

Challenges to implementing UCA and IAS

1) The amount of time and effort required to ensure data compatibility

When preparing test accounting reports, each company needs to generate an opening balance as of 1 January 2016*. This means that the company needs to transfer the current chart of accounts to the new UCA, a process called mapping. Mapping is challenging and time-consuming, since 20-digit UCA account numbers need to be thoroughly analyzed.

2) Highly qualified specialists in IFRS need to be involved

Though the Central Bank of Russia has announced plans to train financial market participants in the new chart of accounts and industry accounting standards throughout 2016, participants will still encounter significant challenges when applying the new accounting rules in practice. Since the IAS is based on the IFRS, specialists who know this system need to be engaged to ensure reliability of the final reports.

3) The strategy for adjusting existing IT systems to the new requirements must be thorough

Participants in the financial market are considering using ready-made solutions (e.g. based on 1C) or improving their currently accounting systems. In either case, the process needs to be managed by highly skilled internal or external specialists who can draft technical specifications and provide full support in implementing the required changes.

4) Technology needs to be improved to generate XBRL reports

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Transition of non-credit financial organizations to Unified Chart of Accounts and Industry Accounting Standards

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What Deloitte Can Offer

A new Unified Chart of Accounts (UCA) and new industry-specific accounting standards (IAS) based on IFRS for non-credit financial organizations have been developed, and their implementation schedules announced.

These changes are a result of policies the Central Bank is currently implementing within the financial industry to align accounting systems with RAS and IFRS standards, following the adoption of Federal Law No. 251-FZ of 23 July 2013, which expanded the role of the Central Bank.

1 Accounting based on the new requirements:

- Full-scale accounting services and preparation of accounting (financial) reports according to industry standards;
- Transformation of accounting reports to generate the opening balance, preparation of test accounting reports for a selected period of time using the method of transformation;
- Analysis (quality control) of accounting reports prepared by the organization;
- Assessment of accounting objects in accordance with industry standards;
- Preparation of statistical reports.

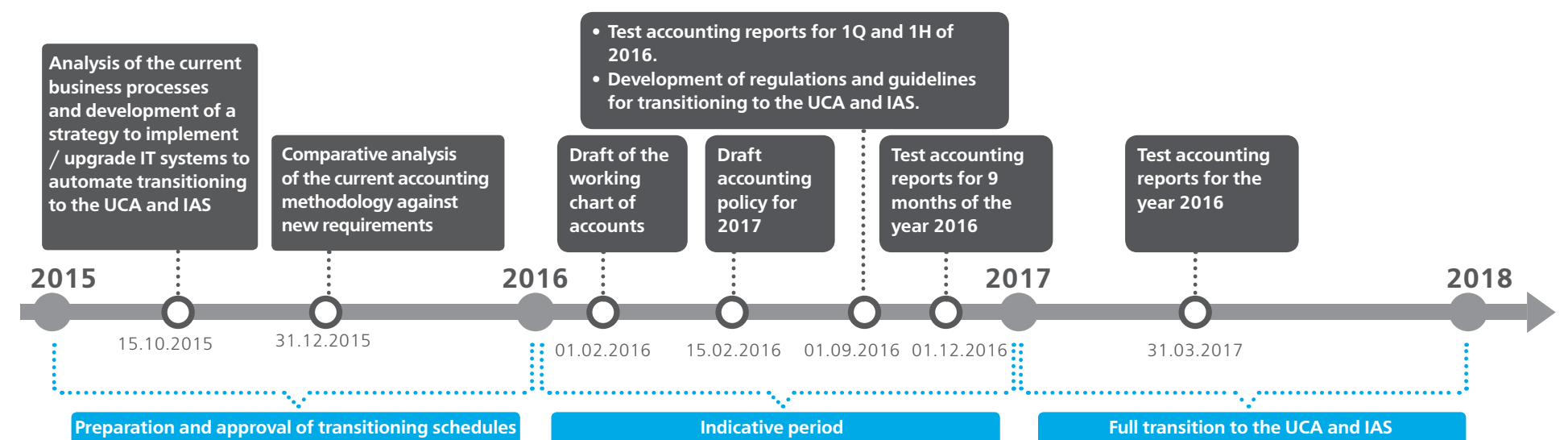
2 Methodological support and training:

- Diagnostics of existing accounting methodology to determine current gaps;
- Preparation of regulations and guidelines for the transition to the new chart of accounts and industry-specific accounting standards;
- Development of an accounting policy and working chart of accounts;
- Analysis of the applicable accounting policy and creation of a draft accounting policy compliant with the new IAS;
- Analysis and elaboration of accounting policies to bring tax accounting in line with the IAS and minimize labor efforts to maintain accounting of the differences;
- Analysis of the requirements for organizing analytical accounting on the working charter of accounts, and development of a draft working chart of accounts in line with the new requirements;
- Description of the rules for aligning the current chart of accounts with the new chart of accounts (mapping);
- Training of staff and consultation support.

3 Adaptation and automation of business processes, transitioning to XBRL

- Analysis of the current processes; preparation of recommendations for adjusting processes, functions of structural units and employees, organizational structure (if applicable) and amendments to corporate policies.
- Assessment of options for optimizing processes and reducing labor efforts;
- Support in developing requirements to improve accounting systems, including implementation of turnkey solutions based on 1C and SAP ERP;
- Providing assistance in automating the process of generating XBRL reports.

UCA and IAS transition schedules for non-credit financial organizations



*Microfinance organizations, credit consumer cooperatives and building societies will transition to the UCA and IAS starting from 1 January 2018; agricultural consumer credit cooperatives and pawnshops, starting from 1 January 2019.