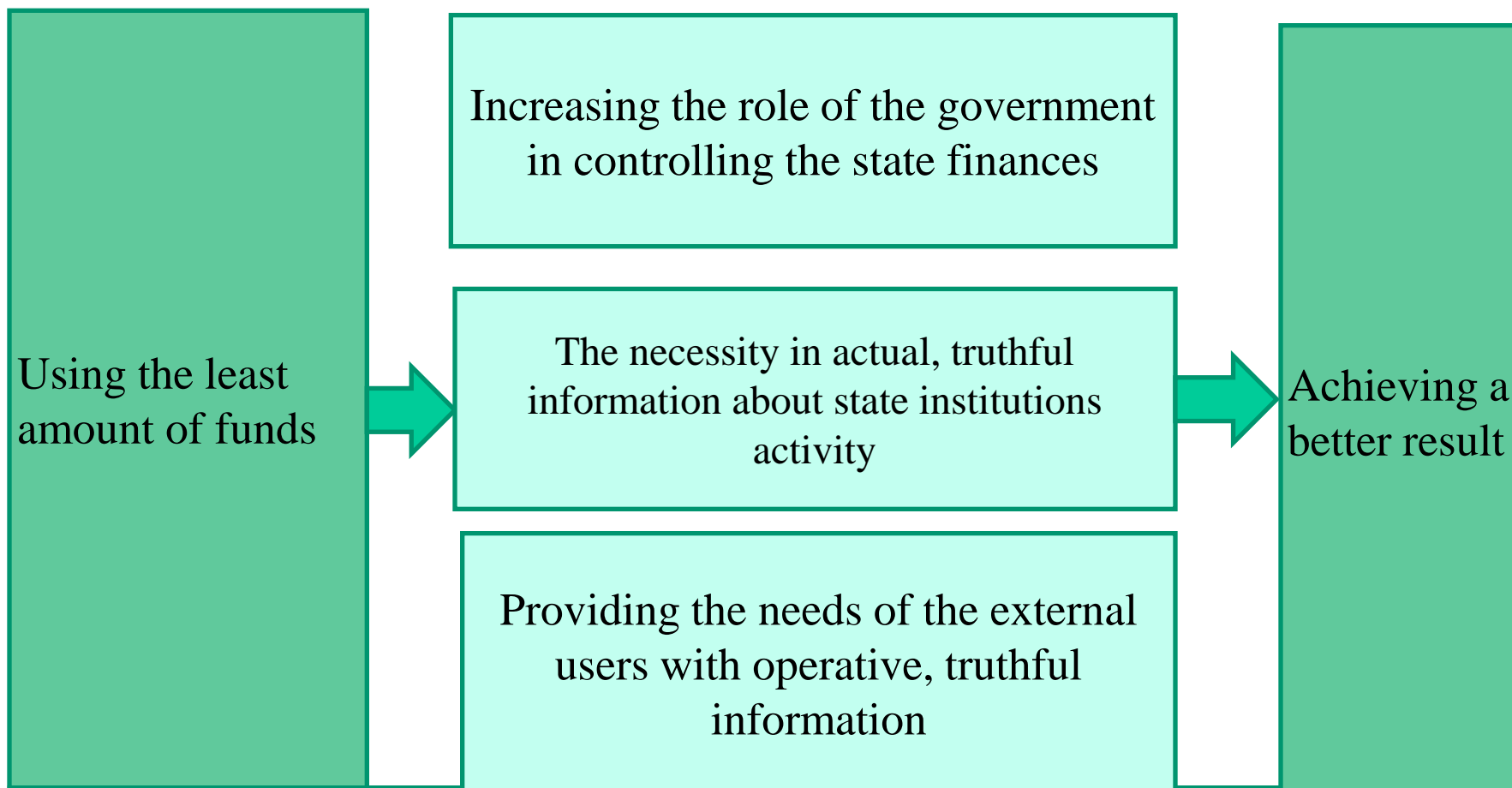




Experience of Russian Federation in the reform of state bookkeeping and accountancy Transition to accrual method

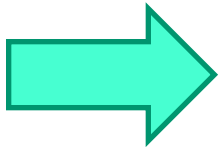
Deputy Director of the Department of Budget Policy and Methodology
Ministry of Finances in Russia
Sivets S.V.

The tasks, carried out in the reforming of budget accounting

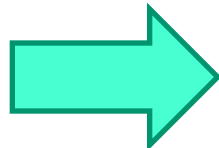


Reform

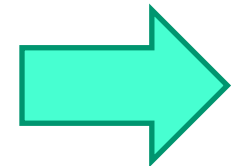
Direction of development the state finances accounting



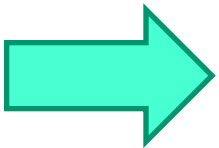
Definition of accountancy subjects (consolidated group of subjects)



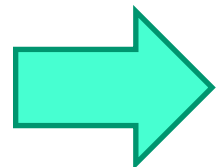
Definition (classification) of accountancy objects



Definition of principals, rules and assumptions

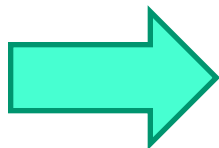


Standartization of main methods and principals of accounting and accountancy

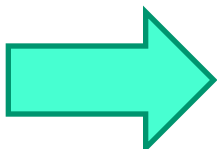


Unification of documents. Regulation of the united rules of accounting with giving rights to accounted subjects (Accounting policy)

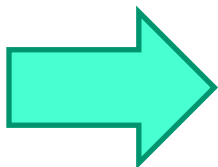
Direction of development the state finances accounting



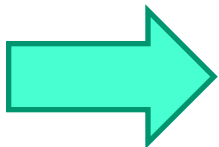
Definition of accountancy subjects (consolidated group of subjects)



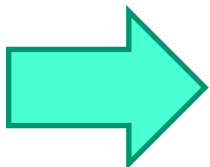
Definition (classification) of accountancy objects



Definition of principals, rules and assumptions



Standartization of main methods and principals of accounting and accountancy



Unification of documents. Regulation of the united rules of accounting with giving rights to accounted subjects (Accounting policy)

STAGES OF REFORMING

The start of the reforms - 1995:

- Transition to accrual method - federal law № 129 «About accounting».

2004:

- Preparation of the standard acts by Ministry of Finances in Russia for transition to new principals of accounting;
- Developing of the new Accounting Plan and the Instruction.

2005:

- Budget code of Russian Federation –budgetary accounting;
- Arrangement of the new Accounting Plan (Order of Ministry of Finances № 70n).Arrangement of the transition period - 1 year.

during 2005-2006:

- Methodic support by Ministry of Finances and Federal Treasury(transition tables, controllig tables, explanations, directions);

2006 год:

- Forming of the conception of consolidation;
- Accountancy with new rules.

2007 год:

- More accurate definition of methodology;
- Automatic consolidated accountancy.

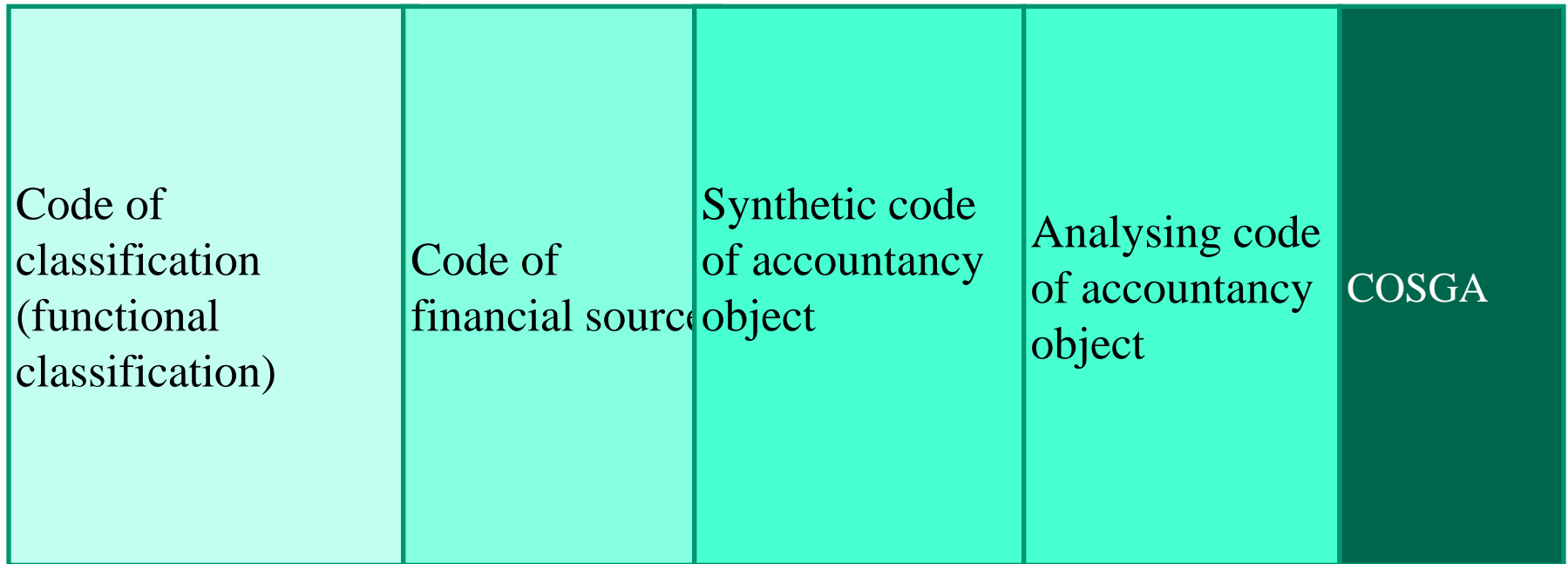
Developing the United Accounting plan in state institutions with accrual method and cash method of budget implementation

Budget classification
of revenues, expenses and sources

United methodology of
accounting (budget accounting)

Standards of making the accountancy for state
administration sector with using international
standard

Structure of the United Accounting Plan in state institutions



Accrual method

Cash method

Distribution of the synthetic groups of accounting the objects (in the perspective of the account's code)

ASSETS	LIABILITIES
<p>PROPERTY</p> <p>Non-financial assets (code of acc.100)</p> <ul style="list-style-type: none"> •Main funds(101) •Non-material assets(102) •Non-produced assets(103) •Other non-financial assets(10X) 	<p>OBLIGATIONS</p> <p>Liabilities(code of acc.300)</p> <ul style="list-style-type: none"> •for promissory notes(301) •for taken obligations(302) •for payment into budget(303) •other liabilities(3XX)
<p>FINANCIAL ASSETS</p> <p>Financial assets(code of acc. 200)</p> <ul style="list-style-type: none"> •Cash assets(201) •Assets on budget accounts(202) •Financial investments(204) •Accounts <ul style="list-style-type: none"> •for revenue(205, 209) •for expenses(206, 208) •for credits(207) •other accounts(2XX) 	<p>FINANCIAL RESULT</p> <p>Financial result(code of acc.400)</p> <ul style="list-style-type: none"> •Fin. result of activities (401) <ul style="list-style-type: none"> * of the current financial year(40110) * of the previous years(40130) •Result of cash operations(402) <ul style="list-style-type: none"> * of the current financial year(40210) * of the previous years(40230)

Distribution of the synthetic groups of accounting the objects

ASSETS		LIABILITIES	
NON-FINANCIAL ASSETS	↑ 300 ↓ 400	OBLIGATIONS	↑ 700 ↓ 800
FINANCIAL ASSETS	↑ 500 ↓ 600	FINANCIAL RESULT Of activity(with accrual) - revenues - expenses Financial result on cashier method - proceeds - retirements	100 200 (100, 400, 600, 700) (200, 300, 500, 800)

STAGES OF REFORMING

Name (description)	before 2005	2005	2006	2009 – 2012
BUDGET IMPLEMENTATION	CASH	CASH	CASH	CASH
Accounting Of institution activity Of cashier service	Modified CASH	TRANSITION - ACCRUAL	ACCRUAL	ACCRUAL
	CASH	CASH	CASH	CASH
ACCOUNTANCY Of institution	Modified CASH	TRANSITION - ACCRUAL	ACCRUAL	ACCRUAL
About cash implementation	CASH	CASH budget classification	CASH budget classification	CASH budget classification
CONSOLIDATED ACCOUNTANCY of institutions (Russian Federation) about cash implementation of the budget	Modified CASH	TRANSITION - ACCRUAL	ACCRUAL Consolidation of some cash flows	ACCRUAL Automatic consolidation In most of the cash flows
	CASH	CASH budget classification	CASH budget classification	CASH budget classification

Reform purposes on the next stage

Harmonisation of accounting and financial accountancy with international standards

- publishing of Russian translation of international standards by Ministry of Finances;
- developing of Federal standards with transferring to International standards
- definition of accountancy subjects which develop state
- institutions with reforms of these
- improving of the accounting and centralization of accountancy forming on the Treasury basis

Organisation of budget functional classification with using reforms of budget process

Thank you for attention!