

Accounting Specifics: Mining

Ekaterina Kvaskova

Director for Internal Controls, SCHNEIDER GROUP

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Key Factors: Mining

- Substantial returns
- Considerable early-stage investments
- Fields investigation
- Location in remote areas
- Strong financial structure



Mining Industry Assets

- Projects
 - Exploration and Feasibility
 - Planning and Construction
- Operating mines
 - Operation phase
 - Closure process



Our Clients in Mining

- Branches of foreign companies → Services
 - Exploration and feasibility
 - Mining planning, Economics and Engineering
 - Mine Closure
- Branches of foreign companies → Construction

Accounting in Russia (1/3)

- Chart of Accounts is fixed and obligatory
- Difference between accounting and tax rules
- Balance Sheet and P&L are often prepared only for being submitted to the tax office

Accounting in Russia (2/3)

- New RAS are closely aligned to IFRS
- For branches of foreign companies statutory accounting is not required, if full tax accounting provided

Accounting in Russia (3/3)

- Document oriented (documents are required for all transactions)
- Prescribed forms of the primary documents are in use although can be developed by a company



Financial and Tax Reporting

Q1: Reporting in April

Q2: Reporting in July

Financial Year
(Jan – Dec)

Q3: Reporting in October

Annual reporting: by end
of March

Accounting Policy (1/2)

- Revenue recognition
 - % of completion (RAS 2/2008)
for construction projects
 - interim-acts on works done
 - allocation of revenue
between group companies



Accounting Policy (2/2)

- Work-in-progress
- Costs allocation
 - Capital investments
 - Operational (production) costs
 - Administrative costs
- Assets and liabilities
 - Fixed assets and materials accounting
 - Reserves and provisions
 - Etc.



Special Primary Documents

- Protocols of construction finished and material usage
 - Special acceptance protocols are required, called C-2 and C-3
 - The acceptance protocols of works must be accompanied with a list of the materials spent by the contractor for the performed works with list of materials spent by the contractor

What to Consider

- Organization of remote accounting and reporting
- Primary documents flow
- Transfer of revenue / expenses from / to head office
- Payroll and HR-issues
- Materials accounting
- Cash flow issues





Ekaterina Kvaskova
Director for Internal Controls
KvaskovaE@schneider-group.com

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