

# GUIDELINE FOR THE COMPLETION OF THE FORM

## (Balance of Payments Report – Form 3)

### PROHIBITION OF NETTING

Netting (offsetting) of assets against liabilities or income against expenses is prohibited.

### ACCRUAL BASIS OF ACCOUNTING

The form must be completed based on the accrual basis of accounting. Business transactions are recorded when they occur, regardless of when cash is received or paid for the transactions (Subsection 5 (2) of the Accounting Act).

### TRANSLATION OF FOREIGN CURRENCY INTO ESTONIAN KROONS AND EXCHANGE RATE SPREADS

All monetary amounts in the report must be presented in **thousands of kroons**. Transactions in foreign currency are translated based on the exchange rate valid on the day of the operation. The column "Unrealised gains/losses from exchange rate and price adjustments" shows the gains (+) or losses (-) from the revaluation of currency.

### DEFINITIONS

**Agency service** – intermediation and agency fees.

**Sale/acquisition of copyrights** – payments for the *acquisition* or *waiver* of copyrights (patents, trademarks, franchises, etc).

**Finance lease** – loan (lease transaction) for the acquisition of an asset provided that the lease object remains in the ownership of the leaser until the asset cost and interest have been paid.

**Operative lease** – lease transaction, where the lessee uses the asset during the contract term and returns it to the lessor upon expiry of the contract.

**Transport and forwarding of goods (total)** – income and expenses related to the transport and forwarding of goods. Companies directly engaged in transport operations indicate here only international transport services provided to/commissioned from non-resident forwarding companies. Forwarding companies indicate **all** the services related to international transport, incl the sale of the services of resident transport companies to non-residents or services related to international transport commissioned by non-residents. The claims and/or liabilities arising therefrom are covered under foreign assets and foreign liabilities.

**Incl transport related to the import of goods, excl transit** – income from transport operations related to import (intra-Community acquisition of goods), when the seller, i.e non-resident pays for the transport service (may be an estimation).

**Incl transport and forwarding of goods and services when both the commissioner of the transport operation and the carrier are non-residents** - income and expenses related to the transport and forwarding of goods when both the carrier and the commissioner are **non-residents** (e.g, forwarding on the territory of another country or between other countries).

**Insurance services** – life insurance premiums and property insurance premiums, incl amounts paid for insurance contracts (policies) with the aim of transferring a part of liability for possible damages or losses to the insurance company.

**Fuels, lubricants, etc sold to / bought from** – fuel, lubricants, etc sold to or bought from non-residents (these amounts are not included in the

Estonian customs statistics).

**Short-term loan** – a loan with the original maturity of 1 year or less.

**Non-resident** – a legal entity or private individual that is registered abroad and whose country of residence is not Estonia. The branches and subsidiaries of non-resident companies that are located in Estonia are considered residents. The branches and subsidiaries of Estonian residents that are located abroad are considered non-residents. Non-residents include also the embassies of foreign countries or other foreign government bodies located in Estonia.

**Long-term loan** – a loan with the original maturity of over one year.

**MONEY MARKET INSTRUMENT** – a highly liquid debt obligation that is tradable in the money market, has a low interest and credit risk and maturity of less than 1 year.

**Unrealised gains/losses due to exchange rate or price adjustments** – gains (+) or losses (-) due to changes in the market prices, the exchange rate, or revaluation and uncollectible amounts (so-called non-transactional amounts).

**International passenger service** – income from servicing non-resident passengers. The received income includes the expenditure of non-residents on board a ship – in restaurants, bars, stores, etc (may be an estimate).

**International passenger transport service** – income from the transport of non-resident passengers (cost of the tickets of non-residents), and passenger transport operations bought from non-resident carriers.

**Passenger ticketing service** - amounts received from the distribution of travel tickets of non-resident carriers or amounts paid abroad for the distribution of travel tickets of Estonian carriers.

**Operative lease of means of transport and other equipment** – covers amounts paid and received for the operative lease of means of transport (incl trailers) and other equipment.

**Derivative instrument** – a security related to a certain financial instrument, index, or commodity, which enables trading with financial risks in the market, i.e the right or obligation to buy, sell or swap certain financial assets in the future at a price and in the amount previously agreed upon (option, forward, SWAP, future, etc).

**Marketing and advertising services and public opinion polls** – commissioning of advertising, fairs, exhibition services, market and public opinion polls.

**Bond and note** – as a rule, a long-term security (maturity of over 1 year) proving the right of claim and entailing the borrower's obligation to repay the loan by due date and pay the interests to the lender.

**Foreign assets/foreign liabilities** – assets and liabilities, where the counterparty is non-resident.

**Goods sold on board of means of transport** – goods purchased from abroad with the aim of selling them on board a ship or a plane.