciprocal reviews are not permitted 3⊙ Not applicable - peer review is not used	
1.4.9.	<b>Reporting</b>		
1.4.9.1.	<i>Quality Assurance Review Report</i> Is the quality assurance review team leader required to issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment?	1⊙ Yes  2○ No	
1.4.9.3.	<i>Contents of Report</i> As required by SMO 1, the quality assurance review report should include the following elements:  - The review guidelines (referred to in Question 1.4.5.1) utilized by the quality assurance review team. - Recommendations for areas of	1⊙ Yes	

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	<p>improvement at both firm wide and engagement level.</p> <p>Does the quality assurance program require both of these elements to be included in the report?</p>	2 <input type="radio"/> No	
1.4.9.6.	<p><i>Contents of Report - Partner</i></p> <p>As required by SMO 1, the quality assurance review report should include the following conclusions:</p> <ul style="list-style-type: none"> <li>- Whether the partner has been subject to a system of quality control designed to meet the requirements of the quality control standards;</li> <li>- Whether the partner has complied with the firm's system of quality control during the period under review; and</li> <li>- Reasons for negative conclusions on either or both of the above.</li> </ul> <p>Does the quality assurance program require all of these elements to be included in the report?</p>	1 <input type="radio"/> Yes	System of quality control is not required in Estonia
1.4.9.7.	<p><i>Contents of Report Follow Up</i></p> <p>Please explain why any element required by SMO 1 to be included in the quality</p>	2 <input checked="" type="radio"/> No	See 1.4.9.6.



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	assurance review report has not been included.		
1.4.9.8.	<i>Response to Reporting</i> Is the subject of the review required to provide a timely written response to the recommendations and conclusions of the quality assurance review report, including planned actions and expected time of completion or implementation?	1 <input type="radio"/> Yes  2 <input checked="" type="radio"/> No	
1.4.9.9.	<i>Response to Reporting Follow Up</i> Please explain why the subject of the review is not required to provide a timely written response to the recommendations and conclusions of the quality assurance review report.	Minor problems are expected to be solved by auditor itself. Major problems will be brought up during the disciplinary hearings and updated during the subsequent quality assurance review	
1.4.9.10.	<i>Reporting to the Public</i> Does your organization prepare and make available to the public (and upon request from regulatory authorities) an annual report summarizing the results of the quality assurance review program?	1 <input checked="" type="radio"/> Yes  2 <input type="radio"/> No	
1.4.10.	<b>Corrective and Disciplinary Actions</b>		
1.4.10.1.	<i>Corrective Actions Required</i> Does your organization require each of its members to make appropriate corrections to	1 <input checked="" type="radio"/> Yes	

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	its system of quality control, or in its compliance with policies and procedures?	2○ No	
1.4.10.3.	<i>Disciplinary Actions</i> If one of your members subsequently fails to demonstrate compliance with professional standards and regulatory and legal requirements, do you take appropriate disciplinary action?	1⊙ Yes	
		2○ No	
1.4.10.5.	<i>Linkage with Disciplinary Actions</i> Does your organization clearly establish a link between less than satisfactory results of quality assurance reviews and the initiation of corrective and disciplinary actions under its disciplinary system?	1⊙ Yes	
		2○ No	
2.	<b>SMO 2</b>		
2.1.	<i>MB Membership Requirements</i> Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.	1☑ Complete a program of professional accountancy education  2☑ Complete a practical experience requirement  3☑ Complete a final assessment of the individual's	There is requirement to have a bachelor degree, but there is no specific requirement to complete a program of professional accountancy education

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		<p>professional capabilities and competencies</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.2.	<p><i>Continuous Professional Development</i></p> <p>Is there a requirement for your members to develop and maintain competence through continuous professional development (CPD)?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
2.3.	<b>Professional Accountancy Education</b>		
2.3.1.	<p><i>Professional Accountancy Education Program</i></p> <p>Who delivers the professional accountancy education program for your members? Select all the answer options that are appropriate.</p>	<p>1 <input type="checkbox"/> Our organization</p> <p>2 <input type="checkbox"/> Another IFAC member body</p> <p>3 <input checked="" type="checkbox"/> Universities</p> <p>4 <input type="checkbox"/> Approved training institutions</p> <p>5 <input type="checkbox"/> Government bodies</p> <p>6 <input type="checkbox"/> Other organizations</p>	
2.3.2.	<p><i>Describe Other Organizations</i></p> <p>Where your response in question 2.3.1 indicates another IFAC member body, universities, approved training institutions, and / or other organizations deliver the professional accountancy education program, describe these organizations and their legal authority to deliver the program. (Include the name of the other IFAC</p>	<p>All universities accredited by the government to issue bachelor degree are accepted.</p>	

Number	Question Title/Text/Help text	Answer	Comments
	member body where relevant).		
2.3.3.	<p><i>Prof Accountancy Education Program Follow Up</i> Please describe how your organization ensures the professional accountancy education program, delivered by the organization in response to question 2.3.1., meets the required content.</p> <p>Include in your description the specific activities your organization undertakes with regards to the necessary content requirements.</p>	<p>The final auditor exam is the test ensuring that sufficient knowledge has been acquired. Currently our organisation does not influence the education programs of universities.</p>	
2.11.	<b>IES 5 Practical Experience Requirement</b>		
2.11.1.	<p><i>Approved Provider</i> Section 2.11 deals with the practical experience requirement established by your organization.</p> <p>Does the practical experience requirement have to be obtained with approved providers or employers?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	<p>The practical experience requirement has to be obtained under licenced auditor (member of our professional body) supervision</p>
2.11.2.	<p><i>Provider Characteristics</i> Please describe the characteristics set by your organization for recognizing approved providers.</p>	<p>All licenced auditors (members of our professional body) are approved</p>	

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2.11.4.	<i>Length of Practical Experience</i> What is the required length of pre-qualification practical experience? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Three years 2 <input type="radio"/> Less than three years 3 <input type="radio"/> More than three years	
2.11.6.	<b>Practical Application SMO 2</b>		
2.11.6.1.	<i>Practical Application</i> Where relevant graduate (beyond undergraduate, e.g., masters) professional education has a strong element of practical accounting application, may any portion of the professional education be contributed to the practical experience requirement?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
2.11.7.	<b>Timing of Experience</b>		
2.11.7.1.	<i>Pre or Post Qualification Experience</i> The practical experience for accountants may be obtained (select all the answer options that are appropriate):	1 <input checked="" type="checkbox"/> Before the professional accountancy education program of study 2 <input checked="" type="checkbox"/> At the same time as the professional accountancy education program of study	In p 2.1 we notified that in Estonia there is no need to complete professional accountancy education programm. Instead bachelor degree is required and there is no difference, either the practical experience is obtained prior, during or after obtaining degree.

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		3 <input checked="" type="checkbox"/>	After the professional accountancy education program of study
2.11.7.2.	<i>Describe Pre or Post Experience</i> Describe the length of practical experience that may be obtained pre-qualification and / or post-qualification.		See answer to p 2.11.7.1.
2.12.	<b>IES 5 Monitoring of Practical Experience Requirement</b>		
2.12.1.	<i>Monitoring of Practical Experience</i> Is the period of practical experience monitored?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
2.12.3.	<i>Monitoring Practical Experience</i> How is the practical experience requirement (or practical application) monitored and assessed? Select all the answer options that are appropriate.	1 <input type="checkbox"/> Mentoring system 2 <input type="checkbox"/> Approved training employers and organizations 3 <input type="checkbox"/> Self-declaration required from the candidate 4 <input checked="" type="checkbox"/> Record of the practical experience is kept and submitted to the member body when applying for membership 5 <input type="checkbox"/> An assessment is made by the mentor or employer	

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		6 <input type="checkbox"/> Other (please describe)	
2.13.	<b>IES 6 Assessment of Prof Capabilities and Competence</b>		
2.13.1.	<p><i>Assessment by IFAC Body or Other</i></p> <p>Section 2.13 deals with the final assessment requirements established by your organization.</p> <p>Select all the organizations involved in conducting the final assessment.</p> <p>If the final assessment is conducted jointly between various organizations, select all those that have some responsibility for conducting the final assessment and in the Comment Box, describe the nature of their respective roles and responsibilities.</p>	<p>1 <input type="checkbox"/> Our organization (including training entities that are affiliated with our organization or a subsidiary of our organization).</p> <p>2 <input type="checkbox"/> Another IFAC member body</p> <p>3 <input checked="" type="checkbox"/> Government or regulatory body</p> <p>4 <input type="checkbox"/> Other</p>	
2.13.2.	<p><i>Assessment - Name of IFAC Organization SMO 2</i></p> <p>State the name of the IFAC member body, government or regulatory body, or other organization that conducts the final assessment.</p>	Professional Qualifications Committee	
2.13.3.	<p><i>MB Input Follow Up</i></p> <p>Please describe how does your organization</p>	Professional Qulaifications	

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	provide input into the government or regulatory body or other organization's assessment activities?	Committee has 9 members, 4 of which are members of our professional body named by our General Assembly	
2.13.4.	<i>Characteristics of Assessment</i> Which of the following characteristics are applicable to the final assessment process? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Uniform for all students</p> <p>2 <input type="checkbox"/> Given simultaneously where it is being held in more than once location in the country</p> <p>3 <input checked="" type="checkbox"/> Assessment is set and assessed only by qualified or approved individuals</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.13.5.	<i>Qualifying for Final Assessment</i> What requirements must the candidate satisfy to take the final assessment? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Specified pre-qualification requirements relating to professional knowledge, professional skills, and professional values, ethics, and attitudes	<p>Authorized Public Accountants Act states:</p> <p>§ 21. Requirements for auditors</p> <p>(1) A natural person:</p> <p>1) who has active legal capacity;</p> <p>2) whose level of education</p>



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		<input checked="" type="checkbox"/> Specified practical experience requirements <input checked="" type="checkbox"/> Other (please describe) <input type="checkbox"/> None of the above	<p>corresponds at least to a bachelor's degree recognised by the state;</p> <p>3) who has an impeccable reputation;</p> <p>4) who has received theoretical training necessary to engage in the professional activities of auditors and has three years of practical work experience under the supervision of an auditor;</p> <p>5) who has passed the examination</p>
2.13.6.	<p><i>Timing Considerations for Final Assessment</i></p> <p>Is there a requirement or restriction for completing the final assessment? For example, some organization may require the candidate to take the final examination within a specified number of years of meeting the pre-assessment requirements.</p>	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p>	

Number	Question Title/Text/Help text	Answer	Comments
2.13.8.	<p><i>Assess Professional Knowledge</i> Describe in general terms how required professional knowledge (e.g. technical knowledge about accounting, finance, audit, financial reporting, legislative requirements, information technology etc) is assessed during the final assessment.</p>	<p>Professional knowledge is assessed during the examination, which contains two parts: 1. test of theoretical knowledge; 2. solving practical tasks</p>	
2.13.9.	<p><i>Assess Professional Skills</i> Describe in general terms how required professional skills (e.g. ability to solve problems, make decisions, exercise judgment, personal skills, interpersonal and communication skills, organizational and business management skills etc) are assessed during the final assessment.</p>	See answer to 2.13.8.	
2.13.10.	<p><i>Assess Professional Values, Ethics, Attitudes</i> Describe in general terms how required professional values, ethics, and attitudes are assessed during the final assessment.</p>	These are assessed as a part of the test of theoretical knowledge and practical tasks solving	
2.13.11.	<p><i>Recorded or Oral Format</i> Is the final assessment conducted through:</p>	<p>1 <input checked="" type="radio"/> Recorded format with recorded (e.g. written) response required 2 <input type="radio"/> Oral format with oral responses 3 <input type="radio"/> Both recorded and oral response formats</p>	

Number	Question Title/Text/Help text	Answer	Comments
2.13.13.	<p><i>Assessment Formats</i> What formats are used in conducting the final assessment (select all the answer options that are appropriate)?</p>	<p>1 <input checked="" type="checkbox"/> Multiple choice questions</p> <p>2 <input checked="" type="checkbox"/> Case studies</p> <p>3 <input checked="" type="checkbox"/> Technical questions</p> <p>4 <input type="checkbox"/> Thesis</p> <p>5 <input type="checkbox"/> Other (please describe)</p> <p>6 <input type="checkbox"/> None of the above</p>	
2.13.14.	<p><i>Reliability and Validity</i> Describe in general terms the procedures in place to ensure the final assessments are reliable and valid. Include a description of how the assessment questions are set and by whom and also how reviewers / assessors are selected.</p>	<p>Professional qualifications committee, having 9 members (1 from FSA, 1 from State Audit Office, 3 from the Ministry of Finance, 4 from our professional body), forms Examination Committee among its members, who develops the questions and assesses the results. Results assessments are organised so that assessors do not know who's papers they are assessing. Final decisions on passing exams is done by PQC.</p>	
2.13.15.	<p><i>Frequency of Final Assessments</i> How many times in a year is the final assessment offered? Select the answer option that is the most appropriate.</p>	<p>1 <input checked="" type="radio"/> Yearly (or once a year)</p> <p>2 <input type="radio"/> Half yearly (or twice a year)</p> <p>3 <input type="radio"/> Three sessions a year</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>4○ Four sessions a year 5○ Five sessions a year 6○ Other (please describe the frequency of the examinations)</p>	
2.14.	<p><b>IES 7 Continuing Professional Development - CPD</b></p>		
2.14.1.	<p><i>Responsibility for CPD Requirements</i> Section 2.14 deals with the continuous professional development requirements established by your organization.</p> <p>Who establishes the continuous professional development requirements applicable to your members? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> Our organization</p> <p>2<input checked="" type="checkbox"/> Another organization (state the name of the organization including whether it is an IFAC member body)</p> <p>3<input checked="" type="checkbox"/> Law and / or regulation (state the name of the law /</p>	<p>General requirement for continuous professional development is set in Estonian Auditing Guidelines, which is developed by our Management Board, on which consent is given by our General Assembly and which is finally approved by the Minister of Finance.</p> <p>Direct responsibility to organize continuous educations rests with our Management Board.</p>

Number	Question Title/Text/Help text	Answer	Comments
		<p>regulation)  <input type="checkbox"/> Other (please describe)</p>	
2.14.2.	<p><i>CPD and Professional Accountants</i>            Which membership categories are required to maintain professional competence through continuous professional development? Select all the answer options that are appropriate.</p>	<p><input checked="" type="checkbox"/> All our qualified members</p> <p><input type="checkbox"/> Qualified members who perform audits of listed entities</p> <p><input type="checkbox"/> Qualified members who perform audits of entities other than listed entities</p> <p><input type="checkbox"/> Qualified members who provide services (other than audit) to the public</p> <p><input type="checkbox"/> Qualified members who are employed in business</p> <p><input type="checkbox"/> Other (please describe)</p>	
2.14.3.	<p><b>Requirement - CPD</b></p>		
2.14.3.1.	<p><i>Type of CPD Requirement</i>            Which of the following answer options describes the way the continuous professional development is structured? Select all the answer options that are appropriate.</p>	<p><input checked="" type="checkbox"/> Members must satisfy a number of hours of continuous professional development a year or over a number of years</p> <p><input type="checkbox"/> All members are to satisfy</p>	<p>There is no exact number of hours of continuous professional development required, but their CPD hours reported to us, are used as a basis to estimate whether it is satisfactory</p>

Number	Question Title/Text/Help text	Answer	Comments
		<p>specified content requirements (e.g. specified courses or knowledge content)</p> <p>3 <input type="checkbox"/> Members working in specialist areas or areas of high risk to the public are to satisfy specified content requirements (e.g. specified courses or knowledge content)</p> <p>4 <input type="checkbox"/> Other</p>	
2.14.3.3.	<p><i>Hours of Continuous Professional Development</i></p> <p>Which one of the following answer options best describes the continuous professional development hours required?</p>	<p>1 <input type="radio"/> Members have to complete a minimum of 120 hours or equivalent learning units of relevant professional development activity over a three-year rolling period.</p> <p>2 <input type="radio"/> Members have to complete a minimum of 20 hours or equivalent learning units in each year</p> <p>3 <input checked="" type="radio"/> Other</p>	<p>There is no exact number of hours of continuous professional development required. No training or clearly insufficient training or other indicators, showing the lack of continuous professional learning, are considered as risk factors requiring further steps</p>

Number	Question Title/Text/Help text	Answer	Comments
2.14.3.4.	<i>Other Hours Follow Up</i> Describe the continuous development hours required by members.	There is no exact number of hours of continuous professional development required.	See also 2.14.3.3.
2.14.3.8.	<i>Monitoring of CPD</i> Is there a process to monitor whether your members who are qualified as professional accountants meet the continuous professional development requirements?	1 <input checked="" type="radio"/> Yes, there is a monitoring process for CPD requirements	2 <input type="radio"/> No, there is no monitoring process for CPD requirements
2.14.4.	<b>Monitoring of CPD Requirement</b>		
2.14.4.1.	<i>Monitoring Process SMO 2</i> Which of the following elements does the monitoring process include? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Professional accountants are required to submit a declaration 2 <input type="checkbox"/> Professional accountants are required to submit evidence 3 <input checked="" type="checkbox"/> Our organization audits a sample of professional accountants to check compliance 4 <input type="checkbox"/> Compliance is monitored through firm quality control standards 5 <input checked="" type="checkbox"/> Compliance is monitored through a quality assurance	

Number	Question Title/Text/Help text	Answer	Comments
		<p>review program</p> <p><input type="checkbox"/> Other (please describe)</p> <p><input type="checkbox"/> None of the above</p>	
2.14.4.2.	<p><i>Declaration and CPD SMO 2</i></p> <p>Describe the matters addressed in the declaration (select all that apply):</p>	<p><input type="checkbox"/> Professional accountant's obligation to meet ethical obligations</p> <p><input type="checkbox"/> Professional accountant's obligation to maintain knowledge</p> <p><input type="checkbox"/> Professional accountant's obligation to maintain skills to perform competently</p> <p><input type="checkbox"/> Compliance with CPD requirement</p> <p><input checked="" type="checkbox"/> Other (please describe)</p>	<p>Every third year auditor has to present activity report, where all passed trainings have to be reported</p>
2.14.4.3.	<p><i>Sanctions SMO 2</i></p> <p>Where a professional accountant does not satisfy the CPD requirements (within a reasonable period of encouraging the professional accountant to meet the requirements), are sanctions or other non-compliance actions, such as expulsion or denial of the right to practice, imposed?</p>	<p><input checked="" type="radio"/> Yes, sanctions or actions for non-compliance are imposed</p> <p><input type="radio"/> No, sanctions or other non-</p>	<p>There are no exact CPD requirements. However if there is evidence or doubts that auditor is not sufficiently educated, the quality control will be performed and if results prove it and management board finds it necessary to sanction it, disciplinary sanctions will be imposed.</p>



Number	Question Title/Text/Help text	Answer	Comments
		compliance actions are not imposed	
2.14.4.4.	<i>Sanction Types and CPD</i> Describe the nature and extent of the sanction, expulsions or denial of the right to practice.	Authorised Public Accountants Act § 45 states:  2) Disciplinary punishments include: 1) admonition; 2) reprimand; 3) fine; 4) suspension of the professional activities of an auditor for a period of three months to one year; 5) termination of the professional activities of an auditor.	
2.15.	<i>Activities to Promote IESs SMO 2</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements issued by IFAC's International Accounting Education Standards Board.	Our management board decided to start to notify all our members and Professional Qualifications Committee about IES requirements	
3.	<b>SMO 3</b>		
3.1.	<i>Auditing Standards in Law/Regulation</i> Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that	1 <input checked="" type="checkbox"/> Yes for audits of listed entities	

Number	Question Title/Text/Help text	Answer	Comments
	<p>are appropriate.</p> <p>Where the law / regulation establishes the auditing standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes questions about the standard-setter and the auditing standards that are established.</p>	<p>2 <input checked="" type="checkbox"/> Yes for audits of non-listed entities</p> <p>3 <input type="checkbox"/> No for audits of listed entities</p> <p>4 <input type="checkbox"/> No for audits of non-listed entities</p>	
3.8.	<b>Law/Reg and Auditing Standards</b>		
3.8.1.	<p><i>Law/Reg Auditing Standards - Private Sector</i></p> <p>Is there only one set of auditing standards or are the auditing standards applicable to listed entities different from non-listed entities?</p>	<p>1 <input checked="" type="radio"/> The auditing standards for listed entities and non-listed entities are the same set of standards</p> <p>2 <input type="radio"/> The auditing standards for</p>	

Number	Question Title/Text/Help text	Answer	Comments
			listed entities and non-listed entities are not the same set of standards
3.8.2.	<i>Auditing Standards for Private Sector</i> Does the law/regulation require the use of IAASB pronouncements? Select the answer option that is most appropriate.	<p>1 <input type="radio"/> The law/regulation simply refers to IAASB pronouncements as the auditing standards (without bringing in the full or partial text of individual IAASB pronouncements)</p> <p>2 <input type="radio"/> The law/regulation contains the full text of each IAASB pronouncement</p> <p>3 <input checked="" type="radio"/> The law/regulation contains the basic principles and essential procedures of the IAASB pronouncement</p> <p>4 <input type="radio"/> The law / regulation has a requirement to use IAASB pronouncements using another approach (please describe)</p> <p>5 <input type="radio"/> The law / regulation requires the use of national standards with no reference to IAASB pronouncements</p>	
3.8.9.	<i>MB Responsibilities and IAASB SMO 3</i> Does your organization have responsibility for any of the following activities? Select all	1 <input checked="" type="checkbox"/> Develop other authoritative pronouncements	

Number	Question Title/Text/Help text	Answer	Comments
	the answer options that are appropriate.	<input type="checkbox"/> Promulgate the IAASB pronouncements established by law / regulation (e.g. by publishing or communicating the standards to the public) <input type="checkbox"/> Other (please describe) <input type="checkbox"/> None of the above	
3.8.10.	<i>Authoritative Pronouncements and Law/Reg SMO 3</i> Please state the name of the other authoritative pronouncements and describe their purpose.	Estonian Auditing Guidelines - auditors professional activities should be carried out in accordance with Estonian Auditing Guidelines	
3.8.11.	<i>Describe Activities and Law/Reg SMO 3</i> Describe your organization's activities for promulgating and / or implementing the standards.	Management board of the Board of Auditors prepares the auditing guidelines and submits the guidelines to the general meeting of the Board of Auditors for consent and then to the Minister of Finance for approval	
3.9.	<b>Law / Reg and MB Responsibilities SMO 3</b>		
3.9.1.	<i>Incorporation into Law/Reg SMO 3</i> Is information publicly available about the IAASB pronouncements that have been established into law/regulation, including:	1 <input type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
	<p>The IAASB pronouncements that have been established into law / regulation; Whether the IAASB pronouncement established into law / regulation is the version in effect as at September 30, 2005; The effective date set by law / regulation where it differs from the IAASB pronouncement; The differences between the IAASB pronouncement and what was established into law / regulation; and The reasons for the differences?</p>	<p>2☉ No</p>	
3.9.2.	<p><i>Incorporation Description - Law/Reg SMO 3</i> If information about IAASB pronouncements that have been established into law / regulation is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, refer to the <a href="#">SMO 3 Comparison with IAASB Pronouncements.doc</a>&gt;SMO 3: Comparison with IAASB Pronouncements&lt;/a&gt; report by clicking on the link and complete it to the extent your organization is able to and submit it in Word</p>	<p>1☉ Yes, information is available and in English and will be submitted to Compliance Staff</p>	<p>Please see Estonian Auditing Guidelines in:  <a href="http://www.auditorkogu.ee/eng/?sd=a0525930fb16efb74cae59ba854a1038&amp;p=85">http://www.auditorkogu.ee/eng/?sd=a0525930fb16efb74cae59ba854a1038&amp;p=85</a>  , where at the end of next page is a list of IAASB pronouncements:  <a href="http://www.auditorkogu.ee/eng/?sd=5f6d07fd83d9a4e100f307a67c452990&amp;p=88">http://www.auditorkogu.ee/eng/?sd=5f6d07fd83d9a4e100f307a67c452990&amp;p=88</a></p>

Number	Question Title/Text/Help text	Answer	Comments
	<p>format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report.</p>	<p>2○ No, information is not available; however our organization or jointly with another IFAC member / associate will complete the "SMO 3: Comparison with IAASB Pronouncements" report and submit it to Compliance Staff</p> <p>3○ No, information is not available</p>	
3.10.	<b>Translation SMO 3</b>		
3.10.1.	<p><i>Translation of IAASB Pronouncements</i></p> <p>Are the IAASB pronouncements translated into a national language?</p>	<p>1○ No as English is the national language or a widely spoken language</p> <p>2⊙ Yes, the IAASB pronouncements are translated</p> <p>3○ No and English is not an official language or is not widely spoken</p>	
3.10.2.	<p><i>IFAC Translation Policy SMO 3</i></p> <p>Is the IFAC Translation Policy followed?</p>	1○ Yes	Majority of materials has

Number	Question Title/Text/Help text	Answer	Comments
		2⓪ No	been translated prior IFAC TP issue. Currently Estonia is implementing IFAC TP.
3.10.3.	<i>Principal Translator SMO 3</i> Who is the principal translator? Select the answer option that is most appropriate.	1⓪ Our organization is the principal translator 2⓪ The government or another organization is the principal translator 3⓪ Our organization and the government or another organization are the principal translators	
3.10.4.	<i>Key Words SMO 3</i> Does the translation process include a list of key words?	1⓪ Yes 2⓪ No	
3.10.5.	<i>Faithful Translation SMO 3</i> What processes are in place to ensure a faithful translation of the IAASB pronouncements?	In respect of pronouncements issued prior 31.12.2005, there was principal translator contracted, who's responsibility was to ensure that translation is professionally adequate.  To the pronouncements since 01.01.2006 we are implementing IFAC translation policy.	

Number	Question Title/Text/Help text	Answer	Comments
3.11.	<p><i>Activities to Promote IAASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote and assist in the implementation of IAASB pronouncements and other IAASB activities.</p>	<p>Estonian Board of Auditors has translated IFAC Handbook (CoE, ISAs, IAPs), which was originally issued on a paper copy and which is electronically available since 2005.</p>	
4.	<b>SMO 4</b>		
4.1.	<b>Responsibility and National Ethical Requirements</b>		
4.1.1.	<p><i>IFAC MB and Ethical Requirements</i></p> <p>Does your organization establish ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) to be complied with by your members?</p> <p><b>Help text:</b> In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.</p>	<p>1 <input checked="" type="radio"/> Yes, our organization does establish ethical requirements</p> <p>2 <input type="radio"/> No, our organization does not establish ethical requirements</p>	
4.1.2.	<p><i>IFAC MB and Convergence with IFAC Code</i></p> <p>Has your organization implemented convergence with the IFAC Code of Ethics as an objective?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
4.1.9.	<i>IFAC MB Approach to Ethics</i>		



Number	Question Title/Text/Help text	Answer	Comments
	<p>Which of the following options best describes your organization's activities to incorporate the IFAC Code?</p> <p>For the purposes of the Part 2 SMO 4 module, modifications include: Deletion/omission of concepts, principles, or guidance that are established in the IFAC Code; Inclusion of concepts, principles, or guidance that are not in the IFAC Code; Other amendments that give rise to differences between your organization's ethical requirements and the IFAC Code.</p>	<p>1 <input type="radio"/> Our organization adopted the IFAC Code as issued without modifications</p> <p>2 <input type="radio"/> Our organization adopted the IFAC Code but with modifications</p> <p>3 <input type="radio"/> Our organization has developed our own ethical requirements with a process to eliminate differences between our ethical requirements and the IFAC Code</p> <p>4 <input checked="" type="radio"/> Our organization develops our own ethical requirements and uses another approach to incorporate the IFAC Code of Ethics</p>	<p>Currently there are Estonian Auditing Guidelines, containing also ethical requirements, which are developed by our organization.</p> <p>Our intention is to adopt IFAC Code of Ethics.</p>

Number	Question Title/Text/Help text	Answer	Comments
4.1.11.	<i>IFAC MB and Other - Describe</i> Describe the approach used by your organization to incorporate the IFAC Code of Ethics.	Ethics requirements included in our Auditing Guidelines are based on IFAC CoE.	
4.2.	<b>MB and Version of IFAC Code</b>		
4.2.1.	<i>Version of IFAC Code</i> Which version of the IFAC Code was adopted or used as the basis for your organization's ethical requirements?	<input type="radio"/> 1 The IFAC Code currently in effect, revised and issued in June 2004 <input checked="" type="radio"/> 2 A version issued prior to 2004 <input type="radio"/> 3 The revised IFAC Code issued and in effect June 30, 2006	
4.2.2.	<i>Version Pre 2004 Follow Up SMO 4</i> Please explain why the IFAC Code that is currently in effect has not been adopted or incorporated. Provide information about special conditions, challenges, or impediments relevant to this matter.	Estonian Board of Auditors has an intention to adopt IFAC CoE with new Auditing Act.	
4.2.3.	<i>MB and Revised Code</i> Does your organization have plans to adopt the revised IFAC Code (effective June 30, 2006) or revise your ethical requirements to incorporate the revised IFAC Code? Select the option that is the most relevant.	<input type="radio"/> 1 Our organization has already amended our ethical requirements for the revised IFAC Code (effective June 30, 2006) <input checked="" type="radio"/> 2 Our organization is in the process of amending or has	

Number	Question Title/Text/Help text	Answer	Comments
		<p>included a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>3○ Our organization currently has not included in our work program a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>4○ Other (please describe)</p>	
4.2.5.	<p><i>MB and Revision Plans</i> Please describe the work program timetable.</p>	<p>IFAC CoE effective since 30.06.06 is already translated into Estonian, there will be realted introductory training prior our General Meeting this year and we have intention to take it into use. Exact timetable depends on legislative procedures.</p>	
4.3.	<p><i>Ethical Requirements by Gov / Reg Bodies</i> In addition to the ethical requirements established by your organization, are there also laws or regulations that set out ethical requirements to be complied with by your members?</p>	<p>1○ Yes</p> <p>2⊙ No</p>	
4.5.	<p><i>Comparison of Requirements SMO 4</i> Does your organization have information</p>	<p>1○ Yes, our organization has this</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>that identifies any differences between the IFAC Code of Ethics currently in effect or the revised Code and the national ethical requirements? In responding to this question, differences include:</p> <p>Principles, concepts, and guidance in the IFAC Code that are not addressed in the national ethical requirements; Principles, concepts, and guidance in the IFAC Code that are not equivalent to the national ethical requirements; Principles, concepts, rules, regulations, laws, or other mandatory ethical requirements in national ethical requirements that are not addressed in the IFAC Code.</p> <p>The phrase "national ethical requirements" as used in this questionnaire refers to the totality of ethical requirements established by your organization and others including government and regulatory bodies that are applicable to your members.</p>	<p>information and it will be submitted</p>	<p>2○ This information will be submitted by another IFAC member body 3⊙ No, the information is not available</p>
4.6.	<b>Fundamental Principles - National</b>		
4.6.1.	<b>Integrity - Principle</b>		

Number	Question Title/Text/Help text	Answer	Comments
4.6.1.1.	<i>Integrity</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "integrity" as described in the revised IFAC Code?	<input checked="" type="radio"/> 1 Yes, professional accountants are required to comply with the same principle <input type="radio"/> 2 Yes, professional accountants are required to comply with a similar or equivalent principle <input type="radio"/> 3 The same or similar / equivalent principle has not been established	
4.6.1.2.	<i>Integrity Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> 1 Our organization's ethical requirements <input type="checkbox"/> 2 Law that regulates professional accountants and / or auditors <input type="checkbox"/> 3 Securities regulation <input type="checkbox"/> 4 Other laws and / or regulation	
4.6.2.	<b>Objectivity - Principle</b>		
4.6.2.1.	<i>Objectivity</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "objectivity" as described in the revised IFAC Code?	<input type="radio"/> 1 Yes, professional accountants are required to comply with the same principle <input checked="" type="radio"/> 2 Yes, professional accountants are required to comply with a similar or equivalent principle	

Number	Question Title/Text/Help text	Answer	Comments
		3 <input type="radio"/>	The same or similar / equivalent principle has not been established
4.6.2.2.	<i>Objectivity Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/>  2 <input type="checkbox"/>  3 <input type="checkbox"/> 4 <input type="checkbox"/>	Our organization's ethical requirements  Law that regulates professional accountants and / or auditors  Securities regulation Other laws and / or regulation
4.6.2.3.	<i>Objectivity - Other</i> Please state the term used to describe this principle and how this principle is defined.		§ 3. Objectivity - The auditor should be fair and should not allow prejudice or bias or influence of others to override objectivity.
4.6.3.	<b>Professional Competence / Due Care - Principle</b>		
4.6.3.1.	<i>Prof Competence / Due Care</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional competence and due care" as described in the revised IFAC Code?	1 <input type="radio"/>  2 <input checked="" type="radio"/>	Yes, professional accountants are required to comply with the same principle  Yes, professional accountants are required to comply with a similar or equivalent principle

Number	Question Title/Text/Help text	Answer	Comments
		3 <input type="radio"/> The same or similar / equivalent principle has not been established	
4.6.3.2.	<p><i>Prof Competence / Due Care Req</i></p> <p>Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Our organization's ethical requirements</p> <p>2 <input type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3 <input type="checkbox"/> Securities regulation</p> <p>4 <input type="checkbox"/> Other laws and / or regulation</p>	
4.6.3.3.	<p><i>Prof Competence / Due Care - Other</i></p> <p>Please state the term used to describe this principle and how this principle is defined.</p>	<p>§ 4. Professional competence and due care</p> <p>(1) The auditor should have a level of competence necessary to perform professional services. Auditors should refrain from performing any services which they are not competent to carry out.</p> <p>(2) Auditors have a continuing duty to improve their professional knowledge and skill with a view to ensuring that auditing services are performed at a highly professional level.</p>	

Number	Question Title/Text/Help text	Answer	Comments
4.6.4.	<b>Confidentiality - Principle</b>		
4.6.4.1.	<i>Confidentiality</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "confidentiality" as described in the revised IFAC Code?	<input checked="" type="radio"/> 1 Yes, professional accountants are required to comply with the same principle <input type="radio"/> 2 Yes, professional accountants are required to comply with a similar or equivalent principle <input type="radio"/> 3 The same or similar / equivalent principle has not been established	
4.6.4.2.	<i>Confidentiality Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> 1 Our organization's ethical requirements <input type="checkbox"/> 2 Law that regulates professional accountants and / or auditors <input type="checkbox"/> 3 Securities regulation <input type="checkbox"/> 4 Other laws and / or regulation	
4.6.5.	<b>Professional Behavior - Principle</b>		
4.6.5.1.	<i>Professional Behavior</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional behavior" as described in the revised IFAC	<input type="radio"/> 1 Yes, professional accountants are required to comply with the same principle	



Number	Question Title/Text/Help text	Answer	Comments
	Code?	<p>2 <input checked="" type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle</p> <p>3 <input type="radio"/> The same or similar / equivalent principle has not been established</p>	
4.6.5.2.	<p><i>Professional Behavior Requirement</i></p> <p>Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Our organization's ethical requirements</p> <p>2 <input type="checkbox"/> Law that regulates professional accountants and / or auditors</p> <p>3 <input type="checkbox"/> Securities regulation</p> <p>4 <input type="checkbox"/> Other laws and / or regulation</p>	
4.6.5.3.	<p><i>Professional Behavior - Other</i></p> <p>Please state the term used to describe this principle and how this principle is defined.</p>	<p>§ 6. Professional behaviour</p> <p>(1) The auditor should act in a manner consistent with the good reputation of the profession and refrain from any conduct which might undermine it.</p> <p>(2) The auditor should refrain from any conduct which might bring discredit to the profession.</p>	

Number	Question Title/Text/Help text	Answer	Comments
4.7.	<b>Threats and Safeguards - National</b>		
4.7.1.	<p><i>Threats and Safeguards</i> Do the national ethical requirements establish a framework or principle similar or equivalent to the threats and safeguards framework as described in the revised IFAC Code (effective June 30, 2006)? Select the answer option that is the most appropriate.</p>	<p>1 <input type="radio"/> Yes, our organization has a threats and safeguards framework or similar / equivalent framework in our ethical requirements</p> <p>2 <input type="radio"/> Yes, a threats and safeguards framework or similar / equivalent framework is in the ethical requirements established in law and / or regulation</p> <p>3 <input checked="" type="radio"/> No, a threats and safeguards framework, or similar / equivalent framework has not been established in the national ethical requirements</p>	
4.7.2.	<p><i>Threats and Safeguards Follow Up</i> Please explain whether your organization plans to introduce the "threats and safeguards" concept into the ethical requirements.</p> <p>Where there are no plans to introduce this concept, please describe the special</p>	<p>Estonian Board of Auditors plans to adopt IFAC CoE</p>	

Number	Question Title/Text/Help text	Answer	Comments
	challenges, impediments, or conditions that are relevant to this matter.		
4.8.	<b>Ethical Behavior Resolution</b>		
4.8.1.	<p><i>Identifying and Resolving Unethical Behavior</i></p> <p>Are there specific requirements and guidance provided to assist your members in identifying and resolving ethical matters? Select all of the answer option that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Yes, our organization has developed requirements for identifying and resolving ethical matters</p> <p>2 <input type="checkbox"/> Yes, government, regulatory, or oversight bodies have developed requirements for identifying and resolving ethical matters</p> <p>3 <input type="checkbox"/> No, there is no such requirements or guidance</p>	
4.8.2.	<p><i>MB and Ethical Conflict Resolution</i></p> <p>Are the ethical conflict resolution requirements and guidance adopted from the IFAC Code or similar / equivalent to the guidance in the Code? Select the answer option that is the most appropriate.</p>	<p>1 <input type="radio"/> Yes, the requirements and guidance are adopted from the IFAC Code</p> <p>2 <input checked="" type="radio"/> Yes, the IFAC Code was used as a model in developing the requirements</p> <p>3 <input type="radio"/> Yes, the requirements are similar / equivalent to the</p>	

Number	Question Title/Text/Help text	Answer	Comments
		IFAC Code 4○ No, the requirements differ from the IFAC Code	
4.9.	<b>Independence and Threats So Significant</b>		
4.9.1.	<p><i>Provisions and Threats to Independence</i></p> <p>The "SMO 4: Provisions Relating to Threats to Independence" report refers to specific provisions of Section 290 of the revised IFAC Code of Ethics that are currently in effect. Section 290 requires members of assurance teams, firms, and when applicable, network firms be independent of assurance clients and describes specific circumstances that may give rise to threats to independence.</p> <p>Where Section 290 is applicable to your members, the <a href="#">SMO 4 Comparison of Threats to Independence.doc</a> SMO 4: Provisions Relating to Threats to Independence report should be completed and submitted to Compliance Staff. Alternatively, where this information is available in another format it can be submitted instead of the report. Select the option below to confirm the information to be submitted.</p>	1⊙ Our organization will complete the "SMO 4: Provisions Relating to Threats to Independence" report	<p>Authorised Public Accountants Act is currently under redrafting. General intention is that IFAC Code of Ethics will be adopted with new law.</p> <p>As this process is already under way, we decided not to complete above referred report, instead we will include here our present independence regulation from Estonian auditing guidelines:</p> <p>§ 7. Independence            (1) The auditor should maintain complete independence in a client relationship.            (2) The main situations that would give reasonable grounds for claiming that the auditor is not independent include:</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>1) financial involvement (by direct or indirect material financial interest in a client; by loans to or from the client or any officer, director or principal shareholder of a client company; by holding a financial interest in a joint venture with a client, or an officer or a director of a client company);</p> <p>2) appointments in companies - if the auditor is or was within the period under current review or immediately preceding an assignment (within two years; in the case of a member of the management board within five years) a member of the management board, an officer or employee of a client company, or a partner of, or in the employment of, a member of the management board or an officer or employee of a client company, the situation would be regarded as one where the</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>auditor is not sufficiently independent to report on that company;</p> <p>3) personal and family relationships - auditors should be certain that personal and family relationships do not endanger their independent approach to any assignment;</p> <p>4) goods and services - auditors, their spouses and dependants may accept goods and services from a client only on business terms that are no more favorable than those generally available to others. Auditors may not accept hospitality and gifts that could affect their independence either in fact or appearance.</p> <p>(3) When the auditor, in addition to carrying out an audit, provides other services to a client, care should be taken not to perform management functions or make management decisions. In providing services to a client,</p>

Number	Question Title/Text/Help text	Answer	Comments
	<p><b>Help text:</b> Section 290 of the revised Code of Ethics is currently in effect. Section 290 describes specific provisions that may give rise to threats to independence that are so</p>	<p>2○ Our members provide assurance services; however, another IFAC member body will complete the "SMO 4; Provisions Relating to</p>	<p>the following rules ought to be observed: 1) the auditor who is responsible for auditing cannot provide bookkeeping services; 2) the client should be responsible for the accounting system and sufficiently aware of the entity's operations, financial position and accounting policies applied; 3) the auditor should not assume the role of an employee or of management, conduct business operations or use the client's assets. The client should prepare all source documents; 4) in performing an audit, the auditor should conduct all the same tests and procedures that would be applied in the case of any other client.</p>

Number	Question Title/Text/Help text	Answer	Comments
	significant, no safeguards are available to reduce the threat to an acceptable level. For some provisions the Code describes the actions that are available to address the threat.	Threats to Independence" report or provide the relevant information to Compliance Staff.	
		3○ Our members do not provide assurance services; therefore, Section 290 and the Provisions Relating to Threats to Independence is not applicable to our organization.	
4.10.	<b>National Ethical Requirements - Other</b>		
4.10.1.	<b>National - Prof Accountants</b>		
4.10.1.1.	<i>National Additional - Prof Accountants</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that your members must comply with but are not addressed in the revised IFAC Code (effective June 30, 2006)?	1○ Yes  2⊙ No	
4.10.1.2.	<i>National Conflicts - Prof Accountants</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your requirements?	1⊙ Yes	Conceptual approach is the same, however the level of details differs and further investigations should be made to confirm that there is no conflicts between specific



Number	Question Title/Text/Help text	Answer	Comments
		2○ No	requirements.
4.10.1.3.	<i>National Comparison - Prof Accountants</i> Please provide a general description about the additional national ethical requirements or conflicts with the revised IFAC Code. This information may be submitted as a separate document to Compliance Staff.	See comment in 4.10.1.2.	
4.10.2.	<b>National - Public Practice</b>		
4.10.2.1.	<i>National Additional - Public Practice</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in public practice that are not addressed in the revised IFAC Code (effective June 30, 2006)?	1○ Not applicable as our members do not operate as professional accountants in public practice  2○ Yes 3⊙ No	
4.10.2.2.	<i>National Conflicts - Public Practice</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants in public practice?	1○ Not applicable as our members do not operate as professional accountants in public practice  2⊙ Yes	Conceptual approach is the same, however the level of details differs and further investigations should be made to confirm that there is no conflicts between specific requirements.

Number	Question Title/Text/Help text	Answer	Comments
		3○ No	
4.10.2.3.	<i>National Comparison - Public Practice</i> Please provide a general description about the additional national ethical requirements or conflicts with the revised IFAC Code. This information may be submitted as a separate document to Compliance Staff.	See answer to point 4.10.2.2.	
4.10.3.	<b>National - Business</b>		
4.10.3.1.	<i>National Additional - Business</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in business that are not addressed in the revised IFAC Code (effective June 30, 2006)?	1○ Not applicable as our members do not operate as professional accountants employed in business  2○ Yes 3○ No	
4.10.3.2.	<i>National Conflicts - Business</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants employed in business?	1○ Not applicable as our members do not operate as professional accountants employed in business  2○ Yes 3○ No	Conceptual approach is the same, however the level of details differs and further investigations should be made to confirm that there is no conflicts between specific requirements.

Number	Question Title/Text/Help text	Answer	Comments
4.10.3.3.	<i>National Comparison - Business</i> Please provide a general description about the additional national ethical requirements or conflicts with the revised IFAC Code. This information may be submitted as a separate document to Compliance Staff.	See answer to point 4.10.3.2.	
4.11.	<i>Translation of IFAC Code</i> Has your organization or others (e.g. government or regulatory body) translated the IFAC Code (in effect) or earlier versions of the Code? Select all the answer options that are appropriate.	<p>1 <input type="checkbox"/> No, as English is an official language or widely spoken language</p> <p>2 <input checked="" type="checkbox"/> Yes, our organization has translated the IFAC Code</p> <p>3 <input type="checkbox"/> Yes, a government, regulatory, or other body has translated the IFAC Code</p> <p>4 <input type="checkbox"/> No, the IFAC Code has not been translated and English is not an official language or widely spoken language</p>	
4.14.	<b>IFAC Code Translated SMO 4</b>		
4.14.1.	<i>IFAC Translation Policy SMO 4</i> Was the IFAC Translation Policy followed?	1 <input type="radio"/> Yes	It is our intention to comply with IFAC Translation Policy and we are moving towards it, but CoE translation was not yet in full compliance with it.

Number	Question Title/Text/Help text	Answer	Comments
		<p>2 <input checked="" type="radio"/> No</p> <p>3 <input type="radio"/> It was translated by a government or regulatory body and the information is not available</p>	
4.14.2.	<p><i>Principal Translator SMO 4</i></p> <p>Who was the principal translator? Select the answer option that is the most appropriate.</p>	<p>1 <input checked="" type="radio"/> Our organization is the principal translator</p> <p>2 <input type="radio"/> The government or another organization is the principal translator</p> <p>3 <input type="radio"/> Our organization and the government or another organization are the principal translators</p> <p>4 <input type="radio"/> It was translated by a government or regulatory body and the information is not available</p>	
4.14.3.	<p><i>Key Words SMO 4</i></p> <p>Does the translation process include a list of key words including terms defined within the IFAC Code?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p> <p>3 <input type="radio"/> It was translated by a government or regulatory body and the information is not available</p>	
4.14.4.	<p><i>Faithful Translation SMO 4</i></p> <p>What processes are in place to ensure a</p>	<p>In respect of pronouncements</p>	

Number	Question Title/Text/Help text	Answer	Comments
	faithful translation of the IFAC Code? If it was translated by a government or regulatory body and the information is not available, please state this in the response.	issued prior 31.12.2005, there was principal translator contracted, who's responsibility was to ensure that translation is professionally adequate.	To the pronouncements since 01.01.2006 we are implementing IFAC translation policy.
4.15.	<i>Activities to Promote IFAC Code of Ethics</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board for Accountants.	Estonian Board of Auditors has translated IFAC Handbook (CoE, ISAs, IAPSS), which was originally issued on a paper copy and which is electronically available since 2005.	In June 2006, there will be an introductory lecture to new IFAC CoE.
5.	<b>SMO 5</b>	1 <input checked="" type="radio"/> Yes	
5.1.	<i>Public Sector Accounting Standards - Objective</i> Has the federal government / national government established convergence with International Public Sector Accounting Standards (IPSASs) as an objective?	2 <input type="radio"/> No 3 <input type="radio"/> Information is not available	

Number	Question Title/Text/Help text	Answer	Comments
or not known			
5.3.	<b>Convergence and IPSASs</b>		
5.3.1.	<i>Convergence Approach - IPSASs</i> Which of the following best describes government's convergence objective? Select the answer option that is the most appropriate.	<p>1 <input type="checkbox"/> IPSASs are adopted as drafted without amendments</p> <p>2 <input type="checkbox"/> IPSASs are adopted with amendments</p> <p>3 <input checked="" type="checkbox"/> National public sector accounting standards are developed with a process to eliminate differences between the national standards and IPSASs</p> <p>4 <input type="checkbox"/> IPSASs are incorporated using another approach</p>	
5.3.3.	<i>Comparison Information SMO 5</i> Is information about the IPSASs that have been incorporated (e.g. by adoption or other approaches) publicly available? Information should include the IPSASs issued and in effect that have been incorporated and differences between the IPSASs and national public sector accounting standards where differences exist.	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p> <p>3 <input type="radio"/> Our organization is not aware of such information</p>	
5.4.	<i>Activities to Promote IPSASB</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p><i>Pronouncements</i> Please describe the activities your organization undertakes to promote pronouncements issued by the International Public Sector Accounting Standards Board. Please provide an explanation where such activities have not been undertaken because they are not within the scope of your organization's objectives or work program.</p>	<p>Accounting standards are developed by the Ministry of Finance and by the Estonian Accounting Standards Board. IPSASs have been well considered in this process and therefore there has been no need for separate promotion by our organisation</p>	
6.	<b>SMO 6</b>		
6.1.	<p><i>Investigation and Discipline Program</i> In your jurisdiction is there a program for investigating and disciplining members of your organization for misconduct, including breaches of professional standards and rules?</p>	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
6.3.	<b>Responsibility for Investigation and Discipline</b>		
6.3.1.	<p><i>Body Responsible for Investigation and Discipline</i> Is your organization responsible for investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members (and, if local laws and practices permit, by firms)? Select the answer option that is most</p>	1 <input checked="" type="radio"/> Yes, our organization has this responsibility	

Number	Question Title/Text/Help text	Answer	Comments
	appropriate.	2○	No, responsibility for investigation and discipline rests solely with an external body
3○	Our organization shares responsibility for investigation and discipline with an external body	4○	Other
6.5.	<b>SMO 6 - Detailed Assessment</b>		
6.5.1.	<b>Rules and Procedures for Investigation and Discipline</b>		
6.5.1.1.	<i>Rules and Procedures</i> Does your organization establish in its constitution or rules the provisions and processes for the investigating and disciplining your members?	1⊙	Yes
2○	No	1☑	Criminal activity
2☑	Acts or omissions likely to bring the accountancy profession into disrepute	3☑	Breaches of professional standards
4☑	Breaches of ethical		



Number	Question Title/Text/Help text	Answer	Comments
		<p>requirements</p> <p>5<input checked="" type="checkbox"/> Gross professional negligence</p> <p>6<input checked="" type="checkbox"/> A number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practicing rights</p> <p>7<input checked="" type="checkbox"/> Unsatisfactory work</p> <p>8<input type="checkbox"/> Other (please describe)</p>	
6.5.2.	<p><i>Types of Sanctions</i></p> <p>Which of the following actions can be imposed by those who judge such issues: Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> Reprimand</p>	<p>Authorised Public Accountants Act § 45 states: (2) Disciplinary punishments include:</p> <p>1) admonition;</p> <p>2) reprimand;</p> <p>3) fine;</p> <p>4) suspension of the professional activities of an auditor for a period of three months to one year;</p> <p>5) termination of the professional activities of an auditor.</p> <p>The last one includes loss of practicing right, exclusion from membership and loss of professional title</p>
		<p>2<input checked="" type="checkbox"/> Loss or restriction of practice</p>	

Number	Question Title/Text/Help text	Answer	Comments
		rights 3 <input checked="" type="checkbox"/> Fine/payment of costs 4 <input checked="" type="checkbox"/> Loss of professional title (designation) 5 <input checked="" type="checkbox"/> Exclusion from membership 6 <input type="checkbox"/> Other (please describe)	
6.5.3.	<b>Provision of Information and Guidance to Members</b>		
6.5.3.1.	<p><i>Information and Guidance</i> Does your organization make each member fully aware of:</p> <ul style="list-style-type: none"> <li>- All provisions of the ethical code and other applicable professional standards, rules and requirements (and any amendments), whether issued by IFAC or at the national level by the member body and</li> <li>- Consequences of non-compliance?</li> </ul>	<p>1<input checked="" type="radio"/> Yes</p> <p>2<input type="radio"/> No</p>	
6.5.3.2.	<p><i>Information and Guidance Description</i> Provide a brief description of how your organization meets this requirement of SMO 6.</p>	<p>All provisions are published on our web-site.</p> <p>Consequences of non-compliance are stated in Authorised Public Accountants Act.</p>	
6.5.4.	<b>Obligations to Report to Outside Bodies</b>		
6.5.4.1.	<i>Reporting to Outside Bodies</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Is your organization obligated under local laws to report possible involvement in serious crimes and offences by its individual members or member firms to the appropriate public authority and disclose related information to that authority?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
6.5.4.2.	<i>Reporting to Outside Bodies Follow Up</i> Please describe your plans to introduce an obligation or requirement to report possible involvement in serious crimes and offences by individual members or member firms to the appropriate public authority and disclose related information to that authority.	Subject is not currently under discussion	
6.5.5.	<i>Approach to Proceedings</i> What type of approach does your organization use to initiate investigation and discipline proceedings? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Information-based 2 <input checked="" type="checkbox"/> Complaints-based 3 <input type="checkbox"/> Other (please describe) 4 <input type="checkbox"/> None of the above	
6.5.6.	<b>Investigative Powers and Processes</b>		
6.5.6.1.	<i>Powers</i> Does your organization have all required powers so that authorized personnel can carry out an effective investigation?	1 <input checked="" type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
		2 <input type="radio"/> No	
6.5.6.3.	<p><i>Cooperation of Members</i></p> <p>Do the powers to carry out an effective investigation include: Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> A requirement for members (and member firms) to co-operate in the investigation of complaints and to respond promptly to all communications from the member body</p> <p>2 <input checked="" type="checkbox"/> Provision for sanctions in the event of failure to comply</p> <p>3 <input type="checkbox"/> None of the above</p>	
6.5.6.6.	<p><i>Expertise and Resource</i></p> <p>Does your organization maintain appropriate expertise and adequate financial and other resources to enable timely investigative and disciplinary action?</p>	<p>1 <input checked="" type="radio"/> Yes (please describe)</p> <p>2 <input type="radio"/> No</p>	<p>We have 4 ethics committees (2 members in each), which are making initial investigations. Thereafter management board, having information given by the ethics committee, decides whether there have been breach of rules and exists need for disciplinary actions.</p>
6.5.6.8.	<p><i>Independence and Subject of Investigation</i></p> <p>Does your organization in all cases, confirm at the start of the investigation that any individual chosen to assist in an investigation is independent from (a) the subject of the investigation, and (b) anyone</p>	<p>1 <input checked="" type="radio"/> Yes</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>connected with or interested in the matter investigated?</p> <p><b>Help text:</b> If a conflict exists at the start of an investigation, or arises during the investigation, the chosen individual should immediately withdraw. Similar considerations apply equally to anyone else connected with the investigation and hearing of cases.</p>	2○ No	
6.5.6.10.	<p><i>Infrastructure</i></p> <p>Which of the following best describes your organization's investigation and discipline infrastructure? Select all the answer options that are appropriate.</p>	<p>1Ⓞ One committee/panel to investigate the complaint and a separate committee/tribunal to administer disciplinary action</p> <p>2○ A single committee/panel to conduct the investigation and administer disciplinary action.</p> <p>3○ Other</p>	
6.5.6.12.	<p><i>Independent Review</i></p> <p>Has your organization established and does it maintain a process for the independent review of complaints by clients and others where it has been decided by the investigation committee that the matter will not be referred to a disciplinary hearing?</p>	<p>1○ Yes</p> <p>2Ⓞ No</p>	

Number	Question Title/Text/Help text	Answer	Comments
6.5.6.13.	<i>Independent Review Follow Up</i> Please explain why your organization has not established and maintained such a process.	As all important breaches of professional rules will result with disciplinary hearings, there is no need for futher investigation of other cases	
6.5.7.	<b>The Disciplinary Process</b>		
6.5.7.1.	<i>Composition of Tribunal</i> Does the tribunal responsible for the disciplinary hearing contain a balance of professional expertise and outside judgment (e.g., composed of accountants and non-accountants)?	1 <input type="radio"/> Yes (please describe)  2 <input checked="" type="radio"/> No	Disciplinary tribunal includes only professional accountants. Still suspension and termination, as a disciplinary sanctions require consent from Professional Qualifications Committe, having majority of non-practitioners
6.5.7.2.	<i>Composition of Tribunal Follow Up</i> Please explain why the tribunal responsible for the disciplinary hearing does not contain a balance of professional expertise and outside judgment (e.g., composed of accountants and non-accountants)?	See previous answer	
6.5.7.3.	<i>Conflicts</i> Are members of the investigation committee or the disciplinary tribunal permitted to serve on both at the same time, or in relation	1 <input checked="" type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
	to the same case?	20 No	
6.5.7.4.	<p><i>Conflicts Follow Up</i> What plans do you have for introducing requirements to prevent an individual from serving as a member on both the investigation committee and the disciplinary tribunal or serving in relation to the same case, or if you do not have those plans, what special reasons or conditions for that fact exist?</p>	It will be reconsidered during the drafting of new Authorised Public Accountants Act.	
6.5.7.5.	<p><i>Independence of Tribunal</i> Briefly describe how the disciplinary tribunal exhibits independence.</p>	Our member body management board forms the disciplinary tribunal. All members have to evaluate their independence and withdraw themselves if independence is threatened.	
6.5.7.6.	<p><i>Appeals Process</i> Does your organization's rules:  Select all the answer options that are appropriate.</p>	1 <input checked="" type="checkbox"/> Permit a qualified lawyer or other person chosen by the defendant to accompany and represent the defendant at all disciplinary hearings and to advise him or her throughout the investigative and disciplinary process	

Number	Question Title/Text/Help text	Answer	Comments
		<p>2<input checked="" type="checkbox"/> Permit the defendant to appeal the conviction and any imposed sanction</p> <p>3<input checked="" type="checkbox"/> Permit any order made against the defendant to be suspended by the tribunal that convicted the defendant, pending the hearing of that appeal</p> <p>4<input type="checkbox"/> Prohibit the appeal tribunal from including a prosecutor or a member of the first tribunal, or any other individual who was concerned with the original conviction</p> <p>5<input checked="" type="checkbox"/> Require that the same procedures apply to the appeal process as apply to hearings before the disciplinary tribunal</p> <p>6<input type="checkbox"/> None of the above</p>	
6.5.7.7.	<p><i>Appeals Process Follow Up</i> Please explain why your organization has not established the rules that were not selected.</p>	It will be reconsidered during the drafting of new Authorised Public Accountants Act	
6.5.8.	<b>Administrative Processes</b>		
6.5.8.1.	<p><i>Elements of Administrative Processes</i> As a part of Investigation and Discipline</p>	1 <input checked="" type="checkbox"/> Establish time limits for	



Number	Question Title/Text/Help text	Answer	Comments
	<p>administrative processes does your organization:</p> <p>Select all the answer options that are appropriate.</p>	<p>disposal (completion) of all cases</p> <p>2 <input checked="" type="checkbox"/> Maintain and operate tracking mechanisms, to ensure that all investigations and prosecutions are promptly handled, and that all necessary action is taken at the appropriate stage</p> <p>3 <input type="checkbox"/> Maintain a procedure requiring (a) notification to all persons employed or otherwise participating in the investigative and disciplinary processes (or having access to information concerning such processes) of the importance of maintaining confidentiality, and (b) a binding agreement to maintain that confidentiality</p> <p>4 <input checked="" type="checkbox"/> Maintain secure and confidential facilities for the storage of case papers and other evidence</p> <p>5 <input checked="" type="checkbox"/> Maintain records of all investigation and disciplinary</p>	

Number	Question Title/Text/Help text	Answer	Comments
		proceedings <input type="checkbox"/> None of the above	
6.5.8.2.	<i>Elements of Administrative Processes Follow Up</i> Please explain why your organization has not established the administrative processes that were not selected.	In respect of confidentiality, all investigation and disciplinary actions are carried out by auditors, who all have professional secrecy requirement by the Authorised Public Accountants Act	
6.5.8.3.	<b>Case Numbers</b>		
6.5.8.3.1.	<i>2005 Heard Case Numbers</i> Indicate the number of cases heard in 2005.	22	
6.5.8.3.2.	<i>2004 Heard Case Numbers</i> Indicate the number of cases heard in 2004.	13	
6.5.8.3.3.	<i>2003 Heard Case Numbers</i> Indicate the number of cases heard in 2003.	11	
6.5.8.3.4.	<i>2005 Completed Case Numbers</i> Indicate the number of cases completed in 2005.	20	
6.5.8.3.5.	<i>2004 Completed Case Numbers</i> Indicate the number of cases completed in 2004.	13	
6.5.8.3.6.	<i>2003 Completed Case Numbers</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Indicate the number of cases completed in 2003.	11	
6.5.8.3.7.	<i>Average time required for disposal of cases</i> Indicate the average time (in months) required for the disposal (completion) of a case. This number should include both the time spent on (a) the investigation of the complaints and (b) the disciplinary proceedings.	2	
7.	<b>SMO 7</b>		
7.1.	<p><i>Accounting Standards in Law/Regulation</i> Does law or regulation establish the set of accounting standards to be used for preparation of financial statements of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the accounting standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to</p>	1 <input checked="" type="checkbox"/> Yes, for financial statements of listed entities	Law establishes: 1. IFRS as adopted by EU for listed companies; 2. either IFRS or local GAAP for non-listed companies.

Number	Question Title/Text/Help text	Answer	Comments
	<p>a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.</p>	<p>2 <input checked="" type="checkbox"/> Yes, for financial statements of non-listed entities            3 <input type="checkbox"/> No, for financial statements of listed entities            4 <input type="checkbox"/> No, for financial statements of non-listed entities</p>	
7.8.	<b>Law/Reg and Accounting Standards</b>		
7.8.1.	<p><i>Law/Reg Accounting Standards - Private Sector</i></p> <p>Is there only one group of accounting standards or are the accounting standards applicable to listed entities different from non-listed entities?</p>	<p>1 <input type="radio"/> The accounting standards for listed entities and non-listed entities are the same set of standards            2 <input checked="" type="radio"/> The accounting standards for listed entities and non-listed entities are not the same set of standards</p>	
7.8.3.	<p><i>Accounting Standards for Listed</i></p> <p>Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of listed entities? Select the answer option that is most appropriate.</p>	<p>1 <input checked="" type="radio"/> The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p>	<p>The law requires to use IFRS as adopted by EU</p>

Number	Question Title/Text/Help text	Answer	Comments
		<p>2○ For listed entities, the law/regulation contains the full text of each IFRS</p> <p>3○ For listed entities, the law/regulation contains the main principles of the IFRSs</p> <p>4○ For listed entities, the law / regulation has a requirement to use IFRSs using another approach (please describe)</p> <p>5○ For listed entities, the law / regulation requires the use of national standards with no reference to IFRSs</p>	
7.8.4.	<p><i>Accounting Standards for Non-Listed</i></p> <p>Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of non-listed entities? Select the answer option that is most appropriate.</p>	<p>1○ The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2○ For non-listed entities, the law/regulation contains the full text of each IFRS</p> <p>3○ For non-listed entities, the law/regulation contains the main principles of the IFRSs</p> <p>4⊙ For non-listed entities, the law / regulation has a</p>	<p>The law gives an option to use either:</p> <p>1. IFRS, or</p> <p>2. local GAAP</p>

Number	Question Title/Text/Help text	Answer	Comments
		<p>requirement to use IFRSs using another approach (please describe)</p> <p>5○ For non-listed entities, the law / regulation requires the use of national standards with no reference to IFRSs</p>	
7.8.9.	<p><i>MB Responsibilities and IASB SMO 7</i></p> <p>Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.</p>	<p>1□ Develop other authoritative pronouncements</p> <p>2□ Promulgate the IFRSs established by law / regulation (e.g. by publishing or communicating the standards to the public)</p> <p>3□ Other (please describe)</p> <p>4☑ None of the above</p>	
7.8.12.	<p><i>Other Organization SMO 7</i></p> <p>Do any of the following organizations have responsibility for developing or implementing the accounting standards established in law / regulation?</p>	<p>1○ Another IFAC member body(ies)</p> <p>2☉ Government or regulatory body</p> <p>3○ Non-IFAC professional body</p> <p>4○ Other organization</p>	<p>Estonian Accounting Standards Board (www.easb.ee)</p>
7.9.	<b>Law/Reg and IASB Pronouncements</b>		
7.9.1.	<p><i>Incorporation into Law/Reg SMO 7</i></p> <p>Is information publicly available about</p>	<p>1☉ Yes</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>IFRSs and other IASB pronouncements that have been established into law/regulation, including:</p> <p>IFRSs and other IASB pronouncements that have been established into law / regulation; Whether the IFRS or IASB pronouncement established into law / regulation is the version in effect as at September 30, 2005; The effective date set by law / regulation where it differs from the IFRS or IASB pronouncement; The differences between IFRSs and IASB pronouncements and what was established into law / regulation; and The reasons for the differences?</p>	<p>2○ No</p>	
<p>7.9.2.</p>	<p><i>Incorporation Description - Law/Reg SMO 7</i></p> <p>If the information about the status of IFRSs and other IASB pronouncements that have been established into law is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, complete the <a href="SMO 7 Comparison with IASB Pronouncements.doc">SMO 7: Comparison with IASB Pronouncements</a> report and</p>	<p>1○ Yes, information is available and in English and will be submitted to Compliance Staff</p>	<p>"SMO 7: Comparison with IASB Pronouncements" has been completed with Estonian Accounting Standards Board (not member of IFAC)</p>

Number	Question Title/Text/Help text	Answer	Comments
	<p>submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 7: Comparison with IASB Pronouncements" report.</p>	<p>2 <input checked="" type="radio"/> No, information is not available; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and submit it to Compliance Staff</p> <p>3 <input type="radio"/> No, information is not available</p>	
7.10.	<b>Translation SMO 7</b>		
7.10.1.	<p><i>Translation of IFRSs</i></p> <p>Are the IFRSs and other IASB pronouncements translated into national language?</p>	<p>1 <input type="radio"/> No, as English is an official language or widely spoken language</p> <p>2 <input checked="" type="radio"/> Yes, the IFRSs are translated</p> <p>3 <input type="radio"/> No and English is not an official language or is not widely spoken</p>	
7.10.4.	<p><i>Translation coordinator SMO 7</i></p> <p>Who is the translation coordinator? Select the answer option that is most appropriate.</p>	<p>1 <input type="radio"/> Our organization is the translation coordinator</p> <p>2 <input checked="" type="radio"/> The government or another</p>	



Number	Question Title/Text/Help text	Answer	Comments
		<p>organization is the translation coordinator</p> <p>3○ Our organization and the government or another organization are the translation coordinators</p>	
7.10.5.	<p><i>Key Terms SMO 7</i></p> <p>Does the translation process include a list of key terms?</p>	<p>1⊙ Yes</p> <p>2○ No</p>	
7.10.6.	<p><i>Faithful Translation SMO 7</i></p> <p>What processes are in place to ensure a faithful translation of the IFRSs?</p>	<p>The process is following:</p> <ol style="list-style-type: none"> <li>1. key terms are agreed with group of experts (10)</li> <li>2. translators prepare raw translation</li> <li>3. 2 experts review the translation</li> <li>4. non-agreements are clarified by the group of experts</li> <li>5. translation is finalized</li> </ol>	
7.11.	<p><i>Promotion Activities SMO 7</i></p> <p>Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.</p>	<p>Accounting standards are developed by the Ministry of Finance and by the Estonian Accounting Standards Board. IFRSs have been well considered in this process and therefore there has been no need for separate promotion by our organisation</p>	

Number	Question Title/Text/Help text	Answer	Comments
8.	<b>Certification of Chief Executive</b>		
8.1.	<p><i>Complete Certification</i> Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to Compliance Staff. Click <a href="#">Part 2 SMO Self Assessment Certification.doc</a> to download a copy of the Certification form.</p>	<p>1 <input checked="" type="checkbox"/></p> <p>2 <input type="checkbox"/></p>	<p>Yes, the Certification of Chief Executive has been submitted</p>

## **SMO 7: Comparison with IASB Pronouncements**

### General comment:

Starting from 2003, almost all Estonian companies (apart from listed companies and financial institutions that are required to prepare their accounts in accordance with IFRS) can choose whether to prepare their consolidated and annual accounts in accordance with IFRS or in accordance with the Estonian NAS (“Estonian GAAP”).

The current version of Estonian GAAP (effective since 2003) is basically a simplified summary of IFRS, primarily meant for small and medium-size entities, cross-referenced to corresponding paragraphs in IAS/IFRS standards, and focusing on areas, which are more relevant for the Estonian companies. The recognition and measurement rules are based on IFRS, but the disclosure requirements are less demanding. Therefore, net profit and equity are usually the same, regardless whether the accounts are prepared in accordance with IFRS or Estonian GAAP (but Estonian GAAP accounts are usually shorter and do not include that much disclosure as IFRS accounts).

As the volume of the Estonian GAAP standards is considerably smaller than IFRS (existing 17 Estonian GAAP standards make together about 400 pages), some accounting areas are covered only very briefly or not at all. In areas, which are not covered by the guidelines of Estonian GAAP, the IFRS treatment is recommended, but not mandatory. Also, in a few areas Estonian GAAP restricts the options offered by IFRS (e.g. Estonian GAAP does not allow the revaluation of PPE as described in the allowed alternative treatment of IAS 16). Each Estonian GAAP standard contains a brief comparison with the respective IFRS/IAS standards. Nevertheless, there are no conceptual differences between IFRS and Estonian GAAP.

In practice, most small and medium size entities apply Estonian GAAP. The Estonian Accounting Standards Board (EASB) considered that requiring the full IFRS disclosures would mean undue cost and effort for those entities. Nevertheless, the EASB decided that all companies should be permitted to use IAS/IFRS if they wish to do so, as this enhances the overall quality of the financial reporting in Estonia.

The full text of the Estonian GAAP standards in Estonian and its unofficial translation into English are available on the web-site of the Estonian Accounting Standards Board ([www.easb.ee](http://www.easb.ee)).

## SMO 7: Comparison with IASB Pronouncements

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Framework for the Preparation and Presentation of Financial Statements</b>	<b>ASBG 1</b> “General principles” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IFRS 1</b>	<b>First-time Adoption of International Financial Reporting Standards</b>	Not applicable for NAS	NA	NA	
<b>IFRS 2</b>	<b>Share-based Payment</b>	None	NA	NA	No NAS considered to be necessary as the topic is

<sup>1</sup> IASB pronouncements are available by contacting the IASB or refer to its website at [www.iasb.org](http://www.iasb.org).

<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
					relevant for a relatively small number of entities only. If relevant, they are recommended to use IFRS guidance.
<b>IFRS 3</b>	<b>Business Combinations</b>	<b>ASBG 11</b> “Business combinations and investments in subsidiaries and associates” (effective from 1.01.2003; revised version from 1.01.2005)	ASBG 11 includes also some guidance for transactions between entities under common control, which are scoped out from IFRS 3.	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IFRS 4</b>	<b>Insurance Contracts</b>	None	NA	NA	Insurance companies are required to prepare their accounts in accordance with IFRS.
<b>IFRS 5</b>	<b>Non-current Assets Held for Sale and Discontinued</b>	<b>ASBG 5</b> “PPE and intangible assets” (effective from 1.01.2003; revised	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than	

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<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Operations</b>	version that incorporates the requirements of IFRS 5 is effective from 1.01.2005)		IFRS.	
<b>IAS 1</b>	<b>Presentation of Financial Statements</b>	<b>ASBG 2</b> “Presentation of financial statements” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 2</b>	<b>Inventories</b>	<b>ASBG 4</b> “Inventories” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 7</b>	<b>Cash Flow Statements</b>	<b>ASBG 2</b> “Presentation of financial statements” (effective from	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than	

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<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
		1.01.2003; revised version from 1.01.2005)		IFRS.	
<b>IAS 8</b>	<b>Accounting Policies, Changes in Accounting Estimates, and Errors</b>	<b>ASBG 1</b> “General principles” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 10</b>	<b>Events after the Balance Sheet Date</b>	<b>ASBG 1</b> “General principles” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 11</b>	<b>Construction Contracts</b>	<b>ASBG 10</b> “Revenue recognition” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 12</b>	<b>Income Taxes</b>	<b>ASBG 7</b>	None	NAS standards are a simplified	

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<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
		“Provisions, contingent liabilities and contingent assets” (effective from 1.01.2003; revised version from 1.01.2005)		summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 14</b>	<b>Segment Reporting</b>	<b>ASBG 16</b> “Segment reporting” (effective from 1.01.2004)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 16</b>	<b>Property, Plant and Equipment</b>	<b>ASBG 5</b> “PPE and intangible assets” (effective from 1.01.2003; revised version from 1.01.2005)	ASBG 5 does not permit application of the revaluation method as described in the allowed alternative treatment of IAS 16. PPE must be accounted for at cost less depreciation (as described in benchmark treatment of IAS 16).	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 17</b>	<b>Leases</b>	<b>ASBG 9</b> “Leases” (effective from	None	NAS standards are a simplified summary of IFRS. The recognition	

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<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.



	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
		1.01.2003; revised version from 1.01.2005)		and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 18</b>	<b>Revenue</b>	<b>ASBG 10</b> “Revenue recognition” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 19</b>	<b>Employee Benefits</b>	<b>ASBG 7</b> “Provisions, contingent liabilities and contingent assets” (effective from 1.01.2003; revised version from 1.01.2005)	None	IAS 19 rules are described only very briefly in ASBG 7. Defined benefit plans are not common in Estonia. If needed, companies are recommended to use IAS 19 guidance.	
<b>IAS 20</b>	<b>Accounting for Government Grants and Disclosure of</b>	<b>ASBG 12</b> “Government grants” (effective from	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than	

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<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Government Assistance</b>	1.01.2003; revised version from 1.01.2005)		IFRS.	
<b>IAS 21</b>	<b>The Effects of Changes in Foreign Exchange Rates</b>	<b>ASBG 1</b> “General principles” (effective from 1.01.2003; revised version from 1.01.2005)	For statutory purposes the presentation currency must be the official currency of Estonia (currently Estonian kroon); ie there is no choice of presentation currency as offered by IAS 21.	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 23</b>	<b>Borrowing Costs</b>	<b>ASBG 5</b> “PPE and intangible assets” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 24</b>	<b>Related Party Disclosures</b>	<b>ASBG 2</b> “Presentation of financial statements” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	

<sup>1</sup> IASB pronouncements are available by contacting the IASB or refer to its website at [www.iasb.org](http://www.iasb.org).

<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
<b>IAS 26</b>	<b>Accounting and Reporting by Retirement Benefit Plans</b>	None	NA	NA	No NAS considered being necessary as the topic is relevant for a relatively small number of entities only. If relevant, they are recommended to use IFRS guidance.
<b>IAS 27</b>	<b>Consolidated and Separate Financial Statements</b>	<b>ASBG 11</b> “Business combinations and investments in subsidiaries and associates” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 28</b>	<b>Investments in Associates</b>	<b>ASBG 11</b> “Business combinations and investments in subsidiaries and associates” (effective from	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	

<sup>1</sup> IASB pronouncements are available by contacting the IASB or refer to its website at [www.iasb.org](http://www.iasb.org).

<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
		1.01.2003; revised version from 1.01.2005)			
<b>IAS 29</b>	<b>Financial Reporting in Hyperinflationary Economies</b>	Not applicable	NA	NA	Estonia is not a hyperinflationary economy.
<b>IAS 30</b>	<b>Disclosures in the Financial Statements of Banks and Similar Financial Institutions</b>	None	NA	NA	All banks are required to prepare their accounts in accordance with IFRS.
<b>IAS 31</b>	<b>Interests in Joint Ventures</b>	None	NA	NA	No NAS considered being necessary as the topic is relevant for a relatively small number of entities only. If relevant, they are recommended to use IFRS guidance.
<b>IAS 32</b>	<b>Financial Instruments:</b>	<b>ASBG 3 “Financial instruments”</b>	None	NAS standards are a simplified summary of IFRS. The recognition	

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<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Disclosure and Presentation</b>	(effective from 1.01.2003; revised version from 1.01.2005)		and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 33</b>	<b>Earnings per Share</b>	None	NA	NA	Listed entities are required to prepare their accounts in accordance with IFRS.
<b>IAS 34</b>	<b>Interim Financial Reporting</b>	<b>ASBG 15</b> “Interim reporting” (effective from 1.01.2004)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 36</b>	<b>Impairment of Assets</b>	<b>ASBG 5</b> “PPE and intangible assets” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 37</b>	<b>Provisions, Contingent Liabilities and</b>	<b>ASBG 7</b> “Provisions, contingent	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same	

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	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Contingent Assets</b>	liabilities and contingent assets” (effective from 1.01.2003; revised version from 1.01.2005)		but they require less disclosure than IFRS.	
<b>IAS 38</b>	<b>Intangible Assets</b>	<b>ASBG 5</b> “PPE and intangible assets” (effective from 1.01.2003; revised version from 1.01.2005)	ASBG 5 does not permit application of the revaluation method as described in the allowed alternative treatment of IAS 38. Intangible assets must be accounted for at cost less depreciation (as described in benchmark treatment of IAS 38).	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 39</b>	<b>Financial Instruments: Recognition and Measurement</b>	<b>ASBG 3</b> “Financial instruments” (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS. Certain simplifications allowed for application of amortised cost calculation.	

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	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
				No tainting rules for held to maturity investments. No guidance on hedge accounting included in ASBG 3; if relevant, they are recommended to use IFRS guidance.	
<b>IAS 40</b>	<b>Investment Property</b>	<b>ASBG 6</b> “Investment properties” (effective from 1.01.2003; revised version from 1.01.2005)	Properties leased under operating leases cannot be treated as investment properties (IAS 40.6).	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IAS 41</b>	<b>Agriculture</b>	<b>ASBG 7</b> “Biological assets” (effective from 1.01.2004; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IFRIC 1</b>	<b>Changes in Existing Decommissioning,</b>	None	NA	NA	No NAS considered being necessary as the topic is relevant for a relatively

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	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Restoration and Similar Liabilities</b>				small number of entities only. If relevant, they are recommended to use IFRS guidance.
<b>IFRIC 2</b>	<b>Members’ Share in Co-operative Entities and Similar Instruments</b>	<b>ASBG 3 “Financial instruments”</b> (effective from 1.01.2003; revised version from 1.01.2005)	None	NAS standards are a simplified summary of IFRS. The recognition and measurement rules are the same but they require less disclosure than IFRS.	
<b>IFRIC 4</b>	<b>Determining Whether an Arrangement Contains a Lease</b>	None	NA	NA	No NAS considered being necessary as the topic is relevant for a relatively small number of entities only. If relevant, they are recommended to use IFRS guidance.
<b>IFRIC 5</b>	<b>Rights to Interests Arising From Decommissioning, Restoration and Environmental</b>	None	NA	NA	No NAS considered being necessary as the topic is relevant for a relatively small number of entities only. If relevant, they are

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	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Rehabilitation Funds</b>				recommended to use IFRS guidance.
<b>SIC 7</b>	<b>Introduction of the Euro</b>	<b>Draft ASBG 18</b> “Introduction of euro”	None	None	
<b>SIC 10</b>	<b>Government Assistance – No Specific Relation to Operating Activities</b>	<b>ASBG 12</b> “Government grants” (effective from 1.01.2003; revised version from 1.01.2005)	None	None	
<b>SIC 12</b>	<b>Consolidation – Special Purpose Entities</b>	<b>ASBG 11</b> “Business combinations and investments in subsidiaries and associates” (effective from 1.01.2003; revised version from 1.01.2005)	None	None	
<b>SIC 13</b>	<b>Jointly Controlled Entities – Non-</b>	None	NA	NA	No NAS considered being necessary as the topic is

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	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Monetary Contributions by Venturers</b>				relevant for a relatively small number of entities only. If relevant, they are recommended to use IFRS guidance.
<b>SIC 15</b>	<b>Operating Leases - Incentives</b>	<b>ASBG 9 “Leases”</b> (effective from 1.01.2003; revised version from 1.01.2005)	None	None	
<b>SIC 21</b>	<b>Income Taxes – recovery of Revalued Non-Depreciable Assets</b>	None	NA	NA	Not relevant as there is no profit tax in Estonia.
<b>SIC 25</b>	<b>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</b>	None	NA	NA	Not relevant as there is no profit tax in Estonia.
<b>SIC 27</b>	<b>Evaluating the Substance of</b>	<b>ASBG 9 “Leases”</b> (effective from	None	None	

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	<b>IASB pronouncements<sup>1</sup> issued and in effect as of September 30, 2005<sup>2</sup></b>	<b>State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement</b>	<b>Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)</b>	<b>Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)</b>	<b>Comment Box for additional relevant information</b>
	<b>Transactions Involving the Legal Form of a Lease</b>	1.01.2003; revised version from 1.01.2005)			
<b>SIC 29</b>	<b>Disclosure – Service Concession Arrangements</b>	None	NA	NA	
<b>SIC 31</b>	<b>Revenue – Barter Transactions Involving Advertising Services</b>	None	NA	NA	
<b>SIC 32</b>	<b>Intangible Assets – Web Site Costs</b>	None	NA	NA	

### **IASB Pronouncements Issued but Not in Effect as of September 30, 2005**

The following IASB pronouncements have been issued but are not in effect as of September 30, 2005.

<sup>1</sup> IASB pronouncements are available by contacting the IASB or refer to its website at [www.iasb.org](http://www.iasb.org).

<sup>2</sup> Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	<b>IASB Pronouncements Issued and not in Effect<sup>1</sup> as of September 30, 2005</b>	<b>Has this IASB pronouncement been adopted or otherwise incorporated into national accounting standards and related pronouncements? (Yes / No )</b>	<b>If “yes”, please state the name of the pronouncement and its effective date.</b>	<b>If “no”, please explain whether this pronouncement has been included in the work program.</b>	<b>Comment Box for additional relevant information</b>
<b>IFRS 6</b>	<b>Exploration for and Evaluation of Mineral Resources</b>	No		No	No NAS considered being necessary as the topic is relevant for a relatively small number of entities only. If relevant, they are recommended to use IFRS guidance.

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### IASB Pronouncements that Have Been Withdrawn

The following IASB pronouncements have been withdrawn and are no longer in effect as of September 30, 2005.

	<b>Withdrawn IAASB Pronouncements</b>	<b>Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)</b>	<b>If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.</b>	<b>Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.</b>	<b>Comment Box for additional relevant information</b>
<b>IFRIC 3</b>	<b>Emission Rights</b>	No equivalent standard issued			

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### **Standards issued by the Estonian Accounting Standards Board**

<b>No</b>	<b>Topic</b>	<b>Respective IFRS/IAS</b>	<b>Status</b>
RTJ 1	General principles <ul style="list-style-type: none"> <li>• Objective of financial statements; true and fair view</li> <li>• Main definitions, assumptions and principles</li> <li>• Application of and change in accounting policies; application of and change in accounting estimates; correction of errors</li> <li>• Events after balance sheet date</li> <li>• Functional currency and presentation currency</li> </ul>	IASB Framework; IAS 1, 8, 10, 21	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 2	Presentation of financial statements <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Income statement</li> <li>• Cash flow statement</li> <li>• Statement of changes in equity</li> <li>• Notes</li> <li>• Disclosure on related parties</li> </ul>	IAS 1, 7, 24	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 3	Financial instruments <ul style="list-style-type: none"> <li>• Accounting for different groups of financial assets (FVTPL, AFS, financial assets at amortised cost)</li> <li>• Accounting for financial liabilities</li> <li>• Derivatives</li> </ul>	IAS 39, 32	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 4	Inventories <ul style="list-style-type: none"> <li>• Recognition and measurement</li> <li>• Cost calculation formulas</li> </ul>	IAS 2	Effective from 1.01.2003  Revised version effective from 1.01.2005

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No	Topic	Respective IFRS/IAS	Status
RTJ 5	PPE and intangible assets <ul style="list-style-type: none"> <li>• Recognition and measurement (incl. Revaluations)</li> <li>• Impairment</li> <li>• Capitalisation of borrowing cost</li> <li>• Assets held for sale</li> </ul>	IAS 16, 38, 36, 23, IFRS 5	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 6	Investment properties <ul style="list-style-type: none"> <li>• Fair value model and cost model</li> </ul>	IAS 40	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 7	Biological assets <ul style="list-style-type: none"> <li>• Animals, plant and other biological assets</li> </ul>	IAS 41	Effective from 1.01.2004  Revised version effective from 1.01.2005
RTJ 8	Provisions, contingent assets and liabilities <ul style="list-style-type: none"> <li>• Provisions (incl. provisions in respect of legal cases, guarantees, onerous contracts, environmental, restructuring, termination benefits, pensions etc)</li> <li>• Deferred tax and dividend tax</li> <li>• Contingent assets and liabilities</li> </ul>	IAS 37, 12, 19	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 9	Lease accounting <ul style="list-style-type: none"> <li>• Finance and operating lease in the accounts of lessor and lessee</li> </ul>	IAS 17	Effective from 1.01.2003  Revised version effective from 1.01.2005

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No	Topic	Respective IFRS/IAS	Status
RTJ 10	Revenue recognition <ul style="list-style-type: none"> <li>• Sale of goods</li> <li>• Rendering of services, incl. long-term contracts</li> </ul>	IAS 18, 11	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 11	Business combinations and investments in subsidiaries and associates <ul style="list-style-type: none"> <li>• Acquisition of subsidiaries and associates</li> <li>• Merger of legal entities</li> <li>• Accounting for positive and negative goodwill</li> <li>• Equity method</li> <li>• Consolidation, incl. Translation of foreign entities</li> <li>• Accounting for subsidiaries and associates in parent's standalone financial statements</li> </ul>	IFRS 3, IAS 27, 28, 21	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 12	Government grants	IAS 20	Effective from 1.01.2003  Revised version effective from 1.01.2005
RTJ 13	Liquidation and closing financial statements	-	Effective from 1.01.2004
RTJ 14	Non-profit organisations	-	Effective from 1.01.2004
RTJ 15	Interim reporting	IAS 34	Effective from 1.01.2004
RTJ 16	Segment reporting	IAS 14	Effective from 1.01.2004
RTJ 17	Public Private Partnerships	-	Effective from 1.01.2005  Revised version effective from 1.01.2006

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No	Topic	Respective IFRS/IAS	Status
Draft RTJ 18	Introduction of euro	-	Draft issued for public comment.  Expected to become effective prior to introduction of euro in Estonia (likely to happen in 2007 or 2008).

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