



INSTITUTE OF CHEMICAL PROCESS FUNDAMENTALS of the
CAS, v. v. i.

Internal Directive No. 5 BOOKKEEPING

Establishing principles for the accrual of costs and revenues, ex- penses and income, including conjectural items

This directive is created in accordance with the relevant provisions:

- Act No. 563/1991 Coll., on accounting, as amended,
- Decree No. 504/2002 Coll.
- Czech accounting standards.

Article 1 General part

Expense and gain

1. Costs and revenues are generally charged to the period with which they are temporally and materially related. Costs and expenses, revenues and income, which relate to future periods, must be differentiated in time. The point of view for the accounting of accounting cases of accruals is the fact that three conditions are simultaneously known for a given operation:
 - a) specific purpose (substantive definition),
 - b) exact amount,
 - c) the specific period to which they relate (between two or more consecutive accounting periods).
2. Reimbursements for expenses incurred in previous accounting periods are charged to the income of the current year.
3. When accounting for costs and revenues, it is necessary to comply with the content of the accounts determined by the accounting schedule based on the indicative chart of accounts and to comply with the prescribed accounting methods.
4. Fines, penalties, shortfalls and damages cannot be distinguished in time. Accrual accounts are subject to a documentary inventory, during which their amount and justification is assessed. The accounting unit keeps records of accruals of costs and revenues in a suitable form. In the case of financial leasing, he properly maintains a leasing card, always separately for each object purchased in this form.
5. In the case of regularly recurring payments or payments of an insignificant nature (amounts), the accounting unit does not have to distinguish such accounting cases in time.



INSTITUTE OF CHEMICAL PROCESS FUNDAMENTALS of the CAS, v. v. i.

6. If the accounting unit will proceed in certain cases according to point 5, it will also proceed in this way in other accounting periods, it must not change the chosen method.

Account group 38 – Transitional accounts of assets and liabilities

In this account group, temporary accounts of assets and liabilities are accounted for; on the relevant accounts, costs and revenues in connection with a specific title are differentiated over time in a certain known amount, as well as in a conjectural amount in connection with a specific title, it is always two, or even more, consecutive accounting periods.

381 – Deferred costs

The costs of future periods arise as a result of the fact that we pay for some service or consumption in the current period, but this service or consumption is not related to this period.

383 – Deferred expenses

The expenses of future periods represent the cost of the current period, we know its amount, but it will not be billed in the current period.

384 – Deferred income

Deferred income represents cash income received in the current accounting period, but the income related to it does not apply to the current period.

385 – Deferred income

Deferred income represents income related to the current period, but was not accounted for as receivables until the end of the current period.

Conjectural items

Accruals can include conjectural active items - account 388 and conjectural passive items - account 389. For these items, we do not know all three necessary facts for accruals, i.e. we usually know the purpose, but we don't know the exact amount or period of withdrawal. When determining the value of the estimated item, the accounting unit is based on available facts, information and documents, e.g. contracts, agreements, usual prices, previous deliveries, etc.

388 – Conjecture accounts active

These are receivables that are not supported by all the necessary documents and thus their status is not known exact amount. However, the related revenue belongs to the current period.

389 – Estimated passive accounts

These are obligations that are not supported by all the necessary documents, so we do not know their amount. However, the related expense belongs to the current period.

We always determine the amount of conjectural items on the basis of a qualified estimate on the basis of known sources, which for us can be the amount of such costs or revenues from previous years, the amount of advances paid or received, etc.



INSTITUTE OF CHEMICAL PROCESS FUNDAMENTALS of the CAS, v. v. i.

Article 2 Internal adjustment

The Institute of Chemical Processes of the Academy of Sciences of the Czech Republic, vvi carries out the time differentiation of the above-mentioned titles in accordance with the accounting framework and accounting procedures.

1) Use of account 381 - deferred costs.

This account is used to capture the expenses of the current accounting period, which will be costs in the next period. The settlement (dissolution) of the costs of future periods to the relevant cost account is carried out in the accounting period with which the accrued costs are materially related.

We bill as follows: in the year when 3815xx/321xxx is invoiced, in the next year or years 5xxXxx/3815xx.

2) Use of account 383 – expenses of future periods.

This account is used to charge costs that are related to the current accounting period, but the expenditure associated with them has not yet been made.

We charge as follows: 5xxXxx/383000, in the next year 383000/321xxx.

3) Use of account 384 – deferred income.

This account is used to account for the income of the current period, which materially belongs to the income in the following year. They are accounted for in income in the period to which they are materially related.

We charge as follows: 602xxx/384000 (602 minus on the DAL side), in the next year 384000/602xxx.

4) Use of account 385 – deferred income.

Amounts that were not collected on the day of closing the accounting books and were not even billed as a receivable are charged here, but which are temporally and materially related to the income of the current period. This includes work and services performed but not yet billed (for some reason).

We charge as follows: 385000/602xxx, in the next year 311xxx/385000.

5) Use of account 388 – speculative accounts active.

Here we mainly account for receivables arising from foreign grants. We charge as follows: 388000/691350 or 388000/916xx, in the next period 346xx/388000 or 347xxx/388000 – when paying from the EU.

6) Use of account 389 – conjectural passive accounts .

Here, we account for any liabilities of our facility at the end of the year, especially unpaid supplier invoices that we have not received by the end of the year and for which we do not know the exact amount.

We bill as follows: 5xxXxx/389000, in the next period after receiving the invoice 389000/321xxx.

7) Exceptions when the accounts - Costs and expenses of future periods - are not charged.

These are various payments provided during the current year and regularly recurring every year, such as audit services.




INSTITUTE OF CHEMICAL PROCESS FUNDAMENTALS of the
CAS, v. v. i.

Article 3
Final Provisions

- 1) This directive supersedes all previous versions of related internal regulations.
- 2) The Chief Accountant is responsible for updates
- 3) Compliance with this directive is checked by the head of the technical and economic administration.
- 4) This **directive enters into force on January 1, 2023** .

In Prague, 01.06. 2023
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