

Partnership between IURC and ERE



Accounting System in Albania. Rules of the Regulation and Auditing

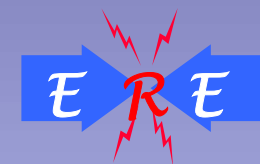
Rajmonda Islamaj - Commissioner
Kastriot Sulka – Head of Tariff and Pricing Dept.

ERA- Albania

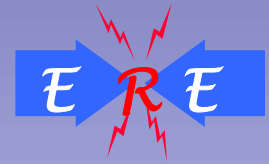
November 2004

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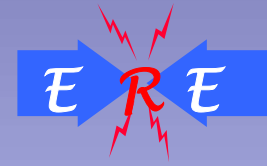
- Law No. 7661 of January 19, 1993 on “Accounting”
- The general accounting plan – The Council of Ministers’ Decision No. 334 of July, 1993 – has a mandatory character for the nomenclature and the accounts’ functioning.



Defines the obligations and principles and the main rules for compiling and publishing the financial information and has a general character.

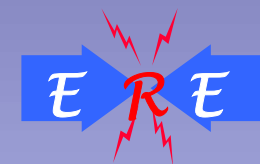
- Responsibilities for the law implementation, violations and consequences.

Principles of the Preparation of the annual Account, Articles 53-70



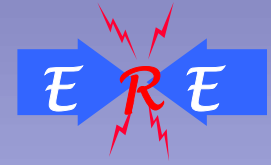
- The principle of continuity
- The principle of sincerity
- The principle of care
- The principle of independence in exercising accounting
- The principle of individual assessment (the principle of non-compensation)

Assessment Rules



- For the incoming materials and stable active
- Estimating the outgoing commodities, materials and generated products. - LIFO, FIFO
- Calculating the amortization
- Write-ups
- Own capital and obligations to third parties (with the value which is in the accounting)

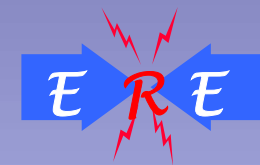
Unique accounting plan



The General Accounting Plan - as an obligatory instrument on the national scale provides:

- Uniform data on the financial state of entities of any kind
- Simplification of every control (heads, fiscal, customs, banking system etc.)
- Facilitation of general studies and according to economy branches
- Facilitation of communication between economic and state units (use the same accounting language)
- Have a huge influence in the individual qualification.

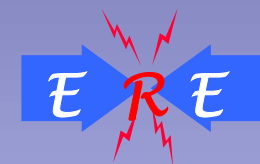
Composition of the Accounting Plan



General Principles and Rules

- Keeping the accounts
- Rules for the annual accounts
- Rules of the write-up
- Determining the result
- Accounting Plan

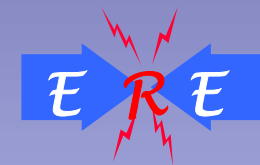
General Accounting



The accounting plan presented is drafted according to the decimal numeric system.

- The classes from 1 to 7 contain the accounts of the general accounting
- Classes from 1 to 5 contain the balance-sheet accounts
- Classes from 6 to 7 contain the result accounts
- Class 9 is for the cost accounting

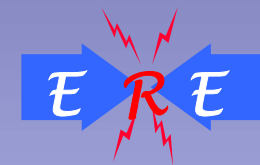
Rules of the Regulatory Commission



The Law No. 9072 of May 22, 2003 about “Energy Sector”
Article 21 – drafting of a single system of accounts for the licensees (currently in process)

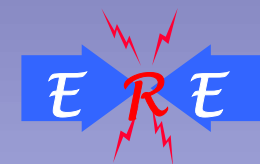
- The list of general accounting accounts and that of cost accounting is under way for the only monopoly company adopted by ERE in 1998.

Expected Changes



- The bill about “Accounting and financial statements” has been completed, in compliance with IAS, where the legislative process - the mandatory technical part of keeping the accounts - has been omitted.
- Its implementation starts in 2006

Auditing Skills



- The licensed companies undergo two types of auditing:
 - Obligatory auditing of the annual accounts by independent accounting experts.
 - Control of the accounts in the process of deciding or changing the prices and tariffs.
 - Periodical monitoring by ERE

Thank you for your attention!