The accounting policy of IDGC of Centre, PJSC for 2020 was approved by Order from 31.12.2019 № 619-CA and is generated according to the requirements of the following regulations:

• The Civil Code of the Russian Federation;

• Federal Law "About the business accounting" of 06.12.2011 # 402-FZ;

• Provisions on conducting the business accounting and accounting reporting in the Russian Federation (order of MF of the Russian Federation from 29.07.1998 # 34n);

• Business accounting provisions;

• The chart of accounts and the Instructions for its use (approved by Order of the Ministry of Finance of Russia from 31.10.2000 # 94n);

• Order of the Ministry of Finance of Russia from 02.07.2010 # 66n "On forms of accounting statements of organizations";

1. Fixed assets

1.1. An asset is accepted by the Company for accounting as fixed assets if the following conditions are simultaneously met:

– the item is intended for use in manufacturing products, when performing work or providing services, for the management needs of the Company, or for providing the Company for a fee for temporary possession and use or for temporary use. If an item is intended to be provided by the Company for temporary possession and use or for temporary use, then such items are accounted for separately from other fixed assets as part of profitable investments in tangible assets on the same name account 03;

– the item is intended to be used for a long time, i.e. a period of more than 12 months or the usual operating cycle if it exceeds 12 months;

– The Company does not imply subsequent resale of this item;

– the item is capable of bringing the Company economic benefits (income) in the future.

1.2. Assets, with respect to which the conditions are fulfilled for classifying them as property, plant and equipment, at a cost of less than 40,000 rubles per unit inclusive, are taken into account in inventories and accounting (financial) statements as part of inventories, and are written off to production costs (selling expenses) for as they are put into production and operation. The acquisition of such items is recorded directly on account 10 "Materials" without using account 08 "Investments in non-current assets".

The following items relate to fixed assets regardless of their value:

– power supply equipment;
– land plots;
– buildings;
– facilities;
– vehicles.

1.3. The unit of accounting for fixed assets is an inventory item.

The object of classification of fixed assets is an item with all the fixtures and accessories or a separate structurally isolated item designed to perform certain independent functions, or an isolated set of structurally articulated items that are a single whole and designed to perform some specific work. A set of structurally articulated items is one or several items of one or different purpose, having common devices and accessories, common control, mounted on the same foundation, as a result of which each item included in the set can perform its functions only as part of the set, and not independently.

If one item has several parts, the useful lives of which differ significantly, each such part is considered as an independent inventory item.

1.4. The Company allocates the following groups of fixed assets:

- industrial buildings;
- structures, except power lines;
- power lines and devices for them;
- machinery and equipment for generation of electricity, substations, equipment for transformation of electricity;
- production and household equipment;
- vehicles;
- land plots;
- environmental facilities;
- others.

1.5. Revaluation of fixed assets is not carried out.

1.6. The value of fixed assets is repaid through depreciation.

The following is not subject to depreciation:

- items of fixed assets whose consumer properties do not change over time (in particular, land plots, environmental facilities);
- items of fixed assets that are mothballed and not used in the manufacture of products, when performing work or providing services, for the administrative needs of the organization or for providing the organization for a temporary possession and use or for temporary use (including those used to implement the legislation of the Russian Federation on mobilization training and mobilization).

1.7. Depreciation of fixed assets is carried out with the straight-line method.

2. Intangible assets

2.1. To accept for accounting an item as an intangible asset (hereinafter – the intangible assets), one-time fulfillment of the following conditions is necessary:

- the item is capable of bringing economic benefits to the Company in the future, in particular, the item is intended for use in manufacturing products, when performing work or providing services, for the management needs of the Company;
- the Company has the right to receive economic benefits, which this item can bring in the future (including the Company has properly executed documents confirming the existence of the asset itself and the right of this Company to the result of intellectual activity or a means of individualization – patents, certificates, other protection documents, agreement on alienation of the exclusive right to the result of intellectual activity or to a means of individualization, documents confirming the transfer of the exclusive right without a contract, etc.), as well as there are restrictions on the access of other persons to such economic benefits (hereinafter – the control over the item);
- a possibility of differentiation or separation (identification) of the item from other assets;

– the item is intended to be used for a long time, i.e. a useful life of more than 12 months or the normal operating cycle if it exceeds 12 months;
– it is not intended to sell the item within 12 months or the normal operating cycle if it exceeds 12 months;
– the actual (initial) value of the item can be reliably determined;
– the absence of a material form of the item.

The Company does not recognize items as intangible assets with respect to which upon their acceptance for accounting (at the time of qualification) a decision was made to alienate in favour of other persons – resale, exchange, other actions are supposed. In this case, the item qualifies as goods.

2.2. The intangible assets include:

– exclusive right: to an invention, industrial design, utility model;
– exclusive right: to computer programs, databases (software);
– exclusive right: to a trademark, appellation of origin of goods;
– other items that meet the criteria for classification as the intangible assets.

2.3. To account for the initial cost of the intangible assets, account 04 “Intangible assets” is used; to account for accrued depreciation, account 05 “Depreciation of intangible assets” is used.

Analytical accounting is carried out in the context of inventory items of the intangible assets.

2.4. When accepting the intangible assets for accounting, the Company determines the term of its useful use.

The useful life is the period expressed in months during which the Company expects to use the intangible assets in order to obtain economic benefits.

The monthly amount of depreciation deductions for the intangible assets is determined with the straight-line method – based on the actual (initial) cost of the intangible assets evenly over the useful life of this asset.

3. Inventories

3.1. Inventories are estimated at the amount of actual acquisition costs.
3.2. Write-off of inventories in production is carried out at an average cost.
3.3. Analytical accounting of materials (goods) is carried out in the context of:
– stock numbers (accounting units of inventories);
– location;
– inventory custodians;
– other analytical groups.

Materials transferred for processing, for safekeeping – are additionally grouped also by contractors and contracts.

3.4. Evaluation of raw materials during the release into production and another disposal is made:
– at the average cost by the moving average method – by determining the actual cost of the goods at the time of their release (moving average), while the calculation of the average estimate includes the quantity and cost of raw materials at the beginning of the month and all receipts until the moment of release.

4. Financial investments

4.1. The assets of the Company are accepted for accounting as part of financial investments under one-time fulfillment of the following conditions:

- the availability of duly executed documents confirming the existence of the right of the Company to financial investments and to receive cash or other assets arising from this right;
- transition to the Company of financial risks associated with financial investments (the risk of price changes, the risk of insolvency of the debtor, etc.);
- the ability to bring future economic benefits (income) to the Company in the form of interest, dividends, value growth (in the form of the difference between the current sale (redemption) price of a financial investment and its purchase value).

4.2. The accounting unit for financial investments, depending on the nature, procedure for acquisition and use, is a separate unit of security (loan, contribution to the authorized capital), state registration code, series or other homogeneous set of financial investments.

4.3. Financial investments are accepted for accounting at historical cost.

4.4. For the purposes of the subsequent assessment, financial investments are divided into two groups:

- financial investments by which you can determine the current market value;
- financial investments for which their current market value is not determined.

The market value of securities is understood as their market value, calculated in the prescribed manner by the trading authority in the securities market.

Financial investments, for which the current market value is not determined, shall be recorded in accounting and in the accounting (financial) statements at the reporting date at historical cost, with the exception of situations in which there are conditions for a steady reduction in the value of financial investments.

Financial investments, whose current market value can be determined, are recorded in accounting and in the accounting (financial) statements at the end of each reporting quarter at a current market value by adjusting their valuation at the previous reporting date. The amounts of adjustments for subsequent evaluation are included in the profit and loss statement as other income and other expenses.

4.5. Revenues from disposal and the value of disposed financial investments are accounted for in other income and expenses of the Company.

Upon disposal of assets accepted for accounting as financial investments, whose current market value is determined, their value is determined by the Company based on the latest valuation.

The method of evaluating financial investments for which the current market value is not determined, when they are retired, is at the initial value of each unit.

4.6. The record of financial investments in the accounting (financial) statements depends on the category of financial investments:

- long-term financial investments are recorded in the statements as non-current assets;
- short-term financial investments are included in current assets.

5. Income and expenses

5.1. The procedure for recognition of income:

The Company divides income into income from ordinary activities and other income.

5.1.1. Income from the ordinary activities of the Companies is recognized as revenue from the sale of products (works, services) received under the primary activities.

The primary activities of the Companies for the purposes of reporting income and expenses include:

- electricity transmission;
- connection to electric grids;
- resale of electricity and power;
- participation in other organizations.

5.1.2. Other income includes all income not related to the sale of works and services in the ordinary course of business.

5.2. The procedure for recognition of expenses (costs):

5.2.1. Costs (expenses) are recognized in accounting in the presence of the following conditions:

- the expense is made in accordance with a specific contract, the requirements of legislative and regulatory acts, and business customs;
- the amount of expense can be determined;
- there is confidence that as a result of a particular operation, the Company's economic benefits will decrease.

If in respect of any expenses (costs) incurred by the Company at least one of the above conditions has not been fulfilled, then accounts receivable are recognized in the accounting of the Company.

5.2.2. The valuation of the resources used – expenses (costs) – are recorded in the expense accounts:

- costs of production of products, works, services (current) – account 20;
- costs of auxiliary production - account 23;
- overhead costs - account 25;
- general business expenses – account 26;
- distribution costs - account 44;
- costs of acquisition (creation) of non-current assets (capital investments) – account 08.

6. Classification of accounts receivable, accounts payables

All groups of receivables and payables are classified as short-term if settlements must be made within 12 months after the reporting date; otherwise, they are classified as long-term.

Long-term accounts receivable are converted into short-term accounts receivable:

- at the end of the month (reporting date), when no more than 12 months remain before repayment of the debt;

7. Debt on loans and borrowings

7.1. Debt on loans and borrowings is divided into long-term and short-term:

- short-term debt is the debt on loans and credits received, the maturity (circulation) of which does not exceed 12 months;
- long-term debt is the debt on loans and credits received, the maturity (circulation) of which exceeds 12 months.

7.2. Debt on loans and borrowings received is estimated taking into account interest payment due at the end of the reporting period in accordance with the terms of agreements.

8. Estimated liabilities

The Company creates the following estimated liabilities:

- to pay for upcoming holidays;
- to pay remuneration according to the results of the year;
- on court decisions with a “low” probability of a decision in favour of the Company.

9. Bad debt provision

9.1. The Company creates a reserve for doubtful debts for any receivables recognized by the Company as doubtful. At the same time, accounts receivable of an organization that is not repaid or with a high degree of probability will not be repaid within the terms established by the contract and not provided with appropriate guarantees are recognized as doubtful.

If the contract does not have a maturity date for payment for goods shipped (work performed, services rendered), a reserve is created based on the provisions of the Civil Code of the Russian Federation on the timing of payment for goods (work, services) in the absence of a special condition in the contract.

9.2. The Companies create a reserve for bad debts quarterly on the basis of an inventory of receivables.

9.3. The amount of the reserve is determined separately for each doubtful debt depending on the financial condition (solvency) of the debtor and the assessment of the probability of repayment of the debt in whole or in part.

10. The materiality level

10.1. The materiality level is for error correction purposes.

An error is deemed significant if it alone or in combination with other errors for the same reporting period can affect the economic decisions of users made by them on the basis of the financial statements prepared for this reporting period.

10.2. The materiality level is for the purpose of disclosing certain indicators in reporting.

The indicator is considered significant and is presented separately in the balance sheet, profit and loss statement, statement of changes in equity or statement of cash flows, if its non-disclosure may affect the economic decisions of interested users based on the accounting information. The error materiality level is defined as 5% of the value of the basic reporting indicators.