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**HYDRO POWER AND ENERGY
PLANNING PROJECT (HPEP)**

UNIFORM SYSTEM OF ACCOUNTING

ACCOUNTING GUIDELINES FOR GEORGIAN POWER
MARKET COMPANIES

CONTRIBUTION AND GRANTS

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(HPEP)
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DELOITTE CONSULTING LLP
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This document was prepared by:

| Author | Organization | Contact Details |
|--------------------|-------------------------|--|
| Gagik Hovhannisyan | Deloitte Consulting LLP | gaghov@hotmail.com |
| Reviewer | Organization | Contact Details |
| Jake Delphia | Deloitte Consulting LLP | jdelphia@deloitte.com |
| Davit Mujirishvili | Deloitte Consulting LLP | dmujirishvili@dcop-hpep.ge |
| Neka Danelia | Deloitte Consulting LLP | ndanelia@dcop-hpep.ge |
| Khatuna Iurchenko | Deloitte Consulting LLP | kiurchenko@dcop-hpep.ge |

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LIST OF ACRONYMS

| Acronym | Term |
|---------------|--|
| AR | Account Receivable |
| EU | European Union |
| FA | Fixed Assets |
| CoA | Chart of Accounts |
| DR | Deferred Account |
| GEMM | Georgian Electricity Market Model |
| GNERC | Georgian National Energy Regulatory Commission |
| HPEP | Hydro Power and Energy Planning Project |
| HPP | Hydro Power Plant |
| IAS | International Accounting Standards |
| IFRS | International Financial Reporting Standards |
| LT | Long Term |
| LTL | Long Term Liabilities |
| kV, KV | kilovolts |
| MoE | Ministry of Energy |
| PPE | Property, Plant and Equipment |
| ST | Short Term |
| STA | Short Term Asset |
| STL | Short Term Liabilities |
| USAID | United States Agency for International Development |
| USoA | Unified System of Accounting |

ACCOUNTING GUIDELINES FOR GEORGIAN POWER MARKET COMPANIES

CONTRIBUTION AND GRANTS

1.0 BACKGROUND

In September, 2013, USAID initiated the Hydro Power and Energy Planning Project (HPEP) following on the three and a half year Hydropower Investment Promotion Project (HIPP) that supported market-based initiatives to stimulate investments into Georgia's hydropower sector.

HPEP will facilitate private sector development of Georgia's hydropower resources that are environmentally, socially and economically sound. The main purpose of this project is also to support the Government of Georgia (GOG) in adopting and implementing the Georgia Electricity Market Model of 2015 (GEMM 2015) developed under HIPP to facilitate establishment of an electricity trading mechanism in Georgia. The general goals and principles of GEMM 2015 were agreed upon by USAID and GOG.

The Georgian electricity sector has made remarkable progress over the last twenty years, advancing from huge losses and blackouts in the 1990s, to collection rates over 90%, generally reliable service and near self-sufficiency today. In spite of the improvements, Georgia still experiences a shortfall of domestic supply in winter and, therefore, the GOG must secure private investment to develop the estimated 20 TWh of untapped hydropower resources the country possesses and promote cross border electricity trading to Turkey and Europe to realize Georgia's electricity export potential.

While investors and developers are willing to sign initial investment commitments, investor access to project financing needed to turn these commitments into reality requires fundamental changes to Georgia's energy governance, regulatory, operating and legislative enabling environments.

Over the last decade the retail electricity rates in Georgia were set at government specified levels with the government providing large subsidies for power plants rehabilitation and operations while on the other hand mandating retail tariffs levels without considering the real of cost of service. That approach led to unanticipated and unwanted consequences. The electricity sector regulatory framework is in dire need of reform, now seeing:

1. Lack of transparency in rate setting process;
2. Poor record on investment into the aging distribution networks
3. Lack of incentive to invest into new generation facilities with too low of a tariff for generation production aimed for sales in the local market
4. No incentives in rates for better utility performance; and,
5. Uncertainty about long term rate stability.

USAID through its Hydropower Investment Promotion Project (March 2010-August 2013) and its Hydro Power and Energy Planning Project (starting September 2013) provides guidance to GNERC in reforming the regulatory framework including development of the USoA for the electricity sector of Georgia. USAID assistance has included development of a regulatory chart of accounts for the electricity sector,

instructions to the chart of accounts and capacity building of GNERC and the electricity sector licensees.

In October 2013 Georgia's energy regulator (GNERC) endorsed introducing Regulatory Accounting as a new task. This is a major step forward for Georgia in energy rate stability, transparency, fair allocation of costs to consumers, and elimination of hidden costs in tariffs.

Regulatory accounting or as it is known in the industry, Uniform System of Accounts (USoA), provides a sound basis for recording of expenses and assets in the regulated energy utilities. It includes a detailed chart of accounts and instructions on how to use the chart of accounts so that all expenses can be properly accounted for, audited and used as the basis for setting tariffs.

The USoA has proven to be a good tool for financial management of the utilities and without exception, the increased level of information provided by the USoA to utility management allows for better cost control and insights on the efficiency of their companies. It is a win-win success story as both consumers and investors reap benefits from this proven approach to regulatory oversight.

2.0 INTRODUCTION

These Accounting Guidelines regulate the accounting of contributions and grants of companies operating in Georgian regulated power market. Power market regulated companies shall follow the rules and procedures, use the same approaches stated in this document. These Accounting Guidelines are an essential part of USoA for Georgian regulated power market that supports tariff development, monitoring, benchmarking and other regulatory information needs.

These guidelines consist of following parts:

- GENERAL APPROACH
- USOA APPLICATION
- STANDARD TRANSACTIONS
- CASE STUDY

General Approach explains the regulatory treatment of contributions and grants.

USoA Application shows the logic of accounting registries.

Standard transactions present the rules for standard financial events related to contributions and grants.

Case Study presents the numerical sample for accounting.

These Accounting Guidelines shall be applied for recording, maintaining and reporting of financial data using Unified Regulatory Chart of Accounts set by Georgian National Energy Regulatory Commission.

3.0 GENERAL APPROACH

CONTRIBUTION AND GRANTS AS USOA ASSET (DEBIT) GROUP

Contribution and Grants as USOA group of asset is the Regulatory Value of the assets build, constructed, acquired or installed by granted aid and funds or contributed by customers.

Regulatory Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing Power Market parties in accordance with the regulation set by Power Sector Regulator.

'*Contribution and Grants*' asset shall be accounted in full initial value whether it was fully or partially financed by customers or company.

According to IAS 16, Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of other IFRSs, e.g. IFRS 2 Share-based Payment.

In other words, cost of connection asset should be measured as aggregation of all costs to build that connection no matter how much was compensated by aid or paid by customer.

Company shall maintain the accounting by clear partition of initial cost by sources of finance maintaining the requirements of IFRS.

GRANTS

Granted aid is the financing with the purpose of aid, support, or any other motivation that is not related with the Company's product or service sale.

Granted aid's financing source either can be or cannot be a [direct] consumer of the Company's product or service. In accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", the granted aid shall be recognized as deferred income for the period of useful life of the asset.

Granted aid can be applicable for all power market companies: dispatch, transmission, distribution network, distribution supply, and generation.

CONTRIBUTIONS

Contributions by customer are the financing for the connection to the distribution grid.

Contribution by customer's financing source is the direct consumer of Company's product or service. In accordance with IFRS, the price paid by the customer (customer contribution) shall be recognized as Revenue, IAS 18 "Revenue". Contribution by the customer is treated as deferred revenue for the period of useful life of the asset.

Contribution by customer is applicable for distribution network only.

GENERAL CONCLUSION

Contributions and Grants Asset are recognized at fair value or carrying value in accordance with IAS 16. However, the part value that was covered by aid or customers shall not be included in Tariff Asset Base. The depreciation of that part of the asset value should not be part of rate base as well. Company shall partition the Contributions and Grants Asset by financing sources.

Company shall recognize the sum granted by aid for the asset as Deferred Income for the period in accordance with IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”. It shall be allocated in time to Current Revenue for the same period of useful life as related grant asset is depreciated, if other specific obligations are not signed. Company shall maintain separate accounting for the sum granted.

Company shall recognize the price paid by the customer for connection as Deferred Revenue for the period in accordance with IAS 18 ‘Revenue’ and IFRIC 18 ‘Transfers of Assets from Customers’. It shall be allocated in time to Current Revenue for the same period of useful life as related contribution asset is depreciated, if other specific obligations are not signed. Company shall maintain separate accounting for the price paid for connection.

4.0 USOA APPLICATION

CONTRIBUTION AND GRANTS ASSET ACCOUNTS

Company shall maintain Contribution and Grants Asset in asset group 2157.

Asset group 2157 has following structure:

| Account | Regulatory | Activity | Grant / Contribution | Partitions |
|---------|---------------|---|-----------------------------|--|
| 2157 | 1 Electricity | 1 Dispatch 2 Transmission 3 Distribution network 4 Distribution supply 5 Generation | 1 Financed by third parties | 1 Initial value paid by third parties 2 Initial value paid by customers 3 Initial value paid by company 4 Additional value paid by company (Overhaul, Renovation, and other upgrades) |
| | | | 2 Financed by customers | 1 Initial value paid by customers 2 Initial value paid by company 3 Additional value paid by company (Overhaul, Renovation, and other upgrades) |

Initial Value paid by third party(ies) is either the sum paid or is going to pay, or a value of the asset transferring to the company by third party without anticipation to purchase, buy or acquire the product or service of the company.

Third party is any other company, organization, individual or similar person that is neither a customer nor a company receiving the aid.

Initial Value paid by customer(s) is either the sum paid or is going to pay, or a value of the asset transferring to the company by customer.

USoA recognizes the aid or any grant paid for connection to the distribution network as the grant to the particular customer instead of company.

In general, customer pays a fixed price for connection that is not directly related to the cost of connection asset.

Initial value paid by company is the additional investment of the company in initial cost of the asset to complete the installation, construction or similar expenditures for putting the asset in operation.

Additional value paid by company (Overhaul, Renovation, and other upgrades) is the additional investment of the company to keep the asset in operation. It is capitalized cost of overhaul, renovation, and other upgrades that company shall maintain in future period using own resources.

CONTRIBUTION AND GRANTS LIABILITY ACCOUNTS

USoA is not reserving any particular Liability account for Contribution and Grants. Company shall maintain such accounting based on own judgment disclosing it to power market regulator [GNERC].

CONTRIBUTION INCOME ACCOUNTS

Company shall maintain the current revenues from customer contribution in special account of 6001.139 'Connection Fee'.

Connection Fee is the price that customer pays for connection with the distribution network. Connection Fee can be set by Power Market Regulator, GNERC.

GRANT INCOME ACCOUNTS

Company shall maintain income from grants in non-operating income accounts' group 8100.1 'Income from Grants: Electricity Regulated Activity'.

Non-operating income accounts' group 8100.1 has following structure:

| Account | Regulatory | Activity |
|---------|---------------|---|
| 8100 | 1 Electricity | 1 Dispatch 2 Transmission 3 Distribution network 4 Distribution supply 5 Generation |

GRANT EXPENSE ACCOUNTS

Company shall maintain depreciation of the granted assets in non-operating expenses group 8200.1 'Depreciation of Granted Assets: Electricity Regulated Activity'.

Non-operating income group 8200.1 has following structure:

| Account | Regulatory | Activity |
|---------|---------------|---|
| 8200 | 1 Electricity | 1 Dispatch 2 Transmission 3 Distribution network 4 Distribution supply 5 Generation |

5.0 STANDARD TRANSACTIONS

GRANTED ASSET

Initial cost and further capital expenditures

| Financial Event | Debit | | Credit | |
|--|--------------|-----------------------------|--------------|--|
| | Account Code | Account Name | Account Code | Account Name |
| Granted assets from third party | 2157.1A11 | Value paid by third parties | 4410 | Deferred Income |
| Granted transfer of the asset from the customer | 2157.1A12 | Value paid by customer | 4410 | Deferred Income |
| Company's additional investment in initial cost of the asset | 2157.1A13 | Value paid by company | 7700.A1 | Construction of new Fixed Asset |
| | | | 7700.A2 | Installation (assembling) of existing Fixed Asset not in operation |

Further capital expenditures

| Financial Event | Debit | | Credit | |
|--|--------------|--|--------------|--|
| | Account Code | Account Name | Account Code | Account Name |
| Additional capital expenditures on granted asset made by the Company | 2157.1A14 | Overhaul, Renovation, and other upgrades | 7700.A3 | Expenditures on fixed asset in operation |

Depreciation

| Financial Event | Debit | | Credit | |
|--|--------------|---|--------------|--|
| | Account Code | Account Name | Account Code | Account Name |
| Depreciation of Granted of assets from third party | 8200.1A | Depreciation and amortization of granted assets | 2257.1A11 | Accumulated Depreciation of Initial Value paid by third parties |
| Depreciation of Granted transfer of the asset from the customer | 8200.1A | Depreciation and amortization of granted assets | 2257.1A12 | Accumulated Depreciation of Value paid by customer |
| Depreciation of Company's additional investment in initial cost of the asset | 7100.1AX8 | Depreciation Cost | 2257.1A13 | Accumulated Depreciation of Value paid by company |
| Depreciation of additional capital expenditures on granted asset made by the Company | 7100.1AX8 | Depreciation Cost | 2257.1A14 | Accumulated Depreciation of Overhaul, Renovation, and other upgrades |
| Recognition of Current Revenue | 4410 | Deferred Income | 8100.1A | Income from grants |

CUSTOMER CONTRIBUTION

Initial cost

| Financial Event | Debit | | Credit | |
|--|--------------|------------------------|--------------|--|
| | Account Code | Account Name | Account Code | Account Name |
| Contribution paid by customer for connection to the network | 2157.1321 | Value paid by customer | 4410 | Deferred Revenue (Income) |
| Company's additional investment in initial cost of the asset | 2157.1322 | Value paid by company | 7700.A1 | Construction of new Fixed Asset |
| | | | 7700.A2 | Installation (assembling) of existing Fixed Asset not in operation |

Further capital expenditures

| Financial Event | Debit | | Credit | |
|--|--------------|--|--------------|--|
| | Account Code | Account Name | Account Code | Account Name |
| Additional capital expenditures on asset contributed by the customer | 2157.1324 | Overhaul, Renovation, and other upgrades | 7700.A3 | Expenditures on fixed asset in operation |

Depreciation and Current Revenue

| Financial Event | Debit | | Credit | |
|--|--------------|--|--------------|--|
| | Account Code | Account Name | Account Code | Account Name |
| Contribution paid by customer for connection to the network | 7170* | Depreciation Cost (non-regulated activity) | 2257.1321 | Accumulated Depreciation of Value paid by customer |
| Company's additional investment in initial cost of the asset | 7170* | Depreciation Cost (non-regulated activity) | 2257.1322 | Accumulated Depreciation of Value paid by company |
| Additional capital expenditures on asset contributed by the customer | 7100.1AX8 | Depreciation Cost | 2257.1324 | Accumulated Depreciation of Overhaul, Renovation, and other upgrades |
| Recognition of Current Revenue | 4410 | Deferred Revenue (Income) | 6100.1391 | Current Revenue |

* Depending on tariff methodology, Debit of 7170 can be substituted with the debit of 7100.1AH8 'Depreciation Cost' of regulated activity.

6.0 CASE STUDY

A company is operating under regulation for three activities: dispatch, distribution, and transmission.

In previous year:

- a) USAID granted GEL 100,000 for dispatch control equipment renovation. Company had invested additional GEL 50,000 for installation of granted equipment.
- b) Consumers paid GEL 1,000 in total for connection.

In current year:

- a) Company received GEL 10,000 as an additional grant to renovate control system of transmission. Company utilized the granted money for 50%.
- b) Consumers transferred the assets of GEL 5,000 as grant.

Show the open balance for current year, turnover, and closing balances for the current year activity. (Depreciation rate is 10% for all assets.)

OPEN BALANCE

| Code of account | Name of account | Opening Balance | |
|-------------------------------|---|-----------------|----------------|
| | | Debit | Credit |
| BALANCE SHEET ACCOUNTS | | | |
| 2157.1111 | Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) | 100,000 | |
| 2157.1113 | Dispatch Assets financed by third parties: Initial Value (Value paid by company) | 50,000 | |
| 2157.1321 | Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by customers) | 1,000 | |
| 4410 | Deferred Income | | 100,000 |
| 4410 | Deferred Income (revenue) | | 1,000 |
| 7700.12* | Installation Costs of FA, Dispatch* | | 50,000* |
| Total Balance: | | 151,000 | 151,000 |

*by the end of the reporting period the balance of this account is zero

TURNOVER

| Code of account | Name of account | Turnover | |
|---|--|----------|--------|
| | | Debit | Credit |
| Entries for dispatch granted asset | | | |
| 8200.11 | Depreciation of Granted Assets: Electricity Regulated Activity, Dispatch | 10,000 | |
| 2257.1111 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) | | 10,000 |
| 4410 | Deferred income | 10,000 | |
| 8100.11 | Income from Grants: Electricity Regulated Activity, Dispatch | | 10,000 |

| | | | |
|--|---|--------|--------|
| 8200.11 | Depreciation of Granted Assets: Electricity Regulated Activity, Dispatch | 5,000 | |
| 2257.1113 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by company) | | 5,000 |
| Entries for customer contribution in distribution | | | |
| 7100.13518 | Depreciation Cost of 220/380 V | 100 | |
| 2257.1321 | Accumulated Depreciation of Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by customers) | | 100 |
| 4410 | Deferred Income (revenue) | 100 | |
| 6100.1391 | Current Revenue | | 100 |
| Additional grant received for transmission | | | |
| 1210 | Bank - national currency (resident banks) | 10,000 | |
| 4410 | Deferred Income | | 10,000 |
| 2157.1211 | Transmission Assets financed by third parties: Initial Value (Value paid by third parties) | 5,000 | |
| 1210 | Bank - national currency (resident banks) | | 5,000 |
| Transfer of assets by customers | | | |
| 2157.1311 | Distribution (Network) Assets financed by third parties: Initial Value (Value paid by customers) | 5,000 | |
| 4410 | Deferred Income | | 5,000 |
| Total Balance: | | 45,200 | 45,200 |

CLOSING BALANCE

| Code of account | Name of account | Opening Balance | |
|---------------------------------------|--|-----------------|--------|
| | | Debit | Credit |
| BALANCE SHEET ACCOUNTS, ASSETS | | | |
| 2157.1111 | Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) | 10,000 | |
| 2257.1111 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) | | 1,000 |
| 2157.1113 | Dispatch Assets financed by third parties: Initial Value (Value paid by company) | 5,000 | |
| 2257.1113 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by company) | | 500 |
| 2157.1311 | Distribution (Network) Assets financed by third parties: Initial Value (Value paid by customers) | 5,000 | |
| 2157.1321 | Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by customers) | 1,000 | |
| 2257.1321 | Accumulated Depreciation of Distribution (Network) Connection Assets financed by | | 100 |

| | | | |
|--|--|----------------|----------------|
| | customers: Initial Value (Value paid by customers) | | |
| 2157.1311 | Distribution (Network) Assets financed by third parties: Initial Value (Value paid by customers) | 5,000 | |
| BALANCE SHEET ACCOUNTS, LIABILITIES | | | |
| 4410 | Deferred income | | 105,000 |
| 4410 | Deferred income (revenue) | | 900 |
| INCOME STATEMENT ACCOUNTS | | | |
| 8100.11 | Income from Grants: Electricity Regulated Activity, Dispatch | | 10,000 |
| 8200.11 | Depreciation of Granted Assets: Electricity Regulated Activity, Dispatch | 15,000 | |
| 6100.1391 | Current Revenue | | 100 |
| 7100.13518 | Depreciation Cost of 220/380 V | 100 | |
| 7700.12 | <i>Installation Costs of FA, Dispatch (previous year)*</i> | 50,000 | |
| Total Balance: | | 181,000 | 181,000 |

*the account place adjustment role

The trial balance of the Case Study is presented in Appendix 2

APPENDIX 1, USOA, CHART OF ACCOUNTS, CONTRIBUTION AND GRANTS

| | | |
|-----------|----|--|
| 2157 | 57 | Contribution and Grants |
| 2157.1 | 1 | Contribution and Grants: Electricity Regulated Activity |
| 2157.11 | 1 | Contribution and Grants: Electricity Regulated Activity, Dispatch |
| 2157.111 | 1 | Dispatch assets financed by third parties |
| 2157.1111 | 1 | Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2157.1112 | 2 | Dispatch Assets financed by third parties: Initial Value (Value paid by customers) |
| 2157.1113 | 3 | Dispatch Assets financed by third parties: Initial Value (Value paid by company) |
| 2157.1114 | 4 | Dispatch Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2157.12 | 2 | Contribution and Grants: Electricity Regulated Activity, Transmission |
| 2157.121 | 1 | Transmission assets financed by third parties |
| 2157.1211 | 1 | Transmission Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2157.1212 | 2 | Transmission Assets financed by third parties: Initial Value (Value paid by customers) |
| 2157.1213 | 3 | Transmission Assets financed by third parties: Initial Value (Value paid by company) |
| 2157.1214 | 4 | Transmission Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2157.13 | 3 | Contribution and Grants: Electricity Regulated Activity, Distribution (Network) |
| 2157.131 | 1 | Distribution (Network) assets financed by third parties |
| 2157.1311 | 1 | Distribution (Network) Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2157.1312 | 2 | Distribution (Network) Assets financed by third parties: Initial Value (Value paid by customers) |
| 2157.1313 | 3 | Distribution (Network) Assets financed by third parties: Initial Value (Value paid by company) |
| 2157.1314 | 4 | Distribution (Network) Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2157.132 | 2 | Distribution (Network) Connection Assets financed by customers |
| 2157.1321 | 1 | Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by customers) |
| 2157.1322 | 2 | Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by company) |
| 2157.1323 | 3 | Distribution (Network) Connection Assets financed by customers: Overhaul, Renovation, and other Capital Repair |
| 2157.14 | 4 | Contribution and Grants: Electricity Regulated Activity, Distribution (Supply) |
| 2157.141 | 1 | Distribution (Supply) assets financed by third parties |
| 2157.1411 | 1 | Distribution (Supply) Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2157.1412 | 2 | Distribution (Supply) Assets financed by third parties: Initial Value (Value paid by customers) |
| 2157.1413 | 3 | Distribution (Supply) Assets financed by third parties: Initial Value (Value paid by company) |
| 2157.1414 | 4 | Distribution (Supply) Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2157.15 | 5 | Contribution and Grants: Electricity Regulated Activity, Generation |
| 2157.151 | 1 | Generation assets financed by third parties |
| 2157.1511 | 1 | Generation Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2157.1512 | 2 | Generation Assets financed by third parties: Initial Value (Value paid by customers) |
| 2157.1513 | 3 | Generation Assets financed by third parties: Initial Value (Value paid by company) |
| 2157.1514 | 4 | Generation Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2157.19 | 9 | Contribution and Grants: Electricity Regulated Activity, Other |
| 2157.9 | 9 | Contribution and Grants: Non-Regulated Activity |
| 2257 | 57 | Accumulated Depreciation of Contribution and Grants |
| 2257.1 | 1 | Accumulated Depreciation of Contribution and Grants: Electricity Regulated Activity |
| 2257.11 | 1 | Accumulated Depreciation of Contribution and Grants: Electricity Regulated Activity, Dispatch |
| 2257.111 | 1 | Accumulated Depreciation of Dispatch assets financed by third parties |

| | | |
|-----------|---|--|
| 2257.1111 | 1 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2257.1112 | 2 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by customers) |
| 2257.1113 | 3 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by company) |
| 2257.1114 | 4 | Accumulated Depreciation of Dispatch Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2257.12 | 2 | Accumulated Depreciation of Contribution and Grants: Electricity Regulated Activity, Transmission |
| 2257.121 | 1 | Accumulated Depreciation of Transmission assets financed by third parties |
| 2257.1211 | 1 | Accumulated Depreciation of Transmission Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2257.1212 | 2 | Accumulated Depreciation of Transmission Assets financed by third parties: Initial Value (Value paid by customers) |
| 2257.1213 | 3 | Accumulated Depreciation of Transmission Assets financed by third parties: Initial Value (Value paid by company) |
| 2257.1214 | 4 | Accumulated Depreciation of Transmission Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2257.13 | 3 | Accumulated Depreciation of Contribution and Grants: Electricity Regulated Activity, Distribution (Network) |
| 2257.131 | 1 | Accumulated Depreciation of Distribution (Network) assets financed by third parties |
| 2257.1311 | 1 | Accumulated Depreciation of Distribution (Network) Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2257.1312 | 2 | Accumulated Depreciation of Distribution (Network) Assets financed by third parties: Initial Value (Value paid by customers) |
| 2257.1313 | 3 | Accumulated Depreciation of Distribution (Network) Assets financed by third parties: Initial Value (Value paid by company) |
| 2257.1314 | 4 | Accumulated Depreciation of Distribution (Network) Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2257.132 | 2 | Accumulated Depreciation of Distribution (Network) Connection Assets financed by customers |
| 2257.1321 | 1 | Accumulated Depreciation of Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by customers) |
| 2257.1322 | 2 | Accumulated Depreciation of Distribution (Network) Connection Assets financed by customers: Initial Value (Value not paid by customers) |
| 2257.1323 | 3 | Accumulated Depreciation of Distribution (Network) Connection Assets financed by customers: Overhaul, Renovation, and other Capital Repair |
| 2257.14 | 4 | Accumulated Depreciation of Contribution and Grants: Electricity Regulated Activity, Distribution (Supply) |
| 2257.141 | 1 | Accumulated Depreciation of Distribution (Supply) assets financed by third parties |
| 2257.1411 | 1 | Accumulated Depreciation of Distribution (Supply) Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2257.1412 | 2 | Accumulated Depreciation of Distribution (Supply) Assets financed by third parties: Initial Value (Value paid by customers) |
| 2257.1413 | 3 | Accumulated Depreciation of Distribution (Supply) Assets financed by third parties: Initial Value (Value paid by company) |
| 2257.1414 | 4 | Accumulated Depreciation of Distribution (Supply) Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2257.15 | 5 | Accumulated Depreciation of Contribution and Grants: Electricity Regulated Activity, Generation |
| 2257.151 | 1 | Accumulated Depreciation of Generation assets financed by third parties |
| 2257.1511 | 1 | Accumulated Depreciation of Generation Assets financed by third parties: Initial Value (Value paid by third parties) |
| 2257.1512 | 2 | Accumulated Depreciation of Generation Assets financed by third parties: Initial Value (Value paid by customers) |
| 2257.1513 | 3 | Accumulated Depreciation of Generation Assets financed by third parties: Initial Value (Value paid by company) |
| 2257.1514 | 4 | Accumulated Depreciation of Generation Assets financed by third parties: Overhaul, Renovation, and other upgrades |
| 2257.19 | 9 | Accumulated Depreciation of Contribution and Grants: Electricity Regulated Activity, Other |

APPENDIX 2, CASE STUDY TRIAL BALANCE

| Code of account | Name of account | Opening Balance | | Turnover | | Closing Balance | |
|-----------------|---|-----------------|---------|----------|--------|-----------------|---------|
| | | Debit | Credit | Debit | Credit | Debit | Credit |
| 2157.1111 | Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) | 100,000 | | | | 100,000 | |
| 2257.1111 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by third parties) | | | | 10,000 | | 10,000 |
| 2157.1113 | Dispatch Assets financed by third parties: Initial Value (Value paid by company) | 50,000 | | | | 50,000 | |
| 2257.1113 | Accumulated Depreciation of Dispatch Assets financed by third parties: Initial Value (Value paid by company) | | | | 5,000 | | 5,000 |
| 2157.1321 | Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by customers) | 1,000 | | | | 1,000 | |
| 2257.1321 | Accumulated Depreciation of Distribution (Network) Connection Assets financed by customers: Initial Value (Value paid by customers) | | | | 100 | | 100 |
| 1210 | Bank - national currency (resident banks) | | | 10,000 | 5,000 | 5,000 | |
| 2157.1211 | Transmission Assets financed by third parties: Initial Value (Value paid by third parties) | | | 5,000 | | 5,000 | |
| 2157.1311 | Distribution (Network) Assets financed by third parties: Initial Value (Value paid by customers) | | | 5,000 | | 5,000 | |
| 4410 | Deferred Income | | 100,000 | 10,000 | 15,000 | | 105,000 |
| 8100.11 | Income from Grants: Electricity Regulated Activity, Dispatch | | | | 10,000 | | 10,000 |
| 8200.11 | Depreciation of Granted Assets: Electricity Regulated Activity, Dispatch | | | 15,000 | | 15,000 | |
| 4410 | Deferred Income (revenue) | | 1,000 | 100 | | | 900 |
| 6100.1391 | Current Revenue | | | | 100 | | 100 |
| 7100.13518 | Depreciation Cost of 220/380 V | | | 100 | | 100 | |
| 7700.12 | Installation Costs of FA, Dispatch | | 50,000 | | | | 50,000 |
| Balance: | | 151,000 | 151,000 | 45,200 | 45,200 | 181,100 | 181,100 |

USAID Hydro Power and Energy Planning Project (USAID-HPEP)

Deloitte Consulting Overseas Projects - HPEP

Tiflis Business Centre, 13th Floor

11 Apakidze Street

Tbilisi, 0171, Georgia