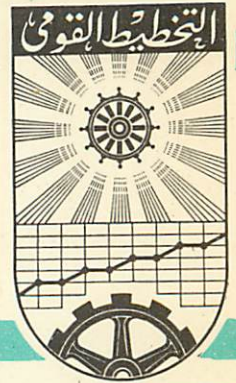


UNITED ARAB REPUBLIC

THE INSTITUTE OF NATIONAL PLANNING



Memo. No. 689

THE UNIFIED SYSTEM OF ACCOUNTING IN CZECHOSLOVAKIA

Part I

The Model Chart of Accounts

Edited by

Mohamed Adel Elhamy, Ph.D., M.Sc.

October 1966.

Preface

The government of the United Arab Republic is currently interested in developing a unified system of accounting to be used by the business sector with the exception of banks and financial institutions. The Central Organization of the Comptroller General of the United Arab Republic has recently issued a tentative unified system of accounting and requested the concerned enterprises to make their comments and suggestions in an attempt to reach a practical and acceptable system of accounting.

However, it seems that the Central Organization of the Comptroller General has some misunderstanding about the nature and elements of a unified system of accounting. In our opinion, the proposed system as it stands seems to be a unified system of accounts rather than a unified system of accounting.

In an attempt to establish a scientific unified system of accounting in the United Arab Republic, the Department of Financial Planning in the Institute of National Planning in Cairo is currently studying the experiences of other countries in using unified systems of accounting. Among these systems is the one of Czechoslovakia which was introduced on July 30, 1965, and which became mandatory since January 1, 1966.

The System of Czechoslovakia is presented here in four parts. In part one the model chart of accounts is introduced. Part II is devoted for the explanation of the model chart. Part III deals with the objectives of the system. In part IV the editor evaluates the system.

As the reader is going to notice, the Czech system is an accounting system not a system of accounts. The Central Commission of National Control and Statistics in Czechoslovakia

did not interfere in the process of designing the accounting systems or regulate the number of accounts to be used in each organization. These matters are left for the enterprise, each according to his needs, activities, and nature. The Czech system may be regarded as a pricing and management system. It is clear that one of the main objectives of the system is to establish a unified pricing system, and to standardize accounting terms and definitions.

It should be noted that the footnotes appearing on the following pages are of the editor. Also, it should be noted that the translation of the Czech system is as literal as possible.

Dr. V. Spevacek, a visiting professor at the Institute of National Planning in Cairo, assisted the editor in relating some of the terms used to the system of planning and management in Czechoslovakia. The editor is grateful to him for his assistance.

The editor

Bulletin of The Central Commission of National
Control and Statistics.

Year IV, Part 11-12, Prague, July 30, 1965.

Content: Regulations: 8. Unified system of accounting, guidelines and rules for internal bookkeeping of self-financed¹⁾ organizations.
No. 35000, 16.6.1965.

The government approved on May 21, 1965, the "Principles of the reform of bookkeeping" which will be valid for all self-financed organizations.

On the basis of the "Principles" the Central Commission of National Control and Statistics issues:

Unified System of Accounts, Directions and Rules for Internal Bookkeeping of Self-Financed Organizations.

The system of accounts, directions and rules are valid from January 1, 1966, and obligatory for the sectors of industry, construction, foreign and internal trade, community business and production-cooperatives; for other branches, the system becomes valid from January 1, 1967. On the basis of these principles the bookkeeping of the organizations which rely on the State budget will also be regulated so that a complete unity of bookkeeping in the whole economy may be achieved.

The extent of synthetic-accounts of the basic account-classes as well as their content may be changed according to the needs of other branches but with the approval of the Central

1) The use of the term "self-financed organizations" here is related to the characteristics of the economy of Czechoslovakia. There are two main types of economic organizations. The first type is the profit-seeking or business organizations which are self-financed and do not receive any financial support or subsidy from the State Budget. The second type represent the non-profit organizations, such as hospitals, which rely almost completely on the State Budget.

Commission of National Control and Statistics.

The Central Commission of National Control and Statistics may also permit changes in some classes of basic group accounts with double-numeration and the respective analytical divisions if such changes do not affect or distort the indicators used for preparing the prescribed state reports.

Particular ministries and central institutions can specify in more details the analytical or primary data²⁾ of individual accounts, publish guidelines within the framework of the general guidelines, and determine methods of bookkeeping based on these guidelines and rules.

The general guidelines of internal bookkeeping are obligatory for the branches of industry, construction, foreign and internal trade, community organizations and production cooperatives. However, the forms of bookkeeping are to be specified by ministries, central organs or other organs which eventually exist.

Internal bookkeeping is mandatory for all enterprises. Forms and methods are to be specified according to the existing circumstances and conditions of enterprises. In this manner there is a place for initiatives to find simple and effective methods utilizing new techniques in order that the bookkeeping system can provide the directing organs with quick and objective information.

2) Analytical data or primary data are the original sources of bookkeeping such as vouchers and receipts.

Part I.

System of Accounts and Directions.

Unified System of Accounts for Self-Financed Organizations.

I.

Principles of Classification of Accounts.

Class 0 - Basic Means (Investments) and Construction³⁾

- 01-02 Basic means (investments)
- 03-04 Corrections to investments⁴⁾
- 05 Unfinished constructions.
- 06 Finished constructions.⁵⁾

Class 1 - Inventories or Goods in Stock

- 10. Items for immediate use - underway.
- 11-12 Items for immediate use - in stocks.
- 13 Items for successive use.
- 14 Unfinished production (Goods-in-process).
- 15 Products.
- 16 Stocks of agricultural production and animals.
- 17-18 Commodities (for packing and wrapping, etc.).
- 19- Accounting for stocks (Transfers, etc.).

Class 2- Accounting for Transactions with Outsiders

- 20- Cash on hand, government obligations, money underway
- 21- Relations of organizations with domestic financial institutions.
- 22-23 Relations of organizations with abroad.
- 24- Claims against economic organizations and persons.
- 25- Debts of economic organizations and persons.

3) These accounts represent capital investments or long term assets.

4) These accounts are similar to depreciation and reserve accounts which show the accumulated amounts of depreciation. Class 01-02 accounts are not affected by annual depreciation. The accumulated annual depreciation is shown separately in class 03-04 accounts.

5) The term "Constructions" is used here to signify capital assets such as buildings, plants, etc.

- 26- Relations with above (or under) stated organizations and state.
- 27- Time differences
- 28- Internal relations
- 29- Financing of cooperatives, social and other organizations.

Class 3- Expenditures, Costs, and Divisions of Income

- 30- Material consumption or utilization.
- 31- Services of productive type.
- 32- Depreciation of investments.
- 33-34 Services and expenditures of non-productive type.
- 35- Wages and personnel expenditures.
- 36- Deficiencies and damages or losses.
- 37- Non-productive expenditures.
- 38- Distribution and allocation of gross-product (profit).
- 39- Determination of costs.

Class 4- Receipts and Outputs

- 40- Receipts from production activity
- 41- Receipts from non-productive activity.
- 42- Other receipts.
- 43-44 Items, starting receipts and outputs.
- 45- Allocations.
- 46- Free.
- 47- Supplementary receipts.
- 48- Free
- 49- Determination of receipts.

Classes 5 - 8.

Reserved for needs of ministries, branch-directorates and enterprises, especially for internal bookkeeping of economic centers.

Class 9- Funds, Determination of Gross Income (Profit),
and their Subsidiary Accounts.

- 90- Funds of basic means (investments) and construction.
 - 91- Specified financing.
 - 92- Funds of circulating means
 - 93-94 Other funds of enterprises.
 - 95- Cooperative funds.
 - 96-97 Determination of gross income (profit).
 - 98-99 Subsidiary accounts.
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II.

System of Accounts

Class 0 - Basic Means (Investments) and Construction.

- 011- Basic means (invesments).
- 019- Unfinished investments put into projects.
- 021- Corrections to investment (basic means) accounts.
- 039- Corrections to unfinished investments.
- 051- Unfinished constructions.
- 019-016 Finished constructions.

- 021- Corrections
 - 039- Corrections
- Class 1 - Stocks.

- 101- Materials underway.
- 111-016 Materials in stock.
- 117^{*} Wrapping and packing materials.
- 118^{*} Corrections to wrapping and packing.
- 121- Partial or sub-deliveries.
- 131- Small and short-term objects in use.
- 132-117^{*} Corrections to small and short-term objects in use.
- 133-118^{*} Temporary Installations on Construction Sites.
- 134- Corrections to Temporary Installations on Construction Sites.
- 135- Materials in use.
- 132- Correction
- 133- Temporary

- 136- Corrections to materials in use.
- 137- Borrowed objects.
- 138- Corrections to borrowed objects.
- 139- Machines for repairs in the way of exchange.
- 141- Unfinished production.
- 143- Semi-finished own production.
- 149- Determined profit from semi-finished own production.
- 151- Products.
- 159- Determined profits from products.
- 161- Unfinished agricultural and forest production.
- 165- Agricultural and forest production.
- 167- Animals.
- 168[†] Corrections to animals.
- 169- Determined profit from agricultural and forest production.
- 171- Goods underway.
- 172- Goods in stock.
- 175- Goods in shops.
- 176- Purchased goods.
- 177- Trade discount on goods.
- 178- Foodstuffs in boardings.
- 179- Trade discount on foodstuffs.
- 181- Export goods underway to stocks.
- 182- Export goods in stock at home.
- 183- Export goods underway to abroad.
- 184- Export goods abroad.
- 199[†] Transfer of stocks.

Class 2- Accounting For Transactions with Outsiders

- 201- Cash
- 205- Obligations.
- 207- Securities and shares.
- 209- Money underway.
- 211- Current account.
- 212- Turnover account.

- 213- Current accounts of special means.
- 214- Current accounts of centralized means.
- 215- Investment accounts.
- 217- Investment credits.
- 218- Credits from operations.
- 219- Foreign exchange credits.
- 231- Foreign clients.
- 234- Advances from foreign customers.
- 241- Customers.
- 243^{*} Debtors.
- 245- Advances to be settled.
- 248^{*} Loans for housing constructions.
- 251- Suppliers.
- 252^{*} Unbilled deliveries.
- 253- Investment suppliers.
- 255- Advances from citizens.
- 256- Workers.
- 258- New repricing of stocks.
- 259- Other creditors and debtors.
- 261- State Budget relations.
- 263- Medical Insurance.
- 265- Subsidies to purchase prices⁶⁾ from State Budget.
- 266- Price difference which to be paid back to State Budget.
(Opposite of item 265).
- 267- Calculations of price differences.
- 268- Temporary financial means (such loans and credits).
- 269- Centralized financial sources (above the enterprise).
- 271- Time differences (costs and revenue retailed to future periods).
- 281- Internal credits and debts.
- 285- Internal accounting (accounting relations among the divisions of an enterprise).

6) This subsidies are called intervention and they are given to consuming branches or sectors to lower the cost of production or to reduce the retail price for certain commodities.

Class 3- Expenditures, Costs and Income Division

- 300 Consumption of materials.^x
- 301- Consumption of materials.
- 302- Price differences of materials.
- 310 Services of productive type.
- 311- Electricity and energy consumption.
- 312- Temporary and external labour.
- 313- Repairs and maintenance.
- 315- Transports and transfers.
- 318- Communication facilities.
- 319- Other facilities of productive type.
- 321- Depreciation of basic means (investments).
- 323- Remaining value of liquidated fixed assets.⁷⁾
- 324- Depreciation of objects in use.
- 330 Services and Expenditures of non-productive type.
- 331- Travelling costs
- 322- Rents
- 338- Other services of non-productive type.
- 339- Other costs of non-productive type.
- 351- Wages.
- 359- Other personnel expenditures.
- 361- Deficiencies and losses.
- 371- Premiums of medical insurance.
- 372- Duties and taxes.
- 373- Interest.
- 375- Penalties.
- 379- Other non-productive costs.
- 381- Levies on fixed capital.
- 382- Basic levies on gross income (profit).
- 383- Levies on the increment in gross income (profit).
- 384- Supplementary levies.

7) Original value minus depreciation allowances equals the remaining value.

- 386- Allocations for repayments of investment credits.
- 387- Allocations to funds.
- 390[†] Calculation of costs (internal).
- 399 Transfer of costs (internal).

Class 4- Receipts and Outpts.

- 400- Receipts from productive activity.
- 408- Accounting for own constructions.
- 409- Deliveries of materials.
- 410- Receipts from non-productive activities.
- 428- Excess in stocks of commodities.
- 429- Other outputs.
- 434- Purchase price of goods sold.
- 435- Purchase price of materials sold. 8)
- 436- Allocations to reserve funds.
- 437- Allocations for guaranteed repairs.
- 438- Discount granted for wholesale or retail organizations.
- 439- Turnover taxes (indirect taxes).
- 449- Selling price of fixed capital goods.
- 451- Subsidies to producers for goods sold.
- 452- Interventions to selling price (subsidies to lower price to consumers).
- 471- Changes in the stocks of goods.
- 475- Changes in the balance of time differences.
- 490[†] Calculation of receipts (internal).
- 499[†] Transfer of receipts (internal).

Class 5-8[†] Reserved for needs of ministries (central offices, branch directorates and enterprises).

8) Raw materials bought and resold in the same form.

Class 9- Funds, Determination of Gross Income (Profit),
and Subsidiary Accounts.

- 901- Fund of basic means (investments).
- 903- Allocation of depreciation allowances.
- 904- Fund of reconstruction (replacement).
- 905- Fund of branch capital formation.
- 908- Used resources for capital formation.
- 911- Specific purposes financing.
- 921- Funds for current operations.
- 931- Funds for technical developments.
- 933- Cultural and social needs Fund.
- 941- Reserve fund.
- 942- Funds for unforeseen risks.
- 943- Wages fund.
- 949- Reserve for guaranteed repairs.
- 961- Formation and distribution of gross income (profit).
- 965- Subsidies to gross income (losses).
- 966- Allocation of gross income above limits given by the government rules.
- 969- Annual calculation of gross income.

Sub-balance Sheet or Analytical Accounts.

- 981^{*} Rented fixed assets.
- 985- Stocks taken or received for safekeeping.
- 988^{*} Stocks received for manufacturing.
- 989- Material on stock for civil defence proposes.
- 991- Debts for losses and Damages.
- 992- Settled debts.
- 995^{*} Strictly controlled printed materials or blank forms.
as checks.
- 996- Prototypes and testing equipments.

^{*}) Accounts marked with an asterisk are optional.