11 October 2011

SUMMARY NOTES TO BFI 2011 YEARLY REPORT

BFI yearly reports on accounting year 2011 must reach DNB within 4 months after the end of the financial year. These summary explanatory notes, with attention pointers, aims to help ensure quick and error-free submission.

The yearly report concerns data from the balance sheet and the P&L account. DNB will check your report. If questions or suspected errors arise, we will contact you. If errors are found, we will request re-submission of the report.

You may test your reporting data in e-Line before submitting them, using the verification tool which is available on the e-Line website. This is a tool to make analyses shaped as an Excel spreadsheet with two tab sheets, the balance sheet and the profit and loss account. The tool indicates which items from the annual accounts we expect to find on which forms. The file also provides for verification calculations. The zero-results on the green cells of the profit and loss account indicate a hypothetical outcome in case the accounting and the valuation system of the enterprise are in accordance with the principles of the compilation of the balance of payments. However, deviations are possible, depending on the system used by the BFI. Further explanations by the reporting institution are welcome. DNB will analyse the deviations and will possible ask further questions.

<u>1. Balance sheet reconciliation</u>
The yearly report regards the complete balance sheet. Total assets and total liabilities must match exactly. The balance sheet positions should match line for line with the positions on the last yearly report and with the transactions entered in the successive monthly reports for 2010.

<u>2. Profit and loss items</u>
The profit and loss account comprises income and expenditure regarding equity investments, portfolio investments and loans, including revaluations, which must be represented on the A, P and D forms. The other P&L items (remuneration costs etc.) are to be entered on forms WVO and WVB.

Form WVA-R should represent the total pre-tax profit/loss from ordinary operations in accordance with the Model Annual Accounts[1]. This definition of pre-tax profit/loss differs from the statistical definition which applies to the profit/loss reported at Form PD-C. The main difference between both concepts is the exclusion of results from revaluation of assets in the statistical definition of profit/loss. This concerns revaluations resulting from changes in (market) prices or exchange rates, impairments or redemptions of financial assets (e.g. write-off of goodwill). These revaluations are to be reported as price changes or exchange rate changes on Form PD-C.

Please note that both definitions of profit/loss from operational activities exclude exceptional profits and losses. These are presented in the WVU forms. One example of an exceptional result in the context of BoP reporting is the book profit realised on the sale of a direct investment. Such

[1] This implies that field 62F of the checking tool should show a zero outome.

an item must be recorded as an ‘other change’ on forms AD-C and PD-C, and also on WVU-B or WVU-L.

Form WVA-B concerns the allocation of profit, which includes tax to be paid and dividends paid to shareholders.

3. Reconciliation differences

The closing positions on the yearly report must match the opening positions, as reported, of the accounting year and the transactions reported in the 12 individual monthly reports. Not only must the amounts match, but so should the item numbers, sectors and country codes. Transactions must always be entered gross, so a decrease during a particular period must not be netted against an increase during the same period. Thus the ‘Increase’ column in the yearly report should contain the sum total of the 12 ‘Increase’ columns in the individual monthly reports, just as the ‘Decrease’ column should present the sum total of the 12 ‘Decrease’ columns in the individual monthly reports. Any deviation from this will create a reconciliation difference that must be corrected. The AO-RC form is not included in the reconciliation check, because it contains net transactions in the monthly reports. The final amount in AO-RC may show net assets or liabilities (in the latter case with a minus sign).

4. Skewing

We will check whether, in the 12 individual monthly reports, the total of outward cross-border transactions matches total inward cross-border transactions. If not, we call this ‘skewing’. Skewing may due to the fact that funds are raised in the Netherlands and allocated abroad or, conversely, raised abroad and allocated in the Netherlands. Inexplicable skewing is usually due to a reporting error that must be corrected.

5. Other changes

As a rule, we do not expect to find large items in the ‘Other changes’ columns in any of the reporting sheets, unless there is a valid explanation, such as a an eceptional profit or loss, a writedown on goodwill or valuation differences arising from a change in the valuation base (e.g. transition to IFRS).