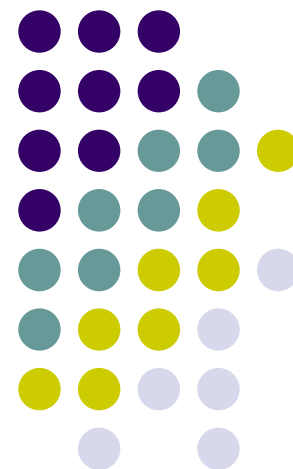


# State Energy Agency Government of the Kyrgyz Republic

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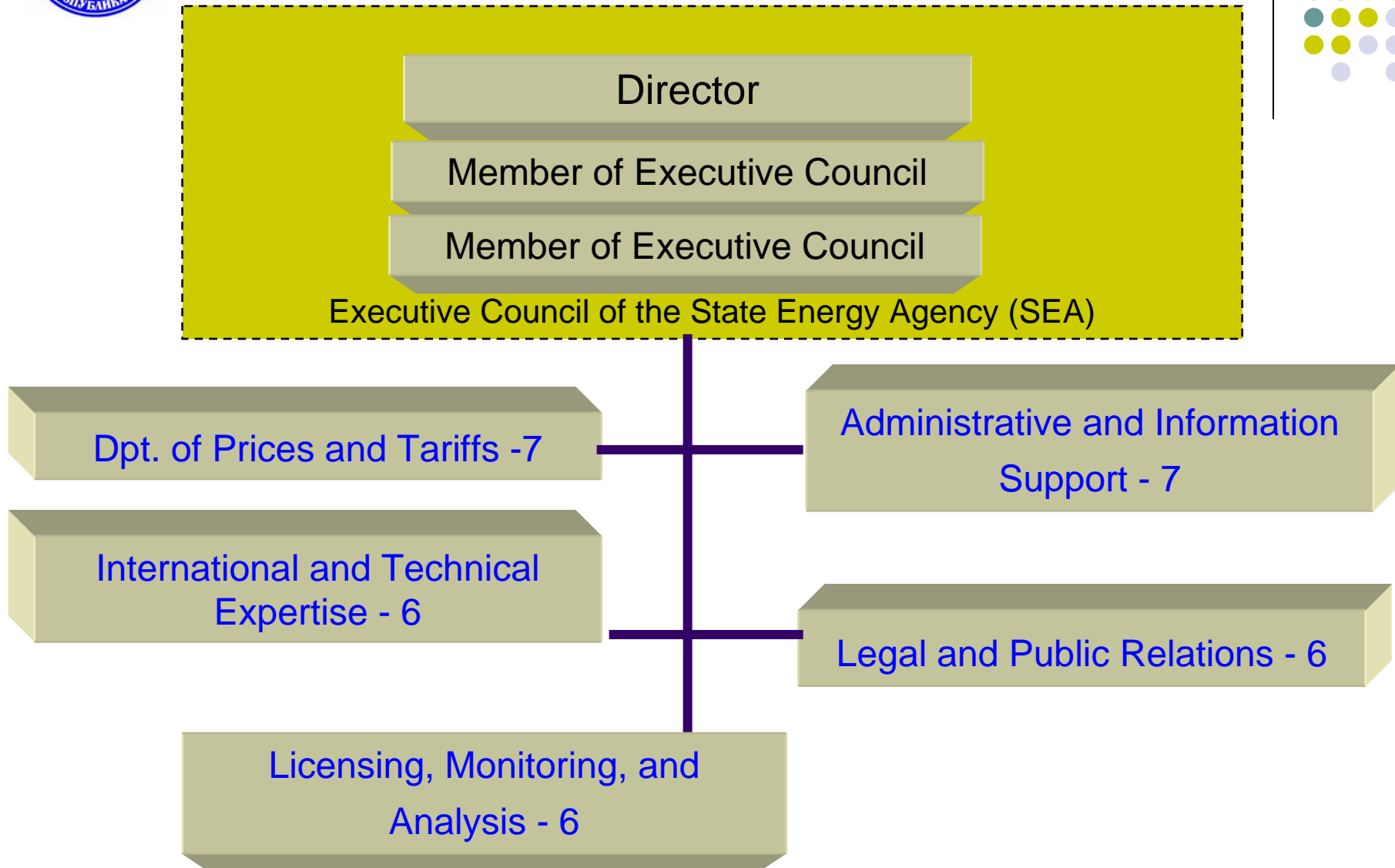
«SEA»



Partnership Program, Olympia, WA, September 20-24, 2004

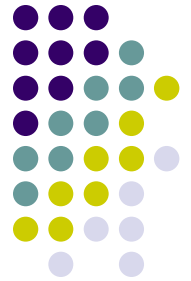


# SEA Organizational Structure



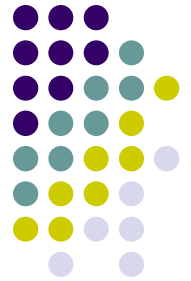
Olympia, WA, September 20-24,  
2004 Partnership Program

# Accounting Standards in Kyrgyzstan



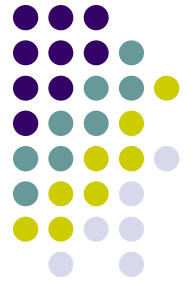
- Kyrgyz accounting standards largely conform to international accounting standards
- Following are a few aspects of these standards:
  - The first basic principle is that accounting is done on the accrual basic. In practical terms, this means that both revenues and expenditures are accounted for at the time of the transaction, rather than at the time money is received/paid.
  - Examples of accrual are interest expenses, the payment of wages and employee benefits, and accounts receivable for goods sold on credit

# Accounting Standards in Kyrgyzstan (cont.)



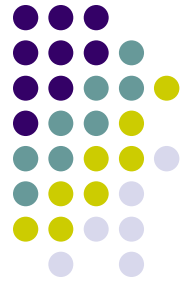
- A second key aspect is that the standards serve as a basis for tax reporting.
- Third, the standards dictate conservative approaches to preparation of a balance sheet. In particular, adjustments must be made for doubtful debts, inventory holdings must be accounted for at a price lower than their fair market value, and the value of damaged or idle assets must be lower than the book value or the net realizable value.
- Fourth, these standards permit the reappraisal of fixed assets. The reappraisal is done only according to Kyrgyz laws and does not constitute a judgmental or subjective appraisal. It is also important to note that the reappraisal is not applicable to inventory holdings

# Accounting Standards in Kyrgyzstan (cont.)



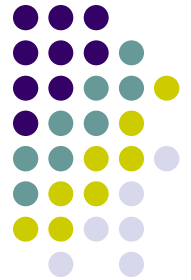
- Financial statements consist of three reports: a balance sheet, a profit and loss statement, and a cash flow statement. In addition, information disclosure is covered in the notes to financial statements. The notes are an integral part of the statements. Each of the 18 standards prescribes in detail what must be disclosed in the notes.

# Financial Reporting for Corporations



- Charter capital. This is capital that is needed in order for a corporation to be registered as a legal entity. In other words, charter capital is also registration capital. Increasing company's capital by new stock issue does not entail a change in charter capital and, accordingly, does not require the re-registration.
- Initially, equity instruments are recorded at the offering price and all future changes are accounted for in the balance sheet as additional paid capital.

# Corporations in Energy Sector



## Power Sector:

- ❖ Power Plants Company (power producer)
- ❖ National Power Networks of Kyrgyzstan (transmission company)
- ❖ Distribution companies:
  - ✦ SeverElectro (NorthElectro)
  - ✦ VostokElectro (EastElectro)
  - ✦ OshElectro
  - ✦ Zhalal-Abad Electro

## Gas Industry:

- ❖ KyrgyzGas

## Heating Sector:

- ❖ The Bishkek Heating Networks Company