

ACCOUNTING AND AUDITING LAW

I BASIC PROVISIONS

Article 1

This Law shall govern the requirements for and manner of keeping books of account, preparing, presenting, submitting and disclosing financial statements, as well as the requirements for and manner of auditing financial statements.

The provisions of this Law shall apply to enterprises, cooperatives, banks and other financial organisations, insurance organisations, stock exchanges and stockbrokers, and other persons (hereinafter referred to as »legal entities«).

The provisions of this Law shall also apply to individuals independently performing economic activity for the purpose of gaining profit (hereinafter referred to as »entrepreneurs«) and reporting profits as required by the law governing the income tax imposed on the independent activity excluding the entrepreneurs paying the lump sum tax.

The provisions of this Law shall also apply to enterprises and other forms of organisations founded by legal entities abroad where books of account are not required to be kept, and financial statements to be prepared and audited by regulations of the country they have been founded in.

Banks and other financial organisations, and insurance organisations shall, as requested by a competent supervising authority, provide information allowing an overview of state of affairs of legal entities founded by banks and other financial organisations or insurance organisations abroad.

The provisions of this Law shall not apply to budgets and beneficiaries of budgetary funds unless otherwise provided by separate regulations.

Article 2

Legal entities and entrepreneurs shall keep books of account, prepare, present, submit and disclose financial statements in compliance with the legislation, professional and internal rules.

The legislation shall mean this Law and the by-laws relating to the compliance with this Law.

The professional rules shall mean the Code of Ethics for Professional Accountants, the International Accounting Standards (IAS), the International Standards of Auditing (ISA), the national standard governing the requirements for professional development of accountants and auditors and acquiring of professional titles, the national standard applied to accounting software, and other national standards established in accordance with the statements issued by the governing bodies of the International Federation of Accountants (IFAC).

The internal rules shall mean the internal general rules containing specific principles, instructions and guidelines for keeping books of account, preparing, presenting,

adopting, submitting and disclosing financial statements as issued by the legal entity and entrepreneur in accordance with the legislation and professional rules.

1. Definitions

Article 3

Some of the terms used in this Law shall have the following meaning:

The International Accounting Standards shall mean the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS), and relevant interpretations by the Standing Interpretation Committee (SIC), as amended and interpreted from time to time, and the future standards and relevant interpretations issued or accepted by the International Accounting Standards Board (IASB);

The International Standards of auditing shall mean the International Standards of Auditing (ISA) issued by the International Auditing Practices Committee (IAPC) and the International Federation of Accountants (IFAC), as amended from time to time, and the future standards issued or accepted by such bodies;

The Code of Ethics for Professional Accountants shall mean the code established by a professional organisation on the basis of the Code of Ethics for Professional Accountants of the International Federation of Accountants (IFAC);

The accountant shall mean a qualified person holding the certificate required to keep books of account, prepare and present financial statements for small legal entities;

The independent accountant shall mean a qualified person holding the certificate required to keep books of account, prepare and present financial statements;

The certified accountant shall mean a qualified person holding the certificate required to keep books of account, prepare and present financial statements, and to conduct the audits of accounts under the supervision of a certified auditor;

The authorised auditor shall mean a qualified person holding the certificate required to conduct the audits of financial statements;

The certificate shall mean the public document issued to a person providing evidence of the professional examination passed, acquired title and the requirements complied with in accordance with the Code of Ethics for Professional Accountants;

The licence shall mean the public document issued to an organisation or entrepreneur enabling them to provide accounting and auditing services.

2. Classification of legal entities

Article 4

Legal entities shall for the purpose of this Law be classified into small, medium and large legal entities depending on the number of employees, total income and value of assets as at the day of preparing financial statements for the previous financial year.

Legal entities shall be classified as medium legal entities if as at the day of preparing financial statements they meet at least two of the following criteria:

- (1) average number of employees ranging from 50 to 250;
- (2) total annual income ranging from 2,500,000 to 10,000,000 euro in dinar counter-value;
- (3) average value of assets ranging from 1,000,000 to 5,000,000 euro in dinar counter-value.

Legal entities, with indicators being below the levels specified for at least two criteria referred to in paragraph 2 thereof, shall be classified as small legal entities, whereas legal entities, with indicators exceeding the levels specified for at least two criteria referred to in paragraph 2 thereof, shall be classified as large legal entities.

If a legal entity has different indicators under the criteria referred to in paragraph 2 thereof, thus failing to meet at least two specified classifying criteria referred to in paragraph 3 thereof, such legal entity shall be specified as a medium legal entity.

Large legal entities for the purpose of this Law shall be deemed to include banks and other financial organisations, insurance organisations, stock exchanges and stockbrokers.

Small legal entities for the purpose of this Law shall be deemed to include entrepreneurs.

The classification in accordance with criteria referred to in paragraph 2 thereof shall be made by the legal entity being classified as at the day the financial statements are prepared, and it shall use such data for the following financial year.

Newly founded legal entities shall be classified for the purpose of paragraph 2 thereof on the basis of the data contained in financial statements for the current financial year and the number of operating months.

II BOOKS OF ACCOUNT AND ACCOUNTING DOCUMENTS

1. Books of account

Article 5

Books of account shall be uniform records and other records on the state of and changes in assets, liabilities and equity, income, expenses and operating results of legal entities and entrepreneurs.

Books of account shall be kept by applying double-entry book-keeping principles.

Article 6

The uniformity of records shall be provided by applying a defined structure of accounts.

The structure of accounts and the contents of specific accounts therein shall be prescribed by the federal authority in charge of finance, in particular for:

- (1) enterprises, cooperatives and entrepreneurs;
- (2) insurance organisations;

(3) stock exchanges and stockbrokers.

The structure of accounts and the contents of specific accounts therein for banks and other financial organisations, as well as for the National Bank of Yugoslavia, shall be prescribed by the Governor of the National Bank of Yugoslavia.

Article 7

Books of account shall have the character of public documents.

Books of account shall be: journal, general ledger and supporting ledgers.

Books of account shall be kept in such a manner to allow the accuracy of entries, filing and use of data to be examined, as well as the chronological order of entries to be identified, and all changes in the accounts of the general ledger and supporting ledgers to be reviewed.

Books of account may be kept loose-leafed, bound or transferred to one of the electronic or magnetic media allowing them to be printed or displayed on the screen as required.

Legal entities and entrepreneurs shall be required to keep their books of account accurate and up to date.

2. Accounting documents

Article 8

Business transactions in respect of assets, liabilities, equity, income and expenses shall be entered into the books on the basis of an accounting document.

The accounting document shall be a public document being a written evidence that a business transaction or other event occurred.

The accounting document must contain all data necessary for entries into the books of account whereby the basis of the business transaction occurred may be identified in the document relating to such transaction.

The accounting document shall be produced in sufficient number of copies, at the time and place of the business transaction occurred, and must be signed by persons responsible for such business transaction.

Article 9

A document received through telecommunication systems, including the electronic data computer interchange in compliance with the JUS-UN/EDIFACT standards, shall also be considered an accounting document.

It shall be the responsibility of the sender to have the input of data for transfer through telecommunications systems based on the respective accounting documents, as well as to file the original document.

The provider of services or the intermediary in the EDI transactions shall be responsible for the accuracy of messages transmitted under the JUS-UN/EDIFACT standards.

Article 10

Persons responsible for the preparation and control of accounting documents shall by signing the document guarantee that it truly and fairly reflects the business transaction presented.

The accounting documents shall be reviewed before being entered into the books for the purpose of verifying their completeness, fairness, computing accuracy and legality.

Article 11

The accounting document and supporting documentation relating to the business transaction shall be submitted to be entered into the books within eight days after such business transaction occurred unless a shorter period is required by general rules established by the respective legal entity.

Persons in charge of keeping books of account, after they have reviewed the documents received, shall enter the business transaction into the books of account on the following day, and at the latest within five days after the accounting document was received.

Article 12

Legal entities and entrepreneurs shall by their general rules set up the organisation of an accounting system and internal accounting control procedures, designate the persons responsible for the legality and validity of the business transaction occurred and the preparation of documents relating to such transaction, define the flow of accounting documents, and determine the periods in which such documents shall be forwarded for further processing.

The legal entity or entrepreneur using computerised data processing methods shall use the accounting software which provides for the operation of the internal accounting control system and prevents any deletion of business transactions entered into the books in compliance with the accounting standard governing the respective accounting software.

3. Closing of books of account and filing period for accounting documents

Article 13

Books of account shall be closed after all business transactions have been entered and accounted for at the end of a financial year, or in the course of a financial year in the event of any status changes, closing the business or in other cases.

By exception to paragraph 1 thereof, the books of account used for a period exceeding one year shall be closed after such use has been terminated.

Books of account shall be closed latest by the deadline set for the submission of financial statements.

In the event of liquidation or bankruptcy proceedings the accounting documents and books of account shall be delivered to the liquidator or receiver, and such delivery duly noted.

Article 14

Legal entities and entrepreneurs shall duly file the accounting documents and books of account, as well as designate the person responsible for such filing.

Accounting documents and books of account shall be filed in the business premises of the legal entity or entrepreneur, or with the organisation or entrepreneur engaged to keep the books of accounts and holding the licence referred to in Article 3 of this Law.

Article 15

Financial statements shall be filed for the period of 50 years.

Journals and general ledgers shall be filed for the period of 10 years.

Supporting ledgers shall be filed for the period of five years.

Payroll slips and analytical records of salaries shall be filed indefinitely if they provide important information on employees.

Documents being the source of data entered into the books of account shall be filed for the period of five years.

Documents of payment operations in the organisations authorised for payment operations shall be filed for the period of five years

Sale and control slips, supplementary forms and similar documentation shall be filed for two years.

The filing periods for the public documents referred to in paragraph 1 thereof shall count as of the last day of the financial year to which they refer.

Financial statements, books of account and accounting documents shall be filed as hard copies or by using other means of filing provided by the law.

4. Reconciliation of books of account, asset and liability inventories, and reconciliation of receivables and payables

Article 16

The reconciliation of transactions and balances in the general ledger with the journal, and the reconciliation of supporting ledgers with the general ledger shall be made prior to the asset and liability inventory and before the financial statements have been prepared.

The balance of assets and liabilities as reported in the books shall be at least once a year reconciled with the actual balances determined by inventory.

Legal entities and entrepreneurs shall reconcile their mutual lending and borrowing, receivables and payables at least once a year.

By exception to the provision of paragraph 2 thereof, longer periods for inventory of books, films, photographs, archives etc. may be set by general rules provided that, however, such period shall not exceed five years.

Legal entities and entrepreneurs shall take an inventory of assets and liabilities at the end of the financial year as at the last day of such financial year.

By exception to the provision of paragraph 5 thereof, general rules may provide for the inventory of certain assets to be taken in the course of a year.

Article 17

In addition to the asset and liability inventories referred to in Article 16 of this Law legal entities and entrepreneurs shall also take an inventory and reconcile the balances if the supervising accountant office is handed over to a successor, in case of status changes, changes in organisational form, sale of legal entity, transformation of ownership, proceedings of normal liquidation and bankruptcy proceedings instituted and/or completed in respect of the legal entity, and in other cases provided by the law.

Any legal entity and entrepreneur with products and merchandise in outlets reported in the books of account by type, quantity and value may decide not to take an inventory at the time selling prices are changed, and may determine any changes in value on the basis of data contained in the books of account.

The procedures and time limits applied to inventories and reconciliation of balances reported in the books with the actual positions shall be prescribed by the federal authority in charge of finance.

Article 18

Legal entities and entrepreneurs shall reconcile the receivables and payables as at the day of preparing their financial statements.

A creditor shall serve its debtor a list of unsettled invoices not later than 25 days before the day of preparing the financial statements, and the debtor shall within five days after such list was received check its respective debt and notify the creditor accordingly.

A legal entity shall disclose any non-reconciled receivables and payables in the notes to financial statements.

III KEEPING BOOKS OF ACCOUNT

1. Accounting principals and accounting evaluation

Article 19

Legal entities and entrepreneurs shall keep books of accounts, prepare and present financial statements in compliance with the accounting principles defined within the International Accounting Standards.

The International Accounting Standards shall be applied to the approval, evaluation and presentation of positions in financial statements.

2. International Accounting Standards and International Standards of Auditing

Article 20

The translation, publishing and adjustments of the International Accounting Standards and the International Standards of Auditing, as recommended by the International Federation of Accountants (IFAC), the International Accounting Standards Board (IASB), and the International Auditing Practices Committee (IAPC) shall be undertaken by legal entities granted the translating and publishing rights by the International Federation of Accountants (IFAC).

The decision on instituting the International Accounting Standards and International Standards of Auditing referred to in paragraph 1 thereof shall be issued by the federal authority in charge of finance whereas such decision shall be published in the »FRY Official Gazette«.

3. Requirements to be met in keeping books of account

Article 21

Books of accounts shall be kept, and financial statements of legal entities and entrepreneurs prepared and presented by a qualified person.

The qualified person referred to in paragraph 1 thereof must meet the following requirements:

- (1) that he/she has passed the professional examination required for respective professional title (accountant, independent accountant and certified accountant);
- (2) that he/she has not been convicted on criminal charges disqualifying him/her for tasks performed in the area of accounting.

The requirements applied to the professional development and titles to be acquired by qualified persons shall be defined by the national standard.

Books of account may be kept and financial statements prepared by another organisation or entrepreneur holding the licence referred to in Article 3 of this Law.

The provision in paragraph 4 thereof shall not apply to banks, other financial organisations and insurance organisations.

Legal entities and entrepreneurs shall in their general rules specify the level of professional title required for the persons responsible for keeping books of account and the preparation of financial statements.

Article 22

The organisations and entrepreneurs registered for accounting services must also meet the following special requirements:

- (1) to hold the licence;
- (2) in accordance with the Code not to be controlled by any person or interest groups;
- (3) to have qualified persons referred to in Article 21 of this Law holding the position of director, chairman of the board of directors and chairman of the supervisory board, in cases where they have been established.

The organisations and entrepreneurs referred to in paragraph 1 thereof shall keep their books of account by applying double-entry book-keeping principles.

IV FINANCIAL STATEMENTS

1. Obligation to prepare financial statements

Article 23

Legal entities and entrepreneurs shall prepare and present financial statements for the current financial year as at December 31 of the current year.

By exception, the legal entity and entrepreneur engaged in seasonal activity, as well as the legal entity or entrepreneur related to a foreign organisation applying a reporting year which differs from the calendar year, may prepare and present financial statements as at the last day of a financial year, which differs from the calendar year, subject to the approval obtained from the federal authority in charge of finance.

Legal entities and entrepreneurs subject to any occurred status changes, changes in organisational form or sale shall prepare financial statements as at the day the decision on such changes was made or the day specified by the sale agreement.

Any business transactions which occurred in the period between the date of balance of accounts and the date of entering into the court register shall be included in the books of account kept by the previous legal entity or the new legal entity, as specified in the decision on change, or the sale agreement (retroactive accounting clause).

Financial statements shall also be prepared in case of the instituted and/or completed liquidation or bankruptcy proceedings in respect of a legal entity.

Article 24

Financial statements shall include:

- (1) balance sheet;
- (2) income statement;

- (3) cash flow statement
- (4) statement of changes in equity
- (5) notes to the financial statements

By exception to the paragraph 1 thereof, small legal entities shall prepare the balance sheet and income statement.

2. Components of balance sheet and income statement

Article 25

The balance sheet and income statement present the financial position, i.e. the financial effects of business transactions and other events grouped into the components of financial statements according to their economic characteristics.

Article 26

The components of the balance sheet shall include assets, liabilities and equity.

The assets shall represent the resources controlled by the legal entity or entrepreneur and generated on the basis of earlier business events which provide for economic benefits gained by acquiring other assets, trading for other assets, settlement of liabilities or distribution to proprietors.

The liabilities shall represent the amounts payable on the basis of earlier business events occurred for the purpose of economic benefits, whereas their settlement requires the outflow of resources of the legal entity or entrepreneur through cash payments, transfer of other assets, goods delivered and services provided, one liability exchanged for another, or conversion into equity.

The equity shall be the remaining assets to be owed by proprietors after all the liabilities have been deducted.

Article 27

The components of income statement shall include income and expenses.

The income shall be the increase of economic benefits over the accounting period in the form of generated assets and/or improved quality of assets or decreased liabilities resulting in the increased value of equity excluding the increase resulting from the capital paid in by the proprietors.

The expenses shall be the decrease of economic benefits over the accounting period through outflows, i.e. by spending assets or creating liabilities which result in the reduced value of equity excluding the reduction caused by distribution to proprietors.

Article 28

The forms of financial statements for the purpose of consistent flow of information and statistical processing, i.e. the minimum content and form of data therein, shall be prescribed by:

The federal authority in charge of finance, for:
(1) enterprises, cooperatives and entrepreneurs;
(2) insurance organisations;
(3) stock exchanges and stockbrokers;
The Governor of the National Bank of Yugoslavia, for:
(4) the National Bank of Yugoslavia;
(5) banks and other financial organisations.

Article 29

The body of the legal entity, as provided by the statute and/or other general rule of the legal entity, shall be responsible for the financial statements.

V AUDITING OF FINANCIAL STATEMENTS

1. Auditing objectives and obligations

Article 30

The objective of auditing financial statements shall be to enable the auditor to express an opinion on whether the financial statements have been prepared as required by the International Accounting Standards in respect of all essential aspects.

Auditing of financial statements shall be compulsory for large and medium legal entities, as well as the issuers selling their long-term securities by public offering.

The audits shall be conducted every year on the basis of information in respect of the classification of legal entities for the previous year.

The issuers of securities shall be required to obtain the auditing report for the year preceding the year in which the securities are issued.

2. Auditing firm

Article 31

The auditing firm shall be established in accordance with the federal law governing the status of enterprises unless otherwise provided by this Law.

The auditing firm must also meet the following special requirements:

- (1) to hold the licence;
- (2) in accordance with the Code, certified auditors may not be controlled by any person or interest groups;
- (3) to have certified auditors holding the position of director, chairman of the board of directors and chairman of the supervisory board.

The audits of accounts for a medium legal entity may be conducted by an auditing firm if it employs at least one person holding the title of certified auditor, and three persons holding the title of certified accountant, and for a large legal entity, if it employs at least three persons holding the title of certified auditor.

3. Auditor titles

Article 32

The certified auditor shall be an independent qualified person who conducts the audits and is responsible for the properly conducted audits, preparation of auditors' report and the opinions expressed.

The certificate issued to the certified auditor may be obtained by the person who:

- (1) holds the title of certified accountant;
- (2) has a university degree;
- (3) has two years of auditing experience;
- (4) meets the requirements to acquire the certificate as provided by the national standard specifying the requirements of professional development and titles to be acquired by accountants and auditors;
- (5) has not been convicted on criminal charges disqualifying him/her for tasks performed in the area of auditing.

4. Conducting the audits

Article 33

The audits shall be conducted in accordance with this Law, the International Standards of Auditing (ISA), and the Code of Ethics for Professional Accountants.

Financial statements shall be audited by certified auditors employed by the auditing firms.

A competent body of the legal entity shall make decision on the choice of auditing firm.

Financial statements of a medium and large legal entity may be audited by the same auditing firm for the period of five and three consecutive years respectively.

The audits shall be conducted on the basis of a written agreement made no later than three months before the expiry of the financial year.

The audits shall be conducted against the payment of agreed fee whereas such fee in two consecutive years shall not exceed 15% of the annual income reported by the auditing firm.

The auditing firm shall take out liability insurance against any damage which may be caused by the opinion, as expressed by the certified auditor and contained in the report of audits conducted, latest by the time such opinion of the certified auditor is presented to the legal entity.

The auditing firms and certified auditors shall not conduct the audits for legal entities with the existing conflict of interest as defined by the Code of Ethics for Professional Accountants.

The auditing firms shall not conduct the audits for a legal entity to which they simultaneously provide the services of keeping books of account and preparing financial statements.

VI SUBMISSION AND DISCLOSURE OF FINANCIAL STATEMENTS

Article 34

Legal entities and entrepreneurs shall submit the financial statements for the previous year to the authority or other legal entity in charge of register of financial standing of legal entities in accordance with the law latest by the last day of the first two calendar months of the current year.

Legal entities and entrepreneurs shall submit the adopted financial statements for the previous year accompanied by auditors' opinion to the authority or other legal entity in charge of register of financial standing of legal entities in accordance with the law latest by the last day of the first six calendar months of the current year unless otherwise required by special regulation.

Legal entities which prepare consolidated financial statements shall submit such consolidated financial statements for the previous year to the authority or other legal entity in charge of register of financial standing of legal entities in accordance with the law latest by the last day of the first three calendar months of the current year.

Article 35

All entities subject to the auditing referred to in Article 30 of this Law shall disclose their balance sheet, income statement, cash flow statement and statement of changes in equity accompanied by auditors' opinion latest by the last day of the first seven calendar months of the current year by publishing in media or on web site.

VII ACCOUNTING AND AUDITING COMMISSION

Article 36

For the purpose of monitoring the development of the accounting and auditing profession, the application of international accounting regulations and harmonisation with such regulations, the adoption of certain national standards, the supervision of quality of work performed by professional organisations, issuing and withdrawal of licences and certificates, and other activities, the Federal Government shall by special directive establish the Accounting and Auditing Commission (hereinafter referred to as the »Commission«).

VIII PENALTY PROVISIONS

Article 37

A legal entity shall be fined 100,000 to 3,000,000 dinars for commercial offence:

- (1) if it fails, as requested by the competent supervising authority, to provide information allowing an overview of the state of affairs of legal entities founded by banks and other financial organisations or insurance organisations abroad;
- (2) if it fails to be classified into small, medium and large legal entities pursuant to this Law (Article 4);
- (3) if it fails to keep its books of account accurate and up to date (Article 7, paragraph 5);

- (4) if it fails to submit accounting documents and supporting documentation to be entered into the books within the required period, and fails to enter business transactions into the books of account within the required period (Article 11);
- (5) if it fails to set up by its general rules the organisation of accounting systems and internal accounting control procedures, to designate the persons responsible for the legality and validity of the business transactions occurred and the preparation of documents referring to such transaction, to define the flow of accounting documents, and to determine the periods in which such documents shall be forwarded for further processing (Article 12, paragraph 1).
- (6) if it uses computerised data processing methods, and fails to provide for the operation of the internal accounting control systems and prevents any deletion of business transactions entered into the books in compliance with the accounting standard governing the respective accounting software (Article 12, paragraph);
- (7) if it fails to close its books of account within the period required by the law, or to file its books of account and accounting documents in the manner and for the period required by this Law (Articles 13, 14, and 15);
- (8) if it fails to take an inventory of assets and liabilities for the purpose of this Law (Articles 16, 17, and 18);
- (9) if it fails to apply the accounting principles defined within the International Accounting Standards in the evaluation and presentation of financial statements (Article 19);
- (10) if it entrusts keeping of books of account, preparation and presentation of financial statements contrary to the provisions of this Law (Article 21, paragraph 1 and 4);
- (11) if it fails to specify in its general rules the level of professional titles as required by Article 21, paragraph 6 of this Law (Article 21, paragraph 6);
- (12) if it provides accounting services contrary to the requirements required by this Law (Article 22);
- (13) if it fails to conduct the audits of financial statements in accordance with the law, or to make an agreement on audits to be conducted (Article 30, paragraph 2 and Article 33, paragraph 5);
- (14) if the financial statements of the same legal entity are audited by the same auditing firm in the period exceeding the prescribed period (Article 33, paragraph 4);
- (15) if the auditing firm fails to conduct the audits in accordance with this Law (Article 33);
- (16) if it fails to submit its financial statements within the time limits required by the law (Article 34).

In the event of acts referred to in paragraph 1 thereof, the responsible person of the legal entity shall also be fined 5,000 to 150,000 dinars for commercial offence.

Article 38

In the event of acts referred to in Article 37 of this Law the entrepreneur referred to in Article 1, paragraph 3 of this Law shall be fined 20,000 to 200,000 dinars for offence.

IX TRANSITIONAL AND CLOSING PROVISIONS

Article 39

The persons who had acquired the titles of accountant, independent accountant and certified accountant before the day this Law became effective shall retain such title provided that, within three years after this Law became effective, they shall have passed the examination of knowledge in the area of International Accounting Standards according to the programme established by the Commission.

The title of certified auditor shall be acknowledged for the persons holding the decision confirming the professional title of auditor acquired by passing the examination within the programme of the Federal Government.

The persons who have acquired the auditor certificate or decision with no examination passed shall retain the title of certified auditor provided that, within three years after this Law became effective, they shall have passed the examination of knowledge in the area of International Accounting Standards according to the programme established by the Commission.

The title of certified auditor shall be acknowledged for the persons holding the decision confirming the title of certified auditor acquired by passing the examination within the programme of the Federal Government.

The persons who have acquired the certified auditor certificate or decision with no examination passed in accordance with the Law on Auditing of Accounts («FRY Official Gazette» Nos. 30/96, 74/99, 1/2000 and 71/2001) shall retain the title of certified auditor.

The persons who have commenced the examination process within the programme of the Federal Government may pass the remaining examinations latest by November 30, 2003.

Article 40

The provisions of Articles 23 and 24 of this Law shall apply to the financial statements for 2003.

The provision of Article 19 shall be applied by all legal entities and entrepreneurs referred to in Article 1 of this Law, excluding banks and other financial organisations, as of January 1, 2004.

Article 41

The provision of Article 30, paragraph 2 of this Law in respect of the compulsory auditing shall apply to medium legal entities as of January 1, 2004.

The organisations and entrepreneurs referred to in Articles 22 and 31 of this Law shall be required to bring their operation in compliance with the provisions of this Law no later than December 31, 2003.

Article 42

Until the authority or other legal entity in charge of registry of financial standing of legal entities, as referred to in Article 34 of this Law, has been established, financial statements shall be submitted to the National Bank of Yugoslavia.

Article 43

As of the day this Law becomes effective (1) the Accounting Law (»FRY Official Gazette« Nos. 46/96, 74/99, 22/2001, and 71/2001); and (2) the Law on Auditing of Accounts (»FRY Official Gazette« Nos. 30/96, 74/99, 1/2000, and 71/2001) shall cease to apply.

Article 44

This Law shall become effective on January 1, 2003.