INSTRUCTIONS FOR COMPLETING FORM BOP 12/G –FOREIGN INVESTMENT - ENTERPRISES

Form BOP 12/G should be completed for the enterprises (and any subsidiaries in BiH) listed on page one of the form.

# *- Used terms*

**A nonresident** is any individual, enterprise, or other organization originally domiciled in a country other than BiH. BiH branches and subsidiaries of nonresident enterprises are residents of BiH. Similarly, foreign branches and subsidiaries of BH enterprises are nonresidents.

A nonresident direct investor is a nonresident entity (or group of related nonresidents) that directly or indirectly own equity of 10 percent or more in this enterprise. Nonresident enterprises indirectly related to your enterprise (the enterprises that own more than 10% in the equity of the enterprise which is your direct investor) are also considered nonresident direct investors in your enterprise. An investor need not have the largest shareholding to be considered a direct investor. Enterprise may have more than one direct investor, and these direct investors may reside in different countries.

Fellow enterprises are two or more enterprises that directly or indirectly have the same direct investor, but neither of them holds more than 10% of the equity in the other.

Other nonresidents are those that are not foreign direct investors in your enterprise, i.e.:

* Nonresidents possessing less than 10% capital of your enterprise;
* Nonresidents not having the ownership’s share, but you have with them certain creditor/debtor relationship (long term loans, short term loans, securities and sim.)

**Enterprises with direct foreign investment abroad are:**

* branches and subsidiaries of your enterprise or of its branches abroad
* enterprises abroad in which your enterprise or its branches have capital of 10% or more
* nonresident branches of nonresident affiliates of your enterprise or its branches.

*- Structure of Form BOP 12/G*

Form BOP 12/G collects information regarding financial claims of your enterprise and its subsidiaries on nonresidents and the liabilities to nonresidents. This form collects data on balances, financial transactions, settlement/reconciliation items (other changes on balances), income and related fees.

Form BOP 12 consists of 5 parts. Part A collects basic data on foreign investment in your company and foreign financial liabilities; Part B collects data on your investment and assets abroad; Part C collects various supporting information; and Part D collects data on retained earnings and profit distribution of your enterprise; and Part E collects data on transactions and balances of Financial Derivatives.

#### **Balances, Transactions, and Other Changes, and Income/Expenditure**

**Opening balance (A column)** refers to the value of liabilities (Part A) and assets/claims (Part B) of your enterprise and its subsidiaries at the beginning of the period. The opening balance should be in line with the closing balance that you stated in the past period. If this is not the case, you need to give the explanation or remark.

**The closing balance** (**G column**) refers to the value of the assets and liabilities of your enterprise and its subsidiaries at the end of the period.

**Financial transactions (B and C columns)** are transactions relating to the acquisition or sale of your enterprise’s claims (assets) on nonresidents, or liabilities to nonresidents.

Purchase of stocks of nonresident enterprises by your enterprise (or its subsidiaries), purchase of your enterprise’s shares by nonresidents, issuing or purchase of bonds, increase of deposits in bank accounts, and decrease of loans are examples of transactions that increase assets or liabilities.

Sales of stock of nonresident enterprise by your enterprise (or its subsidiaries), sales of your enterprise’s shares by nonresidents, redemptions and sales of bonds, withdrawals from bank accounts, and repayments of loans are examples of transactions that decrease assets or liabilities. Accrued interest should be recorded as financial transaction that **increases liability/claim** in column B of respective financial instrument. If the interest that increased liability (accrued interest) is paid, that should be recorded as financial transaction that **decreases liability/claim** in column C of respective financial instrument.

**Income/expenditure (H column)** refers to income/expenditure receivable/payable by your enterprise or foreign investor from its ownership of shares (securities) or equivalent rights from the equity interest (ownership share) in enterprises. These amounts should be recorded on the basis of dividend (or remittance) payment in /out dates. Interest relates data are also entered in this column. Interest should be recorded on an accrual basis. Interest arrears should be recorded as a financial transaction in the category **other (changes due to other factors)** of respective financial instrument. Income/expenditure includes discounts. A discount is the difference between the value of financial instrument when it is issued and its final redemption value.

***- Relationships Between Data Items***

Information reported in Parts A and B should reflect the following relations:

* **closing balance** **(G column)** = opening balance (A column)

+ net financial transactions (D column)

+ other changes (E and F columns)

* **net financial transactions** **(D column)** = increases (transactions relating to the

acquisition of assets or liabilities)

- decreases (transactions relating to the sale of

assets and liabilities)

* **other changes** (**E and F columns)** = changes due to exchange rates changes (caused by

exchange rate changes and write-offs)

+ changes due to other factors (caused by reclassification

of items, market price changes and arithmetical errors)

## *- Valuation*

All values should be reported in thousands of KM. Please convert amounts expressed in foreign currencies to KM.

**Financial transactions and income/expenditure** denominated in foreign currencies should be converted to KM by using the middle rate on the date of transaction. Financial transactions and income/expenditure should be recorded on a gross basis – that is before the deduction of commissions and brokerage fees.

**Balances** denominated in foreign currencies should be converted to KM at the middle value of the appropriate buy and sell exchange rates applicable on the reference dates.

Valuation of transactions should be at the actual transactions values. Valuation of balances should be at the market value (if the information are not available, the book value can be used).