

Energy Regulatory Development in Bulgaria

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**REGULATORY CHART OF ACCOUNTS AND MANUAL
TO THE REGULATORY CHART OF ACCOUNTS
FOR THE PURPOSES OF REGULATORY ACCOUNTING OF
ELECTRICITY GENERATION COMPANIES**

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Executive Summary

The attached Regulatory Chart of Accounts (“RCOA”) and the related manual are part of a series of documents of activities of the USAID’s Energy Regulatory Development in Bulgaria Project. The documents provide the accounting and regulatory reporting requirements for the licensees in the Bulgarian electricity generation companies, in accordance with the requirements of the Uniform Systems of Accounts for each sector (electricity, natural gas, and district heating), developed by Pierce Atwood and adopted by the State Energy and Water Regulatory Commission (“SEWRC”).

This manual is structured and organized in a manner that provides the guidelines for completing regulatory accounting and reporting. Information carriers in this case are the Balance Sheet and the Income Statement. The information in these statements is categorized and structured so as to enable the regulator to monitor and control, as objectively as possible, the state of the respective legally determined parameters and requirements.

The Uniform Chart of Accounts for regulatory accounting of the electric power generation companies takes into account to a great extent the sample National Chart of Accounts and the requirements of the Accountancy Law, the practice in the companies in question and the International Financial Reporting Standards (“IFRS”) applied by these companies. The recommended RCOA and manual encompasses the new regulatory framework under the Energy Law as practicably as possible while minimizing the efforts by the energy companies for rearranging the information needed for this purpose.

The Uniform Chart of Accounts covers all sections of the National Chart of Accounts. The choice of groups takes into account the nature of the license activity. In the majority of cases, the nature of the contents, numbering, titles of the classes, groups and accounts have been preserved though, where necessary, additional accounts have been provided in line with the specific needs of the activity.

Three-, five- and seven-digit account codes have been introduced, along with the corresponding analytical levels. The detailed characteristics of the accounts carry the relevant information for regulatory purposes and with respect to the information required as a matter of priority by the regulator.

The content of the manual to the Uniform Chart of Accounts comprises:

- Balance Sheet sections and articles, including the account numbers in line with the Uniform Chart of Accounts, as carriers of uniform information for regulatory accounting purposes;
- Sections and articles in the Income Statement, including the corresponding account numbers in line with the Uniform Chart of Accounts, as carriers of uniform information for regulatory accounting purposes; and,
- The relationship between the reporting forms with the accounts, including a description of methods for allocation of expenses and revenues, depending on the applied IFRS and accounting policies of the electric power generation companies capable of meeting also the regulatory accounting requirements.

The two documents that summarized by this accounting package are the Regulatory Chart of Accounts (RCOA) for the generation companies and the manual to the RCOA for regulatory accounting purposes.

Appendix 1 Regulatory Chart of Accounts for Electric Power Generation Companies

	2	3	4	5	
1					Equity and Liabilities
10					Capital
	1				Authorized Capital
	4				Liquidation Capital
	7				Owner's Account
	8				Share premium account
	9				Share discount account
11					Reserves (Undistributed Profit)
	1				General Reserves
	2				Reserves from follow up evaluations
		10			Reserves from revaluation of fixed assets
		20			Reserves from other revaluations
	3				Investment Reserves
	5				Pension Reserves
	6				Premium Reserves
	7				Additional Reserves
12					FINANCIAL RESULTS (PROFIT AND LOSS)
	1				(Uncovered) Prior Periods Loss
		10			Uncovered prior period loss from regulated activities
			1		Uncovered prior period loss from electricity generation
			2		Uncovered prior period loss from the production of thermal energy
		90			Uncovered prior period loss from non regulated activities
			1		Uncovered prior period loss from electricity generation (non-regulated market)
			2		Uncovered prior period loss from non regulated activities not related to electricity generation
	2				Undistributed Prior Period Profit
		10			Undistributed Prior Period Profit from regulated activities

			1	Undistributed Prior Period Profit from electricity generation
			2	Undistributed Prior Period Profit from from thermal power generation
		90		Undistributed Prior Period Profit from non regulated activities
			1	Undistributed Prior Period Profit from electricity generation (non-regulated market)
				Undistributed Prior Period Profit from non regulated activities not related to electricity generation
			2	
	3			Current Year Profit and Loss
		10		Profit and Loss from regulated activities
			1	Profit and Loss from electricity generation
				Profit and Loss from thermal energy production
			2	Profit and Loss from system services
		90		Profit and Loss from non regulated activities
			1	Profit and Loss from electricity sales (non regulated market)
			2	Profit and Loss from non regulated activities not related to electricity generation
13				FINANCING
	1			Financing of Fixed Assets
		10		Financing of Fixed Assets Intended for Electric Power Generation Operations
		90		Financing of Other Fixed Assets
	2			Financing of Current Operations
		10		Financing of current operation for the production of energy
		20		Financing of current operation not related to the production of energy
15				Loans Received (Borrowings)
	1			Short term loans received
		10		Short term loans received in BGN.
		20		Short term loans received in currency.
		30		Short term loans received - overdue
	2			Long-term Loans Received
		10		Long term loans received in BGN.
		20		Long term loans received in currency.
		30		Long term loans received - overdue
	3			Debenture Loans
	9			Other Loans and Debts (Leasing)
2				Fixed Assets Accounts
20				Fixed Tangible Assets

	1			Land
		10		Land for activities for electricity generation
		20		Land for administration and management
		30		Land for activities not related to electricity generation
	3			Buildings
		10		Solid buildings
			1	Solid buildings for activities for electricity generation
			2	Solid non-production buildings for administration and management
			9	Solid non-production buildings for non regulated activities not related to electricity generation
		20		Non solid buildings
			1	Non solid buildings for activities for electricity generation
			2	Non solid non-production buildings for administration and management
			9	Non solid non-production buildings for non regulated activities not related to electricity generation
	4			Plant and Equipment
		10		Facilities for Electric and Thermal Power Generation Operations
			1	Facilities for Electric and Thermal Power Generation Operations at Boiler Workshops
			2	Facilities for Electric Power Generation Operations at Turbine Workshop
			3	Facilities for Electric Power Generation Operations at Hydro-Power Plants
			4	Facilities for Electric and Thermal Power Generation Operations at others
			9	Facilities for non regulated activities not related to electricity generation
		20		Transmitters for Electric and Thermal Power
			1	Transmitters for Electric and Thermal Power Generation Operations at Boiler Workshops
			2	Transmitters for Electric Power Generation Operations at Turbine Workshop
			3	Transmitters for Electric Power Generation Operations at Hydro-Power Plants
			4	Trasmitters for Electric and Thermal Power Generation Operations at others
			9	Transmitters for non regulated activities not related to electricity generation
		30		Energizing and driving machines related to Electric and Thermal Power Generation
			1	Energizing and driving machines for Electric and Thermal Power Generation Operations at Boiler Workshops
			2	Energizing and driving machines for Electric Power Generation Operations at Turbine Workshop
			3	Energizing and driving machines for Electric Power Generation Operations at Hydro-Power Plants
			4	Energizing and driving machines for Electric and Thermal Power Generation Operations at others

		9	Energizing and driving machines for non regulated activities not related to electricity generation
			Production Plant and Equipment related to Electric and Thermal Power Generation
			Production Plant and Equipment for Electric and Thermal Power Generation Operations at Boiler Workshops
		1	
			Production Plant and Equipment for Electric Power Generation Operations at Turbine Workshop
		2	
			Production Plant and Equipment for Electric Power Generation Operations at Hydro-Power Plants
		3	
			Production Plant and Equipment for Electric and Thermal Power Generation Operations at others
		4	
		9	Production Plant and Equipment for non regulated activities not related to electricity generation
	50		Metering Devices, Tools and Equipment related to Electric and Thermal Power Generation
			Metering Devices, Tools and Equipment for Electric and Thermal Power Generation Operations at Boiler Workshops
		1	
			Metering Devices, Tools and Equipment for Electric Power Generation Operations at Turbine Workshop
		2	
		3	Metering Devices, Tools and Equipment for Electric Power Generation Operations at Hydro-Power Plants
		4	Metering Devices, Tools and Equipment for Electric and Thermal Power Generation Operations at others
			Metering Devices, Tools and Equipment for non regulated activities not related to electric and thermal power generation
		9	
	60		Computer and Communication Systems for electricity generation
			Computer and Communication Systems for Electric and Thermal Power Generation Operations at Boiler Workshops
		1	
			Computer and Communication Systems for Electric Power Generation Operations at Turbine Workshop
		2	
			Computer and Communication Systems for Electric Power Generation Operations at Hydro-Power Plants
		3	
			Computer and Communication Systems for Electric and Thermal Power Generation Operations at others
		4	
		9	Computer and Communication Systems for non regulated activities not related to electric and thermal power generation
	70		Plant and Equipment for auxiliary operations
		1	Plant and Equipment for repair workshops

		2	Plant and Equipment for garages and maintenance units
		3	Plant and Equipment for labs and research units
		4	Plant and Equipment for other auxiliary activities
	80		Plant and Equipment in administration and management
		1	Computers, printers, scanners and other similar equipment
		2	Copiers, fax machines and others
		3	Telephone stations, lines and other communication equipment
		4	Other plant and equipment used in administration and management
	90		Plant and Equipment for non regulated activities
5			Vehicles
	10		Vehicles related Electric and Thermal Power Generation
		1	cars
		2	railway transport
		3	others
	20		Vehicles used in administration and management
		1	cars
		2	others
	90		Vehicles for non regulated activities not related to electric and thermal power generation
6			Implements
	10		Implements related to electric and thermal power generation
	20		Implements related to administration and management
			Implements related to non regulated activities not related to electric and thermal power generation
	90		
7			Acquisition of FTA costs
	10		Acquisition of FTA related to electric and thermal power generation costs
	20		Acquisition of FTA related to administration and management costs
			Acquisition of FTA - non regulated activities not related to electric and thermal power generation costs
	90		
8			Assets taken out of operation
	10		Assets taken out of operation related to electric and thermal power generation
			Assets taken out of operationnon non regulated activities not related to electric and thermal power generation
	90		
9			Other fixed tangible assets
	10		Other fixed tangible assets related to electric and thermal power generation

		20	Other FTA related to administration and management
		90	Other FTA for non regulated activities not related to electric and thermal power generation
21			Fixed Intangible Assets /FIA/
	1		Incorporation and Expansion Costs
	2		Products of research and development (PRD)
		10	PRD related to energy generation
		20	PRD for administrative purposes
		90	Other PRD for non regulated activities not related to electric and thermal power generation
	3		Patents, Licenses, Trade Marks /PLTM/
		10	PLTM related to electric and thermal power generation
		20	PLTM for administrative purposes
		90	Other PLTM for non regulated activities not related to electric and thermal power generation
	4		Software
		10	Software related to electric and thermal power generation
		20	Software for administrative purposes
		90	Software for non regulated activities not related to electric and thermal power generation
	5		Rights over Land and Industrial Property
		10	Rights related to electric and thermal power generation
		20	Rights related to administration and management
		90	Rights related to non regulated activities not related to electric and thermal power generation
	6		Other FIA
		10	FIA related to electric and thermal power generation
		20	FIA for administrative purposes
		90	FIA for non regulated activities not related to electric and thermal power generation
22			LONG-TERM INVESTMENTS AND RECEIVABLES
	1		Long-term investments in daughter companies
	2		Long-term Investments in Associated Companies and Minority Participations
	3		Securities
	4		Investment Properties
	5		Long-term Loans Granted
		10	Long-term Loans Granted in BGN
		20	Long-term Loans Granted in foreign currency
		30	Overdue loans

		40	Other Loans Granted
23			Long-term financial assets
24			Depreciation
	3		Depreciation of 20 3
		10	Depreciation of 20 3 10
		1	Depreciation of 20 3 10 1
		2	Depreciation of 20 3 10 2
		9	Depreciation of 20 3 10 9
		20	Depreciation of 20 3 20
		1	Depreciation of 20 3 20 1
		2	Depreciation of 20 3 20 2
		9	Depreciation of 20 3 20 9
	4		Depreciation of 20 4
		10	Depreciation of 20 4 10
		1	Depreciation of 204 101
		2	Depreciation of 204 102
		3	Depreciation of 204 103
		4	Depreciation of 204 104
		9	Depreciation of 204 109
		20	Depreciation of 20 4 20
		1	Depreciation of 204 201
		2	Depreciation of 204 202
		3	Depreciation of 204 203
		4	Depreciation of 204 204
		9	Depreciation of 204 209
		30	Depreciation of 20 4 30
		1	Depreciation of 204 301
		2	Depreciation of 204 302
		3	Depreciation of 204 303
		4	Depreciation of 204 304
		9	Depreciation of 204 309
		40	Depreciation of 20 4 40
		1	Depreciation of 204 401
		2	Depreciation of 204 402

		3	Depreciation of 204 403
		4	Depreciation of 204 404
		9	Depreciation of 204 409
	50		Depreciation of 20 4 50
		1	Depreciation of 204 501
		2	Depreciation of 204 502
		3	Depreciation of 204 503
		4	Depreciation of 204 504
		9	Depreciation of 204 509
	60		Depreciation of 20 4 60
		1	Depreciation of 204 601
		2	Depreciation of 204 602
		3	Depreciation of 204 603
		4	Depreciation of 204 604
		9	Depreciation of 204 609
	70		Depreciation of 20 4 70
		1	Depreciation of 204 701
		2	Depreciation of 204 702
		3	Depreciation of 204 703
		4	Depreciation of 204 704
	80		Depreciation of 20 4 80
		1	Depreciation of 204 801
		2	Depreciation of 204 802
		3	Depreciation of 204 803
		4	Depreciation of 204 804
	90		Depreciation of 20 4 90
5			Depreciation of 20 5
	10		Depreciation of 205 10
		1	Depreciation of 205 101
		2	Depreciation of 205 102
		3	Depreciation of 205 103
	20		Depreciation of 205 20
		1	Depreciation of 205 201
		2	Depreciation of 205 202

		90	Depreciation of 205 90
	6		Depreciation of 20 6
		10	Depreciation of 206 10
		20	Depreciation of 206 20
		90	Depreciation of 206 90
	9		Depreciation of 20 9
		10	Depreciation of 209 10
		20	Depreciation of 209 20
		90	Depreciation of 209 90
	2		Amortization of FIA
		11	Amortization of 211
		12	Amortization of 212
		1	Amortization of 212 10
		2	Amortization of 212 20
		9	Amortization of 212 90
		13	Amortization of 213
		1	Amortization of 213 10
		2	Amortization of 213 20
		9	Amortization of 213 90
		14	Amortization of 214
		1	Amortization of 214 10
		2	Amortization of 214 20
		9	Amortization of 214 90
		15	Amortization of 215
		1	Amortization of 215 10
		2	Amortization of 215 20
		9	Amortization of 215 90
		16	Amortization of 216
		1	Amortization of 216 10
		2	Amortization of 216 20
		9	Amortization of 216 90
	7		Amortization of Good will
25			Provisions
	1		Provisions for Coverage of Risk Assets

	2			Provisions for Receivables from Sales
		10		Provisions for Receivables from clients of electricity generation services
			1	Provisions for Receivables from sales of electricity to clients at the regulated market
			2	Provisions for Receivables from sales of electricity to clients at the non regulated market
		20		Provisions for Receivables from clients of thermal energy generation services
		30		Provisions for Receivables from sales of available capacity to clients
			1	Provisions for Receivables from sales of available capacity to clients at the regulated market
			2	Provisions for Receivables from sales of available capacity to clients at the non regulated market
		40		Provisions for Receivables from sales to clients of system services
				Provisions for Receivables from non regulated activities not related to electric and thermal power generation
		90		
	3			Provisions for Loans Granted
	4			Provisions for Coverage of Off-balance Sheet Commitments
26				Goodwill
	1			Positive Goodwill
	2			Negative Goodwill
3				Inventories
30				Materials, Products and Merchandise
	1			Supplies
	2			Materials
		10		Fuel for technological purposes
			1	Local coal
			2	Imported - coal
			4	Mazut
			5	Boiler fuel
			6	Nuclear fuel
		20		Other fuels
			1	Gasoline
			2	Diesel
			3	Other materials
		30		Oils
			1	Transformer Oil

		2	Transmission Oil
		3	Motor Oil
		4	Other Oil
	40		Technological water
	50		Reactives and chemicals
	60		Spare Parts
	70		Merchandise - pipes, cables and others.
	80		Stationery and other materials used in administration and management
	90		Other Materials
		1	For the power generation activity
		2	For non regulated activities not related to electric and thermal power generation
3			Products
	10		Products related to electricity and thermal power generation
	90		Products not related to electricity and thermal power generation
4			THIRD PARTIES ACCOUNTS
40			Suppliers and Associated Accounts
40	1		Suppliers
	10		Accounts Payable to Suppliers - Regulated Activities power generation
	90		Accounts Payable to Suppliers - Non Regulated Activities not related to power generation
40	2		Advances to Suppliers
	10		Advances to Suppliers - for activities related to power generation
	90		Advances to Suppliers - Non Regulated Activities not related to power generation
40	3		Commercial Credits to Suppliers
40	4		Suppliers under Special Terms
	6		Accounts for Supplies from Related Parties
41			Customers and Associated Accounts
	1		Customers
	10		Customers - electricity sales
		1	Customers - electricity sales on the regulated market
		2	Customers - electricity sales on the non regulated market
	20		Customers - thermal energy sales
	30		Customers - available capacity sales
		1	Customers available capacity sales to the regulated market
		2	Customers available capacity sales to the non regulated market

	40	Customers - system service sales
	90	Customers - non regulated Activities not related to power generation
2		Advances to customers
	10	Advances to customers from electricity sales
	1	Advances to customers from electricity sales regulated market
	2	Advances to customers from electricity sales non regulated market
	20	Advances to customers from thermal energy sales
	30	Advances to customers from available capacity sales
	1	Advances to customers from available capacity sales regulated market
	2	Advances to customers from available capacity sales non regulated market
	40	Advances to customers from system services sales
	90	Advances to customers from - Non regulated activities, not related to energy generation
3		Commercial credit to customers
	10	Commercial credit to customers - Regulated activity
	90	Commercial credit to customers - Non regulated activities, not related to energy generation
4		Sales to Customers under Special Terms
	10	Sales to Customers under Special Terms - Regulated Activity
	90	Sales to Customers under Special Terms - Non regulated activities, not related to energy generation
5		Receivables under Commercial Credits
	10	Receivables under Commercial Credits in BGN.
	20	Foreign Currency Receivables under Commercial Credits
6		Accounts for Sales to Related Parties
42		Employees and Partners
	1	Employees
	2	Employees for special assignments
	3	Accounts for Maintenance of Families of Employees working Abroad
	4	Receivables from participations
	5	Payables for participations
	6	Receivables from subscribed shares
44		RECEIVABLES FOR SHORTAGES AND LEGAL DISPUTES
	1	Receivables for Claims
	2	Receivables for Shortages
	3	Valuation Differences from Shortages

	4		Receivables from Legal Disputes
	5		Writs Receivables
45			BUDGET, SOCIAL SECURITY AND GOVERNMENT BODIES ACCOUNTS
	1		Accounts with Municipalities
	2		Accounts for Profit Tax Payable
	3		Accounts for Value Added Tax Payable
	4		Accounts for Taxes on Income of Physical Persons Payable
	5		Accounts with Social Security
		10	Accounts with Social Security - Professional Training/Unemployment Fund
		20	Accounts for Health Insurance
	6		Accounts for Excises and with Ministries
	7		Accounts with Customs
	9		Other Budget and Government Bodies Accounts
46			Internal Accounts
	0		Internal Accounts
49			SUNDRY DEBTORS AND CREDITORS
	1		Trustees
	2		Accounts for Warranties
	3		Accounts for Fees
	4		Accounts for Transfer Amounts for Expenses under Special Assignments
	5		Accounts for Insurance
	6		Accounts for Interest
	7		Accounts for Temporary Tax Differences
	8		Other Debtors
	9		Other Creditors
5			FINANCIAL ASSETS ACCOUNTS
50			CASH
	1		Cash in Hand in Leva
	2		Cash in Hand in Foreign Currency
	3		Current Bank Account in Leva
	4		Current Bank Account in Foreign Currency
	5		Letters of Credit in Leva
	6		Letters of Credit in Foreign Currency
	7		Deposits

	8		Payment Cheques
	9		Other Cash
51			SHORT-TERM INVESTMENTS
	1		Shares
	2		Own Shares
	3		Bonds and Debentures
	4		Own Debentures
	5		State Securities
	6		Bullion and Gems
6			ACCOUNTS FOR EXPENSES
60			EXPENSES BY ECONOMIC ELEMENTS
	1		Expenses for Materials
		10	Expenses for Fuels for the energy generation
		1	Local coal
		2	Imported coal
		3	Natural Gas
		4	Mazout
		5	Boiler Fuel
		6	Nuclear Fuel
		20	Expenses for Production Operations and Maintenance
		1	Oils
		2	Technological water
		3	Reactives and chemicals
		9	Expenses for other Production Operation and Maintenance Materials
		30	Expenses for repair materials related to the main production activity
		1	Spare parts
		2	Expenses for merchandise - pipes, wires etc.
		3	Other materials used for repair
		40	Expenses for Materials for Ancilliary Activities
		1	Fuel
		2	Expenses for materials for work-shops and service stations
		3	Expenses for materials in repair shops
		4	Expenses for materials in laboratories and reserch centers
		5	Expenses for materials for other Ancilliary Activities

	50		Expenses for Materials for General and Administrative purposes
		1	Fuel and other materials for transportation related to administrative and general purposes
		2	Materials for repair of assets related to administration (repair of administrative buildings etc.)
		3	Office materials
		4	Other materials related to administration
	60		Materials for research and development
	70		Materials for capital construction (to be capitalized)
	90		Materials for non regulated activities not related to energy generation
2			Expenses for Hired Services
	20		Expenses for Hired Services related to main activity - operations
			Expenses for Hired Services related to the main activity - repair
		1	Hired Services related to the operation of facilities for energy generation
		2	Hired Services related to repair and maintenance of facilities for energy generation
		3	Hired services related to management
		4	Hired services related to the main activity
	30		Expenses for Hired Services related to ancillary activities
	40		Expenses for Hired Services related to Administrative and General activities
		1	Hired Services related to the repair of assets for Administrative and General purposes
		2	Hired Services related to Running/Maintenance of Offices
		3	Hired Services related to Transport for Administrative Needs
		4	Postal and communication services (post, telephone, fax, internet & others.)
		5	IT services and hardware support
		6	Legal services
		7	Audits and consultations
		8	Rents related to administrative needs
		9	Insurance services
		10	Financial, banking and other similar services
		11	Regulatory
		12	Other hired services related to Administrative and General activities
	50		Hired Services related to "Research and Development"
	60		Hired Services related to capital construction (to be capitalized)
	90		Hired Services related to non regulated activities not related to energy generation
3			Depreciation and Amortization Expenses

	20	Depreciation and Amortization of assets related to the power generation
	30	Depreciation and Amortization of assets related to ancilliary activities
	1	Depreciation of assets in repair shops
	2	Depreciation of assets in workshops and service stations
	3	Depreciation of assets in laboratories and research centers
	4	Depreciation of assets used for other ancillary activities
	40	Depreciation of assets related to general and administrative needs
	50	Depreciation of assets related to "Research and Development"
	60	Depreciation of assets used in the process of capital construction
	90	Depreciation of assets related to non regulated activities not related to energy generation
4		Expenses for Wages
	20	Expenses for wages related to the main production activity
	30	Expenses for wages related to ancilliary activities
	1	Expenses for wages in repair shops
	2	Expenses for wages in workshops and service stations
	3	Expenses for wages in laboratories and research centers
	4	Expenses for wages for other ancillary activities
	40	Expenses for wages for general and administrative needs
	50	Expenses for wages related to "Research and Development"
	60	Expenses for wages related to capital construction (to be capitalized)
	90	Expenses for wages related to non regulated activities not related to energy generation
5		Expenses for social security, health insurance and social allowances /SSHISA/
	20	Expenses for SSHISA related to the main production activity
	30	Expenses for SSHISA related to ancilliary activities
	1	Expenses for SSHISA in repair shops
	2	Expenses for SSHISA in workshops and service stations
	3	Expenses for SSHISA in laboratories and research centers
	4	Expenses for SSHISA for other ancillary activities
	40	Expenses for SSHISA for general and administrative needs
	50	Expenses for SSHISA related to "Research and Development"
	60	Expenses for SSHISA related to capital construction (to be capitalized)
	90	Expenses for SSHISA related to non regulated activities not related to energy generation
6		Other expenses for the activity
	10	Expenses for purchased power

			1	Power purchased for own needs
			2	Power purchased only for Pump Storage Hydro Power Plants
		20		Technological losses
		30		Taxes and fees
			1	Expenses for taxes
			2	Expenses for fees
			3	Water and Water Use Fees – only for HPP
		40		Expenses for shortages of assets
		50		Expenses for fines and penalties
		60		Commercial losses (expenses for covering stranded costs)
		70		Expenses for field trips and representative
			1	Field Trips in the Country
			2	Field Trips Abroad
			3	Representative Expenses
		80		Social expenditure (under the Labor Code) and expenses for vocational training and retraining
			1	Medical Services under the Labour Code
			2	Free food - Ordinance 8
			3	Expenses for vocational training and retraining of the employees
			4	Other social allowances for the employees
		90		Other expenses for the activity by economic elements
			1	Depriciation of rented out assets
			2	Expenses for environmental clean up
			3	Other expenses for the activity
		9		Other expenses for non regulated activities not related to energy generation
61				EXPENSES FOR OPERATIONS
		1		Expenses for Electric Power Generation and System Services
		10		Expenses for Contracted Capacity
			1	Materials – conditionally fixed
			2	Expenses for Wages, Social Security for Pensions and Sickness
			3	Depriciation Costs
			4	Hired Services
			5	Other Expenses for the activity
			6	Expenses from Supporting Activities – from 612 the deductible part
			7	Expenses for Repair – from 617 the deductible part

		8	Expenses for organization and management – from 614 the deductible part
		9	Expenses for Sales – from 615 the deductible part
	20		Expenses for production of electricity that is sold on the regulated market
		1	Materials - variable
		2	Expenses for Wages, Social Security for Pensions and Sickness
		3	Depriciation Costs
		4	Hired Services
		5	Other Expenses for the activity
		6	Expenses from Supporting Activities – from 612 the deductible part
		7	Expenses for Repair – from 617 the deductible part
		8	Expenses for organization and management – from 614 the deductible part
		9	Expenses for Sales – from 615 the deductible part
	30		Expenses for capacity – non-contracted
		1	Materials – conditionally fixed
		2	Expenses for Wages, Social Security for Pensions and Sickness
		3	Depriciation Costs
		4	Hired Services
		5	Other Expenses for the activity
		6	Expenses from Supporting Activities – from 612 the deductible part
		7	Expenses for Repair – from 617 the deductible part
		8	Expenses for organization and management – from 614 the deductible part
		9	Expenses for Sales – from 615 the deductible part
	40		Expenses for electricity that is sold on the non regulated market
		1	Materials - variable
		2	Expenses for Wages, Social Security for Pensions and Sickness
		3	Depriciation Costs
		4	Hired Services
		5	Other Expenses for the activity
		6	Expenses from Supporting Activities – from 612 the deductible part
		7	Expenses for Repair – from 617 the deductible part
		8	Expenses for organization and management – from 614 the deductible part
		9	Expenses for Sales – from 615 the deductible part
	50		Expenses for thermal power generation
		1	Materials - variable

		2	Expenses for Wages, Social Security for Pensions and Sickness
		3	Depriciation Costs
		4	Hired Services
		5	Other Expenses for the activity
		6	Expenses from Supporting Activities – from 612 the deductible part
		7	Expenses for Repair – from 617 the deductible part
		8	Expenses for organization and management – from 614 the deductible part
		9	Expenses for Sales – from 615 the deductible part
	60		Expenses for System Services
		1	Materials
		2	Expenses for Wages, Social Security for Pensions and Sickness
		3	Depriciation Costs
		4	Hired Services
		5	Other Expenses for the activity
		6	Expenses from Supporting Activities – from 612 the deductible part
		7	Expenses for Repair – from 617 the deductible part
		8	Expenses for organization and management – from 614 the deductible part
		9	Expenses for Sales – from 615 the deductible part
	90		Undistributed Expenses for the energy production and system services
		1	Materials – conditionally fixed
		2	Expenses for Wages, Social Security for Pensions and Sickness
		3	Depriciation Costs
		4	Hired Services - witout repairs
		5	Other expenses for the activity
2			Expenses for Non-Core Operations
	10		Expenses for Non-Core Operations related to the providing of Contracted Capacity
			Expenses for Non-Core Operations related to the production of electricity that is sold on the regulated market
	20		
	30		Expenses for Non-Core Operations related to non-contracted capacity
			Expenses for Non-Core Operations related to the production of electricity that is sold on the non regulated market
	40		
	50		Expenses for Non-Core Operations related to thermal power generation
	60		Expenses for Non-Core Operations related to System Services
	90		Undistributed Expenses for Ancillary Activities

		1	Materials for Ancilliary Activities
		2	Expenses for Wages, Social Security for Pensions and Sickness for Ancilliary Activities
		3	Depriciation Costs for Ancilliary Activities
		4	Hired Services - witout repairs for Ancilliary Activities
		5	Other expenses for Ancilliary Activities
3			Deferred Expenses
	10		Deferred Expenses related to the regulatory process
	20		Deferred Expenses related to regulated activities
	90		Deferred Expenses related to non regulated activities
4			Expenses for Organization and Management
	10		General and Administrative Costs
		1	Fuels
		2	Materials – without fuels
		3	Expenses for Wages
		4	Social Security for Pensions and Sickness
		5	Depreciation Costs
		6	Hired Services
		9	Other General and Administrative Expenses
	20		Expenses for repair of assets used for general and administrative purposes - 617 the deductible part
5			Expenses for sales
	10		Expenses for sales of electricity
		1	Expenses for sales of electricity on the regulated market
		2	Expenses for sales of electricity on the non-regulated market
	20		Expenses for sales of thermal energy
	30		Expenses for sales of system services
	90		Undistributed expenses for sales
7			Expenses for Repairs
	10		Expenses for Repairs related to electricity generation
	20		Expenses for Repairs related to thermal power generation
	30		Expenses for Repairs related to system services
	40		Undistributed Expenses for Repairs related to power generation and system services
	90		Expenses for Repairs related to the administration
		1	Fuels
		2	Materials – without fuels

		3	Wages
		4	Social Security for Pensions and Sickness
		5	Health Insurance
		6	Depreciation Costs
		7	Hired Services
		9	Other Expenses for Repairs related to the administration
	9		Expenses for Non-Regulated Activities
62			FINANCIAL and OTHER NON-OPERATING EXPENSES
	1		Expenses for Interest
		10	Expenses for Interest on short-term loans
		20	Expenses for Interest on long-term loans
		30	Expenses for Interest on overdue payments
		40	Other expenses for Interest
	2		Expenses for participations
		10	Losses from participations
		20	Other expenses for participations
	3		Operations with financial instruments
		10	Expenses related to Sales of Financial Instruments
		20	Loss from Sales of Financial Instruments
		30	Other expenses related to Operations with financial instruments
	4		Expenses from exchange operations (negative exchange rate difference)
	5		Deferred financial expenses
	6		Expenses related to Sales/Liquidation of assets
		10	Taking FTA out of operation
		1	Taking Assets out of operation temporarily
		2	Liquidation of Assets
		20	Expenses related to sales of FTA
		30	Expenses related to sales of FIA
		40	Other expenses related to sales/liquidation of assets
	7		Re-valuation of assets expenses
		10	Expenses from re-valuation of FTA
		20	Expenses from re-valuation of FIA
		30	Expenses from re-valuation of financial instruments
		40	Other re-valuation expenses

	9			Other Financial and Non-Operating Expenses
		10		Expenses for Donations
		20		Depreciation of leased out assets
		30		Expenses for prior reporting periods
		90		Other Financial and Non-Operating Expenses
69				Extraordinary Expenses
7				Revenue (Income)
70				INCOME FROM SALES
	1			Income from Sales of Produce
		10		Income from Sales of Electric Power
			1	Income from sales at the regulated market
			2	Income from sales at the non-regulated market
		20		Income from Sales of Thermal energy
		90		Income from Sales of Produce from non-regulated activities
	2			Income from Sales of Merchandise
	3			Income from Sales of Services
		10		Income from Sales of Available Capacity
			1	Income from Sales of Available Capacity at the regulated market
			2	Income from Sales of Available Capacity at the non-regulated market
		20		Income from Sales of System Services
		90		Income from Sales of Non-regulated Services
	4			Deferred Income
		10		Deferred Income from regulated activities
		20		Deferred Income from non-regulated activities
	5			Income from Subsidies and Grants
	6			Income from Liquidation and Insolvency
	9			Income from Other Sales
		10		Income from leased assets
		20		Income from fines and penalties
		30		Income from written off liabilities
		40		Other Income from Sales
			1	Income from prior reporting period
			2	Other Income from the activity
		90		Other Income from non-regulated activities

72				FINANCIAL INCOME
	1			Income from Interest
		10		Income from Interest from bank accounts
		20		Income from Interest from deposits
		30		Income from Interest from loans provided
		40		Other Income from Interest
	2			Income from Participation
	3			Income from Operations with financial instruments
	4			Income from Foreign Currency Operations (Positive exchange rate differences)
	5			Deferred Financial Revenues
	6			Revenue from Surpluses of Assets
	7			Revenue from Sales/Liquidation of Assets
		10		Revenue from Liquidation of FTA
		20		Revenue from Sales of FTA
		30		Revenue from Sales of FIA
		40		Other Revenue from Sales/Liquidation of Assets
	8			Revenue from Re-measurement of Assets
		10		Revenue from Re-measurement of FTA
		20		Revenue from changes in value of inventories
	9			Other financial and non-operating income
		10		Revenue from Subsidies and Grants
		20		Revenue from Write-off Payables
		90		Other Miscellaneous non-operating income
79				Other Extraordinary Income
9				OFF-BALANCE SHEET ACCOUNTS
91				OTHER PARTIES' FIXED TANGIBLE AND INTANGIBLE ASSETS
92				OTHER PARTIES' FINANCIAL ASSETS
93				OTHER PARTIES' INVENTORIES
94				CONTINGENT (CONDITIONAL) DEBTORS
95				CONTINGENT (CONDITIONAL) CREDITORS
96				OWN NON-BUSINESS ASSETS
97				OWN NON-BUSINESS LIABILITIES
98				Sundry Off-balance Sheet Asset Accounts
99				Sundry Off-balance Sheet Liability Accounts

Appendix 2

METHODOLOGY TO THE REGULATORY CHART OF ACCOUNTS FOR THE PURPOSES OF REGULATORY ACCOUNTING OF POWER AND HEAT GENERATORS

1. INTRODUCTION

This methodology is structured and organized in a manner that provides the information required for regulatory accounting purposes. Information carriers in this case are the Balance Sheet and the Income Statement. The information in these statements is categorized and structured so as to enable the regulator to monitor and control, as objectively as possible, the state of the respective legally determined parameters and requirements.

The Uniform Chart of Accounts for regulatory accounting of the electric power generation companies takes into account up to a maximum extent the sample National Chart of Accounts and the requirements of the Accountancy Law, the practice in the companies in question and the International Financial Reporting Standards (“IFRS”) applied by these companies. The purpose is to apply the provisions of the new regulatory framework as practicably as possible while minimizing the efforts for rearranging the information needed for this purpose.

The Uniform Chart of Accounts covers all sections of the National Chart of Accounts. The choice of groups takes into account the nature of activity. In the majority of cases has been preserved the nature of the contents, numbering, titles of the classes, groups and accounts or, where necessary, additional ones have been provided in line with the new needs.

Three-, five- and seven-digit account codes have been introduced, including the corresponding analytical levels. The detailed characteristics of the accounts carry the relevant information for regulatory purposes with respect to the information required as a matter of priority by the regulator.

The content of the methodology to the Uniform Chart of Accounts comprises:

- Balance Sheet sections and articles, including the account numbers in line with the Uniform Chart of Accounts, as carriers of uniform information for regulatory accounting purposes;
- Sections and articles in the Income Statement, including the corresponding account numbers in line with the Uniform Chart of Accounts, as carriers of uniform information for regulatory accounting purposes.
- The relationship between the reporting forms with the accounts, including a description of methods for allocation of expenses and revenues, depending on the applied IFRS and accounting policies of the electric power generation companies capable of meeting also the regulatory accounting requirements.

1. BALANCE SHEET SECTIONS AND ARTICLES AND ACCOUNT NUMBERS BEING CARRIERS OF UNIFORM INFORMATION FOR REGULATORY ACCOUNTING PURPOSES

The table below illustrates the groups of accounts for recording into the accounting books the balance sheet articles.

ASSETS	Accounts	Licensed Operations	Non-regulated Operations
Fixed assets			
Land, building and equipment	Group 20, Group 24		
Intangible assets	Group 21, Group 24		
Investments, loans granted and leases	Group 22		
Postponed tax assets	Account 497		
Current assets			
Inventories	Group 30		
Receivables and other assets	Groups 40, 41, 42, 44, 45, 49		
Loans granted and leases	Group 22, Account 725		
Cash and cash equivalents	Group 50, 51		
Total Assets			
EQUITY AND LIABILITIES			
[Equity] Capital and reserves			
(Share) capital	Group 10		
Reserves	Group 11		
Financial results	Group 12		
Financing	Group 13		
Fixed liabilities			
Loans	Group 15		
Current liabilities			
Payables to suppliers and other current liabilities	Groups 40, 41, 42, 44, 45, 49		
Postponed tax liabilities	Account 497		
Borrowings	Group 15		
Total Liabilities			
Total Equity and Liabilities			

1.1. Asset categories and structure

An asset shall be categorized as current whenever:

1. It is expected to be realized or is being held for the purpose of sale or use in the normal operating cycle of the enterprise;
2. It is being held primarily for commercial purpose or for a short period of time and it is expected to be realized within 12 months as from the date of the balance sheet; or
3. The asset in question is in cash or cash equivalents for which there are no restrictions as regards their use.

All other assets shall be classified as non-current.

The current assets include inventory and trade receivables that are being sold, utilized and realized as part of the normal operating cycle of the enterprise, even when it is not expected that the assets in question will be realized within the next 12 months as from the balance sheet date. Tradable securities shall be defined as current assets, if it is expected that the securities in question will be realized within the next 12 months as from the balance sheet date; in the opposite case they shall be categorized as non-current assets.

1.1.1. Categories and structure of Fixed Tangible Assets

The categorization and accounting operations shall be formalized in conformity with the IFRS 16, including Property, Plant and Equipment with further detailing for regulatory accounting purposes.

The fixed tangible assets shall be reported at cost of acquisition less accumulated depreciation and impairment, and the land and buildings at fair value.

The depreciable amount of a property, plant or equipment (machines, facilities, equipment) shall be distributed systematically throughout the entire useful life of the asset.

The applied depreciation method shall reflect the model according to which the enterprise consumes the economic benefits of the asset.

The depreciation for each period shall be recognized as expense, except if it is included in the carrying amount of another asset.

The economic benefits embodied in one asset are consumed by the enterprise, the carrying amount of the asset is decreased to reflect this consuming and a depreciation expense is accrued. A depreciation charge shall be made even if the value of the asset exceeds its carrying amount.

The enterprise consumes the economic benefits embodied in a single property, plant or equipment primarily through the use of the asset. However, other factors such as technical obsolescence and wear and tear while the asset remains idle often result in the diminution of the economic benefits that might have been expected to be available from the asset.

The following factors shall be considered in determining the useful life of an asset:

1. The expected usage of the asset by the enterprise; the usage is assessed by reference to the asset's expected capacity or physical output.
2. The expected physical wear and tear, which depends on the operational factors and the repair and maintenance programme of the enterprise, and the care and maintenance of the asset while idle.
3. The technical obsolescence.
4. Legal or other limits of the kind on the use of the asset.

The useful life of an asset is determined in terms of the assets expected utility to the enterprise. The useful life of the asset may be shorter than its economic life. The estimation of the useful life of a property, plant or equipment is a matter of judgment based on the experience of the enterprise with similar assets.

The land and buildings are divisible assets and for accounting purposes they shall be considered separately, even if acquired together.

The land has unlimited life and shall not be depreciated.

The useful life of the assets is determined and included in the enterprise's depreciation plan prepared for all assets and approved by the management.

The depreciable amount of each asset is determined after deducting the residual amount of the asset. Practically, the residual amount of the asset in most cases is insignificant and, therefore, immaterial for the calculation of the depreciable amount.

The depreciation method applied for the systematic distribution of the asset's depreciable amount over its useful life is the linear method. The method to be applied for each asset shall be chosen on the basis of the expected model of economic benefits and shall be consistently applied throughout the respective periods, except if there is a change in the expected model of economic benefits for the respective asset.

The fixed assets shall be depreciated according to the linear method.

The table below shows sample depreciation rates.

Buildings	4%
Machines	4%
Facilities	10%
Equipment	30%
Vehicles	25%
Implements	15%
Computers and software	50%
Intangible fixed assets	20%

The expenses for interests on loans for financing the construction of fixed tangible assets shall be reported as expense for the relevant period.

Maintenance, repair, minor improvements and minor facilities shall be reported in the Income Statement for the relevant period. The value of material modernizations and improvements shall be included in the carrying amount of the asset, if it is likely that the company will get future economic benefits exceeding the expected ones for the particular asset. The material modernizations and improvements shall be depreciated over the useful life of the respective asset for which they have been implemented.

Examples of improvements which result in increased future economic benefits include:

- a) Modification of an item of plant to extend its useful life, including an increase in its capacity;
- b) Upgrading machine parts to achieve a substantial improvement in the quality of output; and
- c) Adoption of new production processes enabling a substantial reduction in previously assessed operating costs.

For regulatory accounting purposes the fixed tangible assets shall be reported in the usual accounts from Section 2 Fixed Asset Accounts, Group 20 Fixed Tangible Assets, indicated with a three-digit code. If the respective electric power generation company applies numbering other than the presented one, it shall provide the required information in the format prescribed by this paper.

1.1.2. Categories and structure of Fixed Intangible Assets

The categories and structure of the fixed intangible assets have been designed in line with IFRS 38 – Intangible assets and further detailed for the regulatory accounting purposes.

The expenses for acquisition of licenses shall be capitalized and depreciated according to the linear method over the license term, and the other intangible fixed assets primarily for five years. The carrying amount of each intangible fixed asset shall be reviewed each year and, if necessary, a provision shall be recorded into the accounting books for impairment of the assets.

The assets reported in the above-mentioned accounts shall meet the following criteria:

1. Non-cash nature.
2. Verifiable.
3. May be distinguished from the goodwill.
4. May be sold, exchanged, leased out, etc. for the purpose of obtaining economic benefits from holding them in possession.
5. Are used for manufacture, services, administrative or other purposes.

The costs related to an intangible asset following its purchase or completion shall be reported as expense at the moment of their occurrence, except in the following cases:

1. Where it is likely that the expenses will help the asset to generate more future economic benefits compared to the initially planned ones.
2. Where these costs may be reliably estimated and attributed to the asset.

After the initial recognition, the intangible asset shall be reported at prime cost less the accumulated depreciation and possible accumulated impairment losses.

The depreciable amount of the intangible asset shall be distributed systematically on the basis of the optimum judgment about its useful life.

The depreciation shall start upon providing the asset for use.

Having in mind that the future economic benefits embodied in the intangible asset are consumed over time, the net book value of the asset shall be discounted to reflect such consuming. This shall be achieved through systematic allocation of the asset's prime cost or revaluated amount from which is deducted the residual amount, as an expense over the asset's useful life.

The depreciation shall be recognized regardless of whether there is or isn't increase of, for example, the asset's fair value or recoverable amount. A number of factors need to be considered when determining the useful life of an intangible asset:

1. The estimated benefit from the asset for the enterprise and whether the asset may be effectively managed by another management team.
2. The life cycles of a product typical for the asset and publicly available information with estimations for the useful life of similar assets used for similar purposes.
3. Technical, technological or other types of obsolescence.
4. The stability of the sphere within which the asset is functioning and the changes in the market demand of products or services generated by the asset in question.
5. Expected actions of competitors or potential competitors.
6. The level of expenses for maintenance needed to obtain future economic benefits from the asset and the capability and intention of the enterprise to reach this level;
7. The period of control over the asset and the legal or other limits to the asset's use, such as expiry dates of lease contracts.
8. The dependency or non-dependency of the asset's useful life on the useful life of other assets of the enterprise.

The assets' useful life shall be set in the enterprise's depreciation plan elaborated for all intangible assets and approved by the management.

The organization of synthetic accounting of the intangible assets is in direct relation to the content of each object. For regulatory accounting purposes the fixed intangible assets shall be reported in the usual accounts from Group 21 Fixed Intangible Assets, indicated with a three-digit code.

1.1.3. Categories and structure of Inventories

The inventories shall be reported at the historical cost or the net realizable value, whichever lower. The write-off shall be assigned according to the “weighted average cost” method. The cost of the generated power incorporates costs of materials, direct costs of labour and social/health insurance, other direct costs (including hired services and depreciation) and indirect costs related to production, but excludes financial expenses.

The net realizable value is the estimated selling price within the ordinary course of business less the estimated costs necessary to make the sale.

The inventories comprise materials and inventory on stock intended for use in the process of production and materials purchased and intended for sale.

Upon provision of services, the inventories comprise expenses for services for which the enterprise has still not recognized the related revenues.

The cost of the inventories represents the sum of all expenses related to purchase and processing, along with other expenses incurred in relation to their delivery to the present point of destination and state.

The costs of purchase of inventories comprise the sum of purchase price, import custom duties and other taxes (other than those which the enterprise may recover later on from the tax authorities), transport costs and other costs that may be attributed directly to the acquisition of the goods, materials and services.

The trade discounts and other similar components shall be deducted when calculating the purchase price.

The cost of inventories may not be recoverable, if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable, if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

Inventories are usually written down to the net realizable value on an item-by-item basis. In some circumstances, however, it may be appropriate to group similar or related items. It is not appropriate to write inventories down based on a classification of inventory, for example, goods, or all the inventories.

For regulatory accounting purposes the inventories shall be reported in the accounts in Group 30 Inventories, indicated with a three-digit code.

1.1.4. Categories and structure of Receivables

The receivables from clients shall be reported at their billing value, from which is deducted a provision for impairment. Provision for impairment shall be made if there is certain likelihood that the company will not be in a position to collect all amounts due pursuant to the initial conditions in relation to the respective estimations. The impairment loss is the amount by which the carrying amount exceeds the recoverable amount which represents the present value of the cash flows, discounted with a market interest rate applicable for similar clients.

For regulatory accounting purposes the receivables shall be reported in the accounts from Group 41 Clients, indicated with a three-digit code.

1.2. Liabilities categories and structure

A liability shall be categorized as current whenever:

1. It is expected that the liability in question will be settled within the normal operating cycle of the enterprise.
2. It should be settled within 12 months as from the date of the balance sheet.

All other liabilities shall be classified as non-current liabilities.

The current liabilities shall be classified similarly to the current assets. Current liabilities such as trade payables and accrued payables to staff and payables for other operating expenses represent part of the working capital utilized in the normal operating cycle. Such operating article shall be classified as current liabilities, even if they should be settled within a period longer than 12 months as from the date of the balance sheet.

Current liabilities are also those payables that are not settled within the usual operating cycle but should be settled within 12 months as from the date of the balance sheet.

The enterprise shall categorize its long-term interest payables as non-current, even if they should be settled within 12 months as from the date of the balance, if:

1. The initial term for the settlement has been longer than 12 months.
2. The enterprise intends to refund the payable in question on long-term basis.
3. The intention is backed up by a refunding agreement or an agreement for change in the payment arrangements concluded prior to the date of approval for issue of financial statements.

The loans shall be recognized initially up to the amount of the revenue, without including the expenses on the loan. Subsequently, the loans shall be reported at depreciated historical value using the effective profitability method; the differences, if any, between the revenue (without the expenses on the loan) and the pay-off amount shall be recognized in the Income Statement according to the payback plan.

For regulatory accounting purposes the payables shall be reported in the accounts from Group 40 Suppliers, indicated with a three-digit code.

2. SECTIONS AND ITEMS IN THE INCOME STATEMENT AND ACCOUNT NUMBERS BEING CARRIERS OF UNIFORM INFORMATION FOR REGULATORY ACCOUNTING PURPOSES

Description	Accounts Licensed Operations	Accounts Non-regulated Operations
Revenues from sales of electric power	Credit acct. 701 101	Credit acct. 701 102
Revenues from sales of heat	Credit acct. 701 200	-
Revenues from sales of other products	-	Credit acct. 701 900
Revenues from sales of capacity	Credit acct. 703 101	Credit acct. 703 102
Revenues from sales of system service	Credit acct. 703 200	-
Revenues from sales of other services	-	Credit acct. 703 900
Cost of sales of electric power	Debit acct. 611 200 without accts. 611 208 and 611 209	Debit acct. 611 400 without accts. 611 408 and 611 409
Cost of sales of heat	Debit acct. 611 500 without accts. 611 508 and 611 509	-
Cost of sales of capacity	Debit acct. 611 100 without accts. 611 108 and 611 109	Debit acct. 611 300 without accts. 611 308 and 611 309
Cost of sales of system services	Debit acct. 611 600 without accts. 611 608 and 611 609	

Expenses for non-core operations	Debit acct. 612	
Expenses for repairs	Debit acct. 617	
Expenses for sales	Debit acct. 615	
Administrative expenses	Debit acct. 614	
Profit / Loss from sales of electric power	Account 123 101 Credit acct. 701 101 Debit acct. 611 200 Credit acct. 703 101 Debit acct. 611 100	Account 123 901 Credit acct. 701 102 Debit acct. 611 400 Credit acct. 703 102 Debit acct. 611 300
Profit / Loss from sales of heat	Account 123 102 Credit acct. 701 200 Debit acct. 611 500	-
Profit / Loss from sales of system services	Account 123 103 Credit acct. 703 200 Debit acct. 611 600	-
Profit / Loss from non-regulated operations		Account 123 902
Other operating revenues	705, 706, 709	
Financial expenses / revenues, net	Group 62, 72	
Profit / Loss before tax	Account 123	
Taxes		
Profit / Loss		

2.1. Categories and structure of Operating Revenues

The provisions of IAS 18 Revenues shall be applied upon reporting revenues from the following transactions and events:

1. Sale of finished products and goods.
2. Provision of services.
3. Use of enterprise's assets by other entities, where this use earns interests, payments for rights and dividends.

The services may be provided over one period or over more than one period. Some service provision contracts are directly related to contracts for construction, for example for design services. The revenues from such contracts shall be considered in line with the requirements for the construction contracts.

Revenue is the gross inflow of economic benefits over the period, generated in the process of usual operation of the enterprise, where the inflows in question result in equity increases other than increases related to the shareholders' contributions.

The revenues include only the gross inflows of economic benefits, while the amounts collected on behalf of third parties, such as taxes on sales, taxes on commodities and services and value added taxes, are not economic benefits for the enterprise and do not result in increase of the equity. Therefore, they are excluded from the revenues.

The revenue from sales of finished products shall be recognized whenever the material risks and benefits from ownership of the finished products are transferred to the buyer.

The revenue from sale of services shall be recognized on the basis of the degree of completeness of the particular service determined through the percentage ratio of services delivered as at the current moment and the entire volume of services is expected to be delivered.

The interest revenue shall be recognized at a pro rata time-related principle depending on the residual period and the effective interest for the period of maturity in the instances where it has been determined that such revenue will be accrued for the company.

The chart of accounts has been further detailed for regulatory accounting purposes and comprises a classification for reporting included in the Income Statements of the companies for the purposes of the regulatory mechanism.

2.2. Categories and structure of Operating Expenses

The Chart of Accounts structure has been further detailed for regulatory accounting purposes and permits, where necessary, to extract additional information, beyond the classification for reporting included in the Income Statement of the power generation companies for the purposes of the regulatory mechanism.

The companies shall prepare their financial statements, except the statements related to the cash flows, on the basis of the accruals principle.

Upon accounting on the basis of accruals principle, the operations and events are recognized at the moment of their occurrence and not when cash or cash equivalents are received or paid, and are entered into the accounting books and are reported in the financial statements for the relevant period.

The expenses and recognized in the Income Statement on the basis of the direct link between the incurred expenses and the revenues of particular income carriers (comparison). The application of the principle of compatibility, however, does not permit to recognize those items in the balance sheet which do not match the definition for asset or liability; the expenses are not recognized as assets in those cases where they can not be compared with specific revenues in follow-up reporting periods. Revenues shall not be recognized as liabilities in the instances where in a follow-up reporting period will not be generated expenses against them.

The expenses by economic elements shall be reported in the accounts from Group 60 Expenses by economic elements, and the Operating expenses shall be reported in the calculative accounts from Group 61 Operating expenses.

3. EXPENSES FOR REGULATED OPERATIONS FOR REGULATORY ACCOUNTING PURPOSES

For the purposes of the regulatory mechanism has been pursued an approach for determination of the expenses by operations, including electric power generation, heat generation, system services and non-regulated operations.

Each one of these activities has specific characteristics that allow for each to be separated also in accounting terms. This enables their monitoring, measurement and control through the mechanisms of accounting transactions for the needs of the regulatory authority.

At the same time, the consolidation of regulated operations enables also overall coverage of the process and its management in line with the pursued national energy policy.

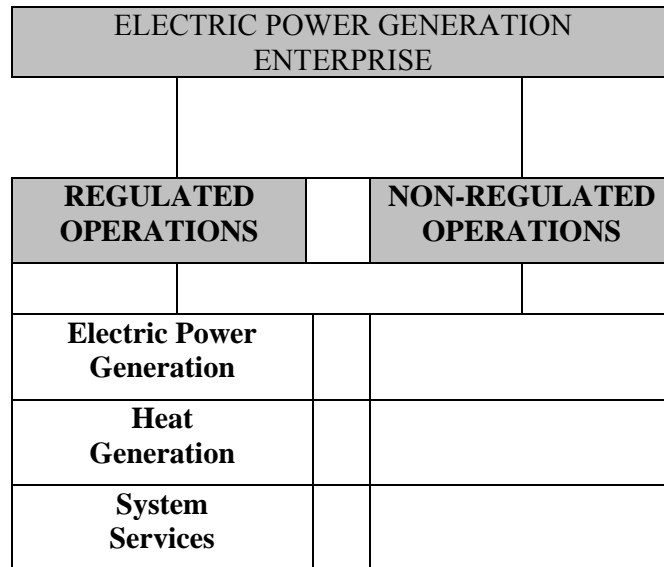
In order to separate the licensed operations (electric power and heat generation and system services), the electric power generation companies shall perform the following:

1. Identify and record into the accounting books separately the expenses for non-regulated operations.

2. Estimate the direct expenses by types of regulated operations. (Calculation schemes by operations and objects may be applied when determining the cost of electric power and heat and system services.)
3. Identify the indirect production expenses and propose justified mechanism for their allocation.
4. Determine the expenses for each regulated activity throughout the entire production chain, in order to build their internal structure. (Expenses for capacity and expenses for energy shall be identified when determining the cost of electric power.)

3.1. Determination of regulated operations and their inner structure

The state regulatory authority regulates activities related to energy generation and system services.



The key levels subject to monitoring in the activities related to Electric Power Generation and System Services are:

- Expenses for core operations, including:
 - Expenses for fuel
 - Expenses for service
 - Expenses for repair
- Expenses for non-core operations, including:
 - Expenses for fuel
 - Expenses at garages and service centers
 - Expenses at repair workshops
 - Expenses at laboratories and research centers
 - Expenses for other non-core operations
- Research and development expenses
- Administrative and general expenses
- Capital construction expenses

3.2. Establishing the expenses by economic elements

The accounts for reporting the expenses by economic elements are grouped under sub-group 60, “Expenses by economic elements,” of Group 6.

The accounts are operational and are kept with net turnovers, in order to provide data for filling the Income Statement. Changes in the initially recorded amounts (returned materials non-utilized in the production, incorrectly accrued remunerations, etc.) shall be made only through deductible entries.

The analytical reporting under the accounts from Group 60 shall be organized depending on the information needs for monitoring purposes by monitoring objects (expenses for fuels, expenses for service, expenses for repair, expenses for non-core operations, expenses for research and development, expenses for capital construction, administrative and general expenses).

At the end of the reporting period the accounts from Group 60 shall be closed down (credited) against debiting of the accounts from Group 61 Operating expenses and Group 207 Expenses for acquisition of fixed tangible assets.

The accounts 601 Expenses for materials, 602 Expenses for hired services, 603 Expenses for depreciation, 604 Expenses for salaries, 605 Expenses for social insurance and allowances are completely identical to the accounts bearing the same numbers in the National Chart of Accounts (Decree No. 65 from 1998). It is necessary to point out that the expenses for materials, services, depreciations, salaries and social insurance, prior to being entered into the accounts from Group 60, shall be classified by functions for follow-up entering into the accounts from Group 61 Operating expenses. This may be done in two ways: (a) by means of additional analytical levels of the accounts in Group 60; or (b) through simultaneous entering of the respective expenses (reflected into the analyzed primary document) on the credit side of the account in Group 60 and on the debit side of the respective account in Group 61. This RCOA has been adopted the second way for the purpose of simplifying the analytical reporting.

Account 606 Other expenses for operation serves to report all expenses for operation not entered into another account from Group 60. The account shall be closed down with the respective accounts in Group 61.

3.3. Establishing the expenses by operations

Each of the expense articles shall be further detailed to the level subject to monitoring and control by the regulatory authority and having either direct or indirect relation to the regulated characteristics of the electric power generation companies. The following areas of occurrence of indirect production expenses are possible:

- By core licensed operations (account 611).
- By non-core operations (account 612).
- By the general administrative organization of the production process (account 614).

On the other hand, in terms of their nature, the direct and indirect production expenses may be displayed as:

- Relatively fixed costs.
- Variable costs.

For example, relatively fixed are the costs for depreciation and maintenance of building and equipment. As variable general costs shall be classified ancillary materials, expenses for salaries of the staff involved in general production works, etc.

The specifics of activity of the electric power generation companies predetermines existence of expenses that are common for the three licensed operations, including electric power generation, heat generation and system services provision. These common production costs shall be allocated to the operations on rational and consistent basis. The allocation shall be based on analysis of the production process.

The other two groups of expenses that are subject to allocation are the expenses for non-core operations and the general administrative-management expenses. These expenses shall be allocated to the regulated and non-regulated operations, where the basis for this allocation shall be the relative share of the revenues from the respective operations against the total revenues from operations of the gas distribution company.

Accounts for reporting the expenses by operations are grouped under sub-group 61, "Expenses for operations," of Group 6.

This group includes, for tariff formation purposes, accounts for reporting the expenses by respective licensed operations (electric power and heat generation and system services), as well as deferred expenses, organization and management expenses and expenses for sale of finished products.

Account 611 Expenses for energy generation and system services

Account 611 serves to report all expenses for electric power and heat generation and system services provision, which include (a) the expenses forming the cost of generated electric power and heat and provided system services, which include the costs of materials, services, depreciation, salaries, social and health insurance and allowances and other expenses related to the core production activity (directly from the sub-accounts of Group 60) and the expenses for non-core operations (which are formed beforehand in account 612) and the expenses for repair (which are formed beforehand in account 617); b) the expenses for organization and management (which are formed beforehand in account 614); and, c) the expenses for sales (which are formed beforehand in account 615).

The analytical reporting under accounts 611 X0 shall be organized by licensed operations: electric power generation, heat generation and system services provision. The expenses for these activities are formed through allocation of all expense groups as follows: a) the direct costs shall be allocated using factors determined analytically and related to the physics of the production process; c) the indirect costs shall be allocated using factors justified on accounting basis or based upon the indirect costs.

The expenses for electric power generation shall be split further to costs at two levels: a) expenses for electric power sold on the regulated market and expenses for electric power sold on the non-regulated market; and b) expenses for provision of available capacity and expenses for generation of energy.

Account 611 shall be credited with the cost of the services against debiting accounts from group 123 Profit and loss from regulated operations.

Account 612 Expenses for non-core operations

Account 612 serves to report the expenses incurred in the non-core operations of the enterprise. The non-core operations of the enterprise shall be the ones which are an integral part of the core activity and are intended to service the latter. Such may be the operation of repair-mechanical workshops, garages and service centers to the transport units, laboratories and research centers, etc.

The analytical reporting under account 612 shall be organized by non-core operations and by articles related to the core operations of the enterprise. All expenses in the non-core operations which may be directly attributed to (or traced back to) the respective type of licensed activity shall be entered into the relevant sub-accounts of account 612. In the cases where it is not possible to attribute them to a particular type of core activity, the expenses for non-core operations shall be allocated with allocation factors in a manner similar to the allocation of expenses under account 611.

Account 613 Deferred expenses

Account 613 serves to report expenses made during the reporting period but relevant for future periods.

When reflecting the expenses on the debit side of account 613 shall be determined also the period for their repayment.

Account 613 shall be debited by making entries into the respective balance sheet accounts.

Account 614 Expenses for organization and management

Account 614 serves to report expenses related to the general management and functioning of the enterprise.

The analytical reporting under account 614 shall be organized only by types of expenses, but if their grouping may simplify their entering by types of licensed operations (electric power generation, heat generation and system services provision), the enterprise may use interim grouping.

Account 614 shall be debited with the expenses for organization and management against crediting the accounts from group 60 Expenses by economic elements and shall be closed down under the accounts from group 61 through allocation factors. The allocation factors for the expenses for organization and management may be determined on multiple grounds, for example, on the basis of the proportion direct/indirect costs, the proportion of the depreciation expenses, the proportion of the expenses for salaries, the proportion of the revenues, etc. or on the grounds of other considerations, for example, evenly or on pro rata basis to the volume of sold finished products, number of consumers, etc. In any case, they shall be proposed by the Licensee and justified before the Regulator.

Account 615 Expenses for sale of finished products

Account 615 serves to report expenses related to sale of finished products and services.

The analytical reporting under account 615 shall be organized by licensed operations: electric power generation, heat generation and system services provision. Normally, the expenses for sale of finished products are easily attributable directly to the respective activities under the respective sub-accounts of account 612. In rare cases, whenever a particular expense for sale of finished products is a common one, it shall be allocated and entered into the respective sub-accounts of account 612 with an allocation factor, in a manner similar to the allocation of expenses under “Expenses for organization and management” group.

Account 615 shall be debited with the costs for sale of finished products against crediting accounts from group 60 Expenses by economic elements.

Account 615 shall be credited upon its closing down against debiting accounts from group 612.

Account 617 Expenses for repair

Account 617 serves to report the expenses for repairs.

The analytical reporting under account 617 shall be organized by types of licensed operations through separation of expenses for repair related to administrative operations.

The expenses for repair shall be entered by types of licensed operations as follows: a) those expenses that may be directly attributed to (or traced back to) the respective type of licensed activity shall be entered into the relevant sub-accounts of account 612; b) those expenses that may not be directly traced back to the respective type of licensed activity (from sub-account 617 40 Non-distributed expenses for repair related to the generation of energy and system services) shall be entered into the relevant sub-accounts of account 612 with allocation factors, in a manner similar to the allocation of expenses under account 611.

Account 615 shall be debited with the expenses for sale of finished products against crediting accounts from group 60 Expenses by economic elements.

Account 615 shall be credited upon its closing down against debiting accounts from group 612.

Account 619 Expenses for non-regulated operations

All expenses for non-regulated operations shall be entered into account 619.

4. ANNEX

The accounts in the regulatory chart of accounts are arranged under the following groups, coded with 3-digit numbers:

101 – 123	Capital
131 – 132	Grants
151 – 159	Borrowings
201 – 209	Fixed Tangible Assets
211 – 219	Fixed Intangible Assets
221 – 225	Long-term Investments and Receivables
230	Long-term Financial Assets
242 – 249	Depreciation
251 – 254	Provisions
261 – 262	Goodwill
301 – 310	Inventories
401 – 404	Suppliers and supplier-related accounts
411 – 416	Clients and client-related accounts
421 – 426	Settlement accounts with personnel and partners
441 – 445	Receivables from shortages, defalcations and writs
451 – 458	Settlement accounts with the budget, social insurance and with government agencies
491 – 499	Miscellaneous debtors and creditors
501 – 519	Cash
511 – 515	Short-term Investments
601 – 609	Expenses by Economic Elements
611 – 619	Operating Expenses
621 – 629	Financial and Other Non-Operating Expenses
691 – 699	Extraordinary Expenses
701 – 709	Operating Revenues
721 – 729	Financial and Other Non-Operating Income
791 – 799	Extraordinary Income
911 – 999	Off-balance Sheet Accounts

- a) Each of these accounts has three-digit sub-accounts.
- b) In certain instances, the numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system.
- c) Each EGC may adopt for its own purposes a different system of account numbers in case that the USOA account numbers will appear in the descriptive headings of the general ledger and in the various journals and source documents. If the EGC is using different account numbers, it shall

keep readily available a list of these account numbers and a reference system (system for their matching) of these account numbers with the account numbers prescribed in the USOA. Also, the EGC's records shall permit analysis by USOA accounts and preparation of reports for the regulator directly from the records/accounts of the EGC in USOA.