STATE BANK OF VIETNAM	SOCIALIST REPUBLIC OF VIETNAM
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No. 31/2019/TT-NHNN	*Hanoi, December 30, 2019*

CIRCULAR

REGULATING CHART OF BOOKKEEPING ACCOUNTS FOR MICROFINANCE INSTITUTIONS

Pursuant to the Law on Accounting dated November 20, 2015;

Pursuant to the Law on Credit Institutions dated June 16, 2010; the Law on Amending and Supplementing certain Articles of the Law on Credit Institutions dated November 20, 2017;

Pursuant to the Government's Decree No.174/2016/ND-CP dated December 30, 2016 elaborating certain articles of the Law on Accounting;

Pursuant to the Government's Decree No. 93/2017/ND-CP dated August 7, 2017 prescribing the financial regime for credit institutions or foreign bank branches and the financial supervision and assessment of efficiency of investment of state capital in wholly state-owned or state-invested credit institutions;

Upon the request of the Director of the Finance – Accounting Department;

The Governor of the State Bank of Vietnam hereby promulgates the Circular regulating the chart of bookkeeping accounts for microfinance institutions.

Chapter I

GENERAL PROVISIONS

Article 1. Scope

This Circular sets out regulations on tier-2 and tier-3 accounts; methods of recording bookkeeping entries in accounts mentioned in the chart of accounts for microfinance institutions.

Article 2. Subjects of application

This Circular shall apply to microfinance institutions that are established, organized and operated under the provisions of the Law on Credit Institutions.

Article 3. Bookkeeping and accounting methods

1. Methods for opening and recording bookkeeping entries in accounts:

a) Microfinance institutions may subdivide accounts specified in Appendix No. 01 hereto into tier-4 or tier-5 accounts in order to meet requirements concerning administration of service operations of microfinance institutions provided that these accounts are relevant to details, composition of, and methods for entering, corresponding general ledger accounts (parent accounts).

Microfinance institutions may create and use accounts prescribed herein on condition that they have adopted operational rules and regulations, and these new accounts reflect their licensed business activities;

b) Double-entry (Debit-Credit) bookkeeping system may be used to record entries in the on-balance sheet accounts. The characteristics of balances of accounts are regulated in bookkeeping details of these accounts.

When preparing monthly or annual balance sheets, microfinance institutions must fully and correctly reflect the aforesaid characteristics of balances of accounts (i.e. Credit and Debit asset accounts), and shall not be allowed to offset Credit balances against Debit balances and vice versa (i.e. Credit and Debit asset accounts);

c) Single-entry (Debit-Credit-Debit Balances) bookkeeping system may be used to record entries in the off-balance sheet accounts.

2. Creation and use of detailed accounts:

a) Microfinance institutions may choose whether to create detailed accounts as provided in this Circular or as appropriate to information technology application, and must ensure these accounts meet managerial requirements of microfinance institutions;

b) Creation of detailed accounts must conform to the following regulations:

- Record, keep track of and store detailed information about specific accounting objects at accounting units as a basis to reflect and reconcile general ledger accounts in an accurate, timely and sufficient manner in accordance with laws on accounting;

- Keeping entries of business activities arising in compliance with regulations set forth in accounting standards and regimes;

- Prepare and send detailed reports designed for specific accounting objects according to regulations of the State and the State Bank;

c) If any microfinance institution chooses to use detailed accounts specified herein, it must comply with the following regulations:

- Detailed accounts (subaccounts) are used for reflecting details of accounting objects of general ledger accounts. Transactions entered in subaccounts shall be subject to the same regulations as applied to accounting entries on accounts.

- Detailed accounts shall be numbered as follows: Each subaccount number is composed of:

+ First part: The general ledger account number;

+ Second part: The number showing the order (the ordinal number) of each subaccount under a general ledger account.

If a parent account is subdivided into fewer than 10 subaccounts, each subaccount may be assigned one of the ordinal numbers from 1 to 9.

If a parent account is subdivided into fewer than 100 subaccounts, each subaccount may be assigned one of the ordinal numbers from 01 to 99.

If a parent account is subdivided into fewer than 1000 subaccounts, each subaccount may be assigned one of the ordinal numbers from 001 to 999.

The ordinal number of each subaccount must be added to the right of the number of its parent account. The general ledger account number and the subaccount number must be separated by the full-stop mark (.).

With respect to the ordinal number of each subaccount of a unit creating that account that has already suspended transactions, if that account has already been closed for at least one year, it may be reused by other unit.

- Creation of detailed accounts used for the purposes of entering and keeping track of specific accounting objects shall be regulated in the section of keeping journal entries on specific general ledger accounts as provided herein.

3. Accounting for foreign currency-related transactions:

a) Such definitions as “domestic” and “overseas” mentioned in the Chart of Accounts for microfinance institutions are understood as the definitions "resident" and "non-resident" referred to in the (amended and supplemented) Ordinance on Foreign Exchange dated December 13, 2005;

b) In cases where a foreign currency-related transaction is performed:

- Accountant must convert a foreign currency into Vietnamese dong based on the exchange rate shown at the 3rd subparagraph below, and record that transaction on an appropriate on-balance sheet account according to regulations in force in the composition

structure of the account of foreign-currency assets or public liabilities. Any portion of exchange differential must be entered into the account No. 641 “Exchange differences”.

- Accountant must record that transaction expressed in the base currency amount on an off-balance sheet account (Account 911- Public liabilities in foreign currency or Account 912- Assets in foreign currency). In addition, accountant must divide this account into subaccounts used for keeping track of specific base currencies.

- Exchange rates used for recording bookkeeping entries:

+ Exchange rate used for recording transactions related to purchase and sale of foreign currency is the actual buy and sell exchange rate specified in foreign currency purchase and sale contracts;

+ Exchange rate for conversion of a foreign currency into Vietnamese dong used for recording (debiting) entries of assets in foreign currency on the Debit side; recording (crediting) entries of payables in foreign currency on the Credit side; recording entries on a revenue, equity (if any) or expense account is the average buy/sell rate for spot transaction of that foreign currency at a commercial bank which a microfinance institution chooses of their own accord to frequently perform transactions (hereinafter referred to as spot exchange rate) on the date on which that economic or financial transaction is performed;

+ Exchange rate for conversion of a foreign currency into Vietnamese dong used for recording (crediting) that transaction on foreign currency asset accounts; recording (debiting) that transaction on foreign currency payable accounts is the weighted average exchange rate. Weighted-average book exchange rate is the exchange rate determined by dividing the aggregate (in Vietnamese dong) of values of currency entries or items of foreign currency origin by the actual base currency amount available over periods of time;

c) As at the time of preparation of a financial statement (at end of quarter or year), a microfinance institution must periodically revaluate currency entries or items of foreign currency origin at the spot exchange rate determined at end of the last working day of a quarter or year by the commercial bank where they regularly perform transactions (of their choice). Any exchange difference arising due to revaluation of currency items or entries of foreign currency origin at the time of preparation of a financial statement shall be recorded on the Account 641 "Exchange differences".

Chapter II

CHART OF BOOKKEEPING ACCOUNTS

Article 4. Account 101- Cash

1. Accounting principles:

a) This account is used for reflecting the collection, spending and balance of cash available at a microfinance institution. Accountant must record the actual inward, outward and residual amounts of cash only on the Account 101 “Cash”;

b) When recording cash-in or cash-out amounts, accountant must keep documents evidencing cash payment or withdrawal, including cash payment form, cash receipt form, note of receipt, note of payment, or cash cheque, etc., and must provide all signatures required by the Law on Accounting and other relevant laws;

c) The cash accountant must assume responsibility for creating the cashbook, keeping a record of cash and foreign currency collection, spending, inward and outward cash on a daily and continuous basis and in chronological order, and calculating the residual amount of cash at any time;

d) The cashier must manage and record cash-in or cash-out amounts, opening the cashbook and keeping record of cash-in, cash-out, inward or outward cash amounts in chronological order. On a periodical basis, at end of each business day, the cashier must compare the actual balance of cash with data on cash included in the cashbook and accounting book. If there is any variance between these data, the accountant and cashier must double-check these data to identify causes and give recommended actions to be taken to deal with such variance;

dd) Other cash amounts put up as collateral and deposited by other entities and persons at microfinance institutions must be managed and accounted for as cash assets in a microfinance institution.

2. Account 101 may be subdivided into tier-2 and tier-3 subaccounts, including:

Account 1011 – Vietnamese dong cash on hand

This account is used for reflecting the collection, spending and balance of cash available at a microfinance institution.

Account 10111 – Cash on hand at independent accounting unit

This account is used for reflecting the cash amounts available at a microfinance institution.

Debit side: - Received sums.

- Residual cash available at hand discovered after completion of the cash stocktaking process.

Credit side: - Cash-out sums.

Deficient cash sums discovered after the stocktaking process.

Debit balance: - This section reflects cash amounts on hand of a microfinance institution.

Detailed accounting:

Accountant creates 02 subaccounts: - Cash on hand already counted and checked.

- Received cash on hand put into security sealed bags.

Account 10112- – Cash on hand at dependent accounting unit

This account is used for recording cash at hand of dependent accounting units (Separate balance sheets are not required).

Debit side: - Cash amounts transferred to dependent accounting units.

- Cash amounts received at dependent accounting units.

Credit side: - Cash amounts transferred by dependent accounting units to the cash fund.

- Cash retained in hand at dependent accounting units.

Debit balance: - This section reflects cash amounts available on hand at dependent accounting units.

Detailed accounting: Accountant creates detailed accounts appropriate for specific dependent accounting units.

Account 10119 – Cash in transit

This account is used for recording cash amounts in transit from the cash fund of this unit to the other. In case where the cash recipient receives cash in person at the cash fund, a microfinance institution will not be required to keep track of entries on this account.

Debit side: - Cash sums withdrawn from the cash fund in transit to the cash recipient.

Credit side: - Cash amounts already transported to the cash recipient (based on cash delivery form or note of receipt issued by the cash recipient).

Debit balance: - This section reflects cash in transit of a microfinance institution.

Detailed accounting: Accountant divides this account into subaccounts appropriate for specific recipients of cash on arrival.

Account 1012 – Foreign currency cash on hand

This account is used for reflecting the collection, spending and balance of foreign currency cash available at a microfinance institution. A microfinance institution may create and use this account in accordance with their accounting regime and regulations laid down in their business license.

Account 10121 – Foreign currency cash on hand at independent accounting unit

This account is used for recording foreign currency values available at a microfinance institution.

Debit side: - Value of foreign currency cash received in the cash fund.

- Exchange difference determined after revaluation of foreign currency balance on the reporting date (in case where the foreign exchange rate is increased as against Vietnamese dong).

Credit side: - Value of foreign currency cash withdrawn from the cash fund.

- Exchange difference determined after revaluation of foreign currency balance on the reporting date (in case where the foreign exchange rate is decreased as against Vietnamese dong).

Debit balance: - This section reflects value of foreign currency cash on hand of a microfinance institution.

Detailed accounting: Accountant may create subaccounts appropriate for specific types of foreign currency.

Article 5. Account 110 – Deposits at the State Bank

1. Accounting principles:

a) This Account shall be used for recording a microfinance institution's deposit amounts at the State Bank;

b) Posting entries in this account shall be regulated as follows:

- Bases for recording entries on this account include the note of Credit, Debit or the bank account statement of SBV, enclosing original vouchers;

- Upon receipt of vouchers from SBV, the accountant must make comparison with attached original ones. In case where there is any difference between data available in the accounting book of a microfinance institution or data available in original vouchers and those available on vouchers of the SBV, the accountant must inform SBV to

double-check and verify these data, and take any possible action in a timely manner. At end of the reporting month, if causes of such difference have not been identified yet, the accountant must keep bookkeeping entries according to data specified in the note or bank account statement issued by SBV. The differential amount is recorded on the Debit side of the account 3629- “Other receivables” (if the deposit amount defined in the accountant’s data is greater than in SBV's data), or on the Credit side of the account 4629- "Other payables” (if the deposit amount defined in the accountant’s data is less than in SBV's data). In the following month, the accountant must carry out further verification and assessment to seek causes of such difference to make any necessary adjustment in book data.

2. Account 110 can be subdivided into tier-2 and tier-3 subaccounts, including:

Account 1101 – Vietnamese dong deposits at SBV

This account is used for recording a microfinance institution’s Vietnamese dong deposit amounts at SBV.

Account 11011- Escrow deposits

This account is used for recording Vietnamese dong escrow deposits that a microfinance institution leaves at SBV when it has not yet received business license in accordance with laws.

Debit side: - Amounts deposited into escrow accounts.

Credit side: - Deposit amounts transferred to other appropriate accounts for business purposes.

Debit balance: - This section reflects a microfinance institution’s deposit amounts at the State Bank.

Detailed accounting: This account is divided into only one subaccount.

Account 11012- Demand deposits

This account is used for recording a microfinance institution’s Vietnamese dong deposits made without definite term at SBV.

Debit side: - Deposit amounts sent to SBV.

Credit side: - Deposit amounts withdrawn by a microfinance institution.

Debit balance: - This section reflects a microfinance institution’s indefinite-term deposits at SBV.

Detailed accounting: This account is divided into only one subaccount.

Article 6. Account 121- Investments

1. Accounting principles:

a) This Account is intended for recording the existing amounts of, increases or decreases in, investments that a microfinance institution is allowed to make in accordance with regulations in force. Microfinance institutions shall not be allowed to use this account if there are none of regulations laid down in laws, or they have not yet obtained investment licenses;

b) Accountant must use a logbook to keep track of specific investment entries according to their term, investment recipients, issuance dates, interest rates, maturity dates, etc.;

c) Microfinance institutions are required to keep full and timely record of revenues and expenses arising from investments in accordance with laws on finance and accounting;

d) Setting aside funds for and using provisions against loss of investments shall be subject to laws;

dd) With respect to investments without provisions against bad debts made in accordance with laws, the accountant must assess the possibility of recovering these debts. In case where it is definitely established that part or all of investments are unrecoverable, the accountant must record losses as financial expenses arising within an accounting period. In case where these losses are not determined in a reliable manner, the accountant may have the option of not recording any decrease in these investments, but must give explanatory notes on the financial statement about the recoverability of these investments.

2. Account 121 can be subdivided into tier-2 and tier-3 subaccounts, including:

Account 1211 – Government bonds

This account is used for reflecting the existing value of and fluctuation in Government bonds that a microfinance institution is holding.

Debit side: - Value of Government bonds that a microfinance institution purchases.

Credit side: - Value of Government bonds that a microfinance institution sells.

- Value of Government bonds for which cash payments have already been made.

Debit balance: - This section reflects value of Government bonds that a microfinance institution is holding.

Detailed accounting: Accountant can use subaccounts for recording specific Government bonds.

Account 1212 – Term deposits made at credit institutions

This account is used for reflecting term deposits in Vietnamese dong or foreign currency that a microfinance institution makes at other credit institutions.

Account 12121- Vietnamese dong term deposits made at credit institutions

This account is used for recording a microfinance institution's Vietnamese dong term deposits made at other credit institutions.

Debit side: - Amounts deposited by the microfinance institution at other credit institutions.

Credit side: - Amounts that a microfinance institution withdraws.

Debit balance: - - Amounts deposited by a microfinance institution at other credit institutions.

Detailed accounting: Accountant can use subaccounts for specific receiving credit institutions.

Account 12122 – Foreign currency term deposits made at credit institutions

This account is used for recording a microfinance institution's foreign currency term deposits made at other credit institutions.

Debit side: - Value of foreign currency deposited at other credit institutions.

Difference in which foreign exchange rate is increased owing to revaluation of foreign currency balance at the reporting date.

Credit side: - Value of foreign currency that a microfinance institution has withdrawn.

- Exchange difference arising owing to revaluation of foreign currency balance at the reporting date.

Debit balance: - This section reflects value of foreign currency that a microfinance institution is depositing at other credit institutions.

Detailed accounting: Accountant can use subaccounts for specific receiving credit institutions.

Account 1218- Other investments

This account is used for reflecting the existing value of and fluctuation in other investments that a microfinance institution is making.

Debit side: - Increased value of investments.

Credit side: Decreased value of investments.

Debit balance: - This section reflects other existing investments of a microfinance institution.

Detailed accounting: Accountant may use subaccounts for specific investments.

Account 1219- Provisions against loss of investments

This account records setting-aside of funds for, disposal and reversal of provisions against loss of investments in Government bonds or other investments, microfinance institutions must comply with existing regulations on setting-aside of funds for, disposal and reversal of provisions against loss of investments in accordance with laws.

Debit side: - Amount of provisions against loss of investments that have already been used.

- Amount of provisions against loss of investments that have already been reversed.

Credit side: - Amount of provisions against loss of investments for which funds are set aside.

Credit balance: - This section reflects a microfinance institution's existing provisions against loss of investments.

Detailed accounting: Accountant may use one subaccount for this account.

Article 7. Account 130- Deposits made at credit institutions

1. Accounting principles:

a) This Account shall be used for recording a microfinance institution's deposits made at domestic credit institutions;

b) Bases for recording entries on this account include the notice of Credit, Debit or the account statement issued by a credit institution, enclosing original vouchers;

c) Upon receipt of vouchers from credit institutions, the accountant must check whether they are matched to attached original ones. In case where there is any difference between data available in the accounting book of a microfinance institution or data available in original vouchers and those available on vouchers of a credit institution, the accountant must inform the credit institution to double-check and verify these data, and take any possible action in a timely manner. At end of the reporting month, if causes of such difference have not been identified yet, the accountant must keep bookkeeping entries according to data specified in the note or account statement issued by a credit institution. The differential amount is recorded on the Debit side of the account 3629- “Other receivables” (if the deposit amount defined in the accountant’s data is greater than in a credit institution's data), or on the Credit side of the account 4629- "Other payables” (if the deposit amount defined in the accountant’s data is less than in a credit institution's data). In the following month, the accountant must carry out further verification and assessment to seek causes of such difference to make any necessary adjustment in book data.

2. Account 130 can be subdivided into tier-2 and tier-3 subaccounts, including:

Account 1301- Demand deposits made at commercial banks

This account is used for recording a microfinance institution’s Vietnamese dong or foreign currency demand deposits made at other credit institutions.

Account 13011- Vietnamese dong demand deposits made at commercial banks

This account is used for recording a microfinance institution’s Vietnamese dong demand deposits made at other commercial banks.

Debit side: - Amounts deposited by a microfinance institution at other commercial banks.

Credit side: - Amounts that a microfinance institution withdraws.

Debit balance: - - Amounts deposited by a microfinance institution at other commercial banks.

Detailed accounting: Accountant can use subaccounts for specific receiving commercial banks.

Account 13012 – Foreign currency demand deposits made at commercial banks

This account is used for recording a microfinance institution’s foreign currency demand deposits made at commercial banks.

Debit side: - Value of foreign currency deposited by a microfinance institution at commercial banks.

Difference in which foreign exchange rate is increased owing to revaluation of foreign currency balance at the reporting date.

Credit side: - Value of foreign currency that a microfinance institution has withdrawn.

- Exchange difference arising owing to revaluation of foreign currency balance at the reporting date.

Debit balance: - This section reflects value of foreign currency that a microfinance institution is depositing at commercial banks.

Detailed accounting: Accountant can use subaccounts for specific receiving commercial banks.

Article 8. Account 201- Lending

1. Accounting principles:

a) This account shall be used for reflecting funds that a microfinance institution lends to borrowing customers;

b) This account does not reflect loans derived from trust funds accounted for on the account 441 “Trust funds used for lending purposes";

c) Microfinance institutions shall have to keep a detailed journal of loans specific to lending contracts or agreements, terms, maturity dates, interest rates, borrowers and repaid amounts, etc.;

d) Microfinance institutions must comply with applicable regulations set out in laws for microfinance institutions on lending operations, including those regulations on qualified borrowers, lending term and property put up as collateral for loans, etc.;

dd) Microfinance institutions classify debts on loans granted to borrowing customers and account for loans classified into debt groups in accordance with existing regulations on debt classification applied to microfinance institutions.

2. Account 201 can be subdivided into tier-2 subaccounts, including:

Account 2011- Short-term loans granted to microfinance customers

This account shall be used for reflecting Vietnamese dong funds that a microfinance institution lends to borrowing customers during a short term.

Account 2011 can be subdivided into tier-3 subaccounts, including:

Account 20111- Pass/standard loans

Account 20112- Watch/special mention loans

Account 20113- Substandard loans

Account 20114- Doubtful loans

Account 20115- Loss loans

Structure and entries of tier-3 subaccounts to the account 2011:

Debit side: Amounts lent to borrowing customers.

- Amounts moved from relevant accounts.

Credit side: - Amounts of borrowing customer's debt repayments.

- Amounts moved to relevant accounts.

Debit balance: - This section reflects the amounts currently owed to a microfinance institution.

Detailed accounting: Accountant can use subaccounts relevant to specific borrowing customers.

Account 2012- Medium-term loans granted to microfinance customers

This account shall be used for reflecting Vietnamese dong funds that a microfinance institution lends to borrowing customers during a medium term.

Account 2012 can be subdivided into tier-3 accounts, including:

Account 20121- Pass/standard loans

Account 20122- Watch/special mention loans

Account 20123- Substandard loans

Account 20124- Doubtful loans

Account 20125- Loss loans

Structure and entries of the account 2012 are the same as the account 2011.

Account 2013- Long-term loans granted to microfinance customers

This account shall be used for reflecting Vietnamese dong funds that a microfinance institution lends to borrowing customers during a long term.

Account 2013 can be subdivided into tier-3 accounts, including:

Account 20131- Pass/standard loans

Account 20132- Watch/special mention loans

Account 20133- Substandard loans

Account 20134- Doubtful loans

Account 20135- Loss loans

Structure and entries of the account 2013 are the same as the account 2011.

Account 2014- Short-term loans granted to other borrowing customers

This account shall be used for reflecting Vietnamese dong funds that a microfinance institution lends to other borrowing customers during a short term.

Account 2014 can be subdivided into tier-3 accounts, including:

Account 20141- Pass/standard loans

Account 20142- Watch/special mention loans

Account 20143- Substandard loans

Account 20144- Doubtful loans

Account 20145- Loss loans

Structure and entries of the account 2014 are the same as the account 2011.

Account 2015- Medium-term loans granted to other borrowing customers

This account shall be used for reflecting Vietnamese dong funds that a microfinance institution lends to other borrowing customers during a medium term.

Account 2015 can be subdivided into tier-3 accounts, including:

Account 20151- Pass/standard loans

Account 20152- Watch/special mention loans

Account 20153- Substandard loans

Account 20154- Doubtful loans

Account 20155- Loss loans

Structure and entries of the account 2015 are the same as the account 2011.

Account 2016- Long-term loans granted to other borrowing customers

This account shall be used for reflecting Vietnamese dong funds that a microfinance institution lends to other borrowing customers during a long term.

Account 2016 can be subdivided into tier-3 accounts, including:

Account 20161- Pass/standard loans

Account 20162- Watch/special mention loans

Account 20163- Substandard loans

Account 20164- Doubtful loans

Account 20165- Loss loans

Structure and entries of the account 2016 are the same as the account 2011.

Article 9. Account 251- Loans granted by using trust funds

1. Accounting principles:

a) This account shall be used for reflecting the amounts that microfinance institutions lend to domestic customers to serve predetermined purposes by using funds held in trust for the Government, domestic and foreign organizations and individuals;

b) Microfinance institutions shall have to keep a detailed journal of loans specific to lending contracts or agreements, terms, maturity dates, qualified borrowers and paid amounts, etc.;

d) Microfinance institutions must comply with applicable regulations set out in laws for microfinance institutions on lending operations, including those regulations on qualified borrowers, lending term and property put up as collateral for loans, etc.;

d) Microfinance institutions classify loans provided by using funds held in trust and account for loans classified into debt groups in accordance with existing regulations on debt classification applied to microfinance institutions.

2. Account 251 can be subdivided into tier-2 accounts, including:

Account 2511- Short-term loans granted by using the Government's funds

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a short term by using funds held in trust for the Government.

Account 2511 can be subdivided into tier-3 accounts, including:

Account 25111- Pass/standard loans

Account 25112- Watch/special mention loans

Account 25113- Substandard loans

Account 25114- Doubtful loans

Account 25115- Loss loans

Structure and entries of the account 2511 are the same as the account 2011.

Account 2512- Medium-term loans granted by using the Government's funds

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a medium term by using funds held in trust for the Government.

Account 2512 can be subdivided into tier-3 accounts, including:

Account 25121- Pass/standard loans

Account 25122- Watch/special mention loans

Account 25123- Substandard loans

Account 25124- Doubtful loans

Account 25125- Loss loans

Structure and entries of the account 2512 are the same as the account 2011.

Account 2513- Long-term loans granted by using the Government's funds

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a long term by using funds held in trust for the Government.

Account 2513 can be subdivided into tier-3 accounts, including:

Account 25131- Pass/standard loans

Account 25132- Watch/special mention loans

Account 25133- Substandard loans

Account 25134- Doubtful loans

Account 25135- Loss loans

Structure and entries of the account 2513 are the same as the account 2011.

Account 2514- Short-term loans granted by funds of domestic entities or persons

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a short term by using funds held in trust for domestic entities or persons.

Account 2514 can be subdivided into tier-3 accounts, including:

Account 25141- Pass/standard loans

Account 25142- Watch/special mention loans

Account 25143- Substandard loans

Account 25144- Doubtful loans

Account 25145- Loss loans

Structure and entries of the account 2514 are the same as the account 2011.

Account 2515- Medium-term loans granted by funds of domestic entities or persons

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a medium term by using funds held in trust for domestic entities or persons.

Account 2515 can be subdivided into tier-3 accounts, including:

Account 25151- Pass/standard loans

Account 25152- Watch/special mention loans

Account 25153- Substandard loans

Account 25154- Doubtful loans

Account 25155- Loss loans

Structure and entries of the account 2515 are the same as the account 2011.

Account 2516- Long-term loans granted by funds of domestic entities or persons

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a long term by using funds held in trust for domestic entities or persons.

Account 2516 can be subdivided into tier-3 accounts, including:

Account 25161- Pass/standard loans

Account 25162- Watch/special mention loans

Account 25163- Substandard loans

Account 25164- Doubtful loans

Account 25165- Loss loans

Structure and entries of the account 2516 are the same as the account 2011.

Account 2517- Short-term loans granted by funds of foreign entities or persons

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a short term by using funds directly held in trust for foreign entities or persons.

Account 2517 can be subdivided into tier-3 accounts, including:

Account 25171- Pass/standard loans

Account 25172- Watch/special mention loans

Account 25173- Substandard loans

Account 25174- Doubtful loans

Account 25175- Loss loans

Structure and entries of the account 2517 are the same as the account 2011.

Account 2518 - Medium-term loans granted by funds of foreign entities or persons

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a medium term by using funds directly held in trust for foreign entities or persons.

Account 2518 can be subdivided into tier-3 accounts, including:

Account 25181- Pass/standard loans

Account 25182- Watch/special mention loans

Account 25183- Substandard loans

Account 25184- Doubtful loans

Account 25185- Loss loans

Structure and entries of the account 2518 are the same as the account 2011.

Account 2519- Long-term loans granted by funds of foreign entities or persons

This account shall be used for recording Vietnamese dong funds that microfinance institutions lend to domestic customers during a long term by using funds directly held in trust for foreign entities or persons.

Account 2519 can be subdivided into tier-3 accounts, including:

Account 25191- Pass/standard loans

Account 25192- Watch/special mention loans

Account 25193- Substandard loans

Account 25194- Doubtful loans

Account 25195- Loss loans

Structure and entries of the account 2513 are the same as the account 2011.

Article 10. Account 281- Debts awaiting resolution

1. Accounting principles:

a) This account shall be used for reflecting loans awaiting resolution, including loans secured by property put up as collateral for fulfillment of the guarantor's obligations, which await resolution; debts related to cases awaiting trial;

b) Microfinance institutions shall have to keep a detailed journal of loans specific to lending contracts or agreements, terms, maturity dates, qualified borrowers and paid amounts, etc.;

c) Microfinance institutions shall move loans under surveillance at the account 201 and 251 to this account for continued surveillance while they are awaiting resolution.

2. Account 281 can be subdivided into tier-2 accounts, including:

Account 2811- Loans secured by the guarantor's collateral which are awaiting resolution

This account shall be used for reflecting loans secured by property which is put up as collateral by the guarantor for discharge of obligations on behalf of a borrowing customer, but have not yet been transferred to microfinance institutions (otherwise called security or security property).

Debit side: - The number of loans awaiting resolution which is increased.

Credit side: - The number of loans awaiting resolution which is decreased.

Debit balance: - This section reflects unrecovered guaranteed loans awaiting resolution.

Detailed accounting: Accountant may use subaccounts for specific customers taking out loans awaiting resolution.

Account 2812- Debts associated with cases awaiting trial

This account shall be used for recording debts related to cases awaiting trial under the jurisdiction of law enforcement authorities. Microfinance shall consult lending and other related documents to refer outstanding debts associated with cases awaiting trial to this account.

Debit side: - Debts related to cases awaiting trial which are increased.

Credit side: - Debts related to cases awaiting trial which are decreased.

Debit balance: - This section reflects debts related to cases awaiting trials under the jurisdiction of law enforcement authorities.

Detailed accounting: Accountant may use subaccounts for specific customers incurring debts related to cases awaiting trial.

Article 11. Account 291- Written-off debts

1. Accounting principles:

a) This account shall be used for recording a microfinance institution's loans granted to borrowing customers of which writing off is accepted by competent regulatory authorities without having to pay interest;

b) Microfinance institutions shall have to keep a detailed journal of loans eligible for writing-off according to lending contracts or agreements, terms, maturity dates, qualified borrowers and paid amounts.

2. Account 291 can be subdivided into tier-2 accounts, including:

2911- Short-term loans

2912- Medium-term loans

2913- Long-term loans

3. Structure and entries of the account 291:

Debit side: - Loan amounts already written off.

Credit side: - Borrowing customer's debt repayment amounts.

- Loan amounts of which writing-off is accepted.

Debit balance: - This section reflects the existing number of written-off loans of a microfinance institution.

Detailed accounting: Accountant can use subaccounts for specific borrowing customers whose loans are eligible for being written off.

Article 12. Account 299- Loan loss provisions

1. Accounting principles:

a) This account shall be used for reflecting a microfinance institution's setting aside funds for provisions and treatment of provisions against loss of loans in accordance with laws

on setting aside of funds for and use of provisions against risks arising from lending operations of microfinance institutions;

b) In order to deal with losses incurred by potential risks arising from lending operations and control fluctuations in business results during an accounting period, microfinance institutions shall have the burden of setting aside funds for provisions against loss of loans which are accounted for as their expenses;

c) Microfinance institutions must keep a journal of provisions specific to loans and borrowers;

d) Setting aside of funds for and reversal of provisions against loss of loans and disposal of irrecoverable debts must conform to existing laws on setting aside of funds for and use of provisions against losses incurred from lending operations of microfinance institutions.

2. Account 299 can be subdivided into tier-2 and tier-3 accounts, including:

2991- Provisions against loss of loans granted to microfinance customers

29911- Specific provisions

29912- General provisions

2992- Provisions against loss of loans granted to other borrowing customers

29921- Specific provisions

29922- General provisions

2993- Provisions against loss of loans granted by using funds held in trust

29931- Specific provisions

29932- General provisions

2994- Provisions against loss of debts awaiting resolution

29941- Specific provisions

29942- General provisions

2995- Provisions against loss of written-off debts

29951- Specific provisions

29952- General provisions

3. Structure and entries of the account 299:

Debit side: - Provisions against loss used for treating loan risks.

- Reversal of the surplus of provisions already created in accordance with regulations in force.

Credit side: - Already created provisions charged as expenses.

Credit balance: - This section reflects existing provisions against loss of loans of a microfinance institution.

Detailed accounting: Accountant may use one subaccount for this account.

Article 13. Account 301- Tangible fixed assets

1. Accounting principles:

This account shall be used for recording the existing value, increase or decrease of all tangible fixed assets of a microfinance institution according to their historical costs.

Accountant may record entries on this account in compliance with the Vietnamese Accounting Standard No. 03 – Tangible fixed assets. Management, use and depreciation of fixed assets shall conform to the financial regime adopted by the Ministry of Finance, including:

a) Tangible fixed assets are those assets in physical form that a microfinance institution controls and uses for production, commercial or other purposes in accordance with standards for recording of tangible fixed assets prescribed in laws on management, use and depreciation thereof.

Fixed assets are those having independent structure or separate parts linked in a system for performance of one or several functions to the extent that the entire system is unable to operate in case of lack of any of such part. In this case, an asset can be considered as a fixed asset if it meets all four standards, including:

- It is certain that future economic benefits are gained from use of these assets;

- Historical costs of assets must be determined in a reliable manner;

- The useful life is more than 1 (one) year;

- They must have value in conformance to regulations in force.

If a system composed of separate parts linked together of which the useful life cycle is different remains able to perform its main function in case of lack of any of such part, but

it and its parts need to be separately managed to meet managerial demands while conforming to all of 4 standards mentioned above, it must be considered as independent tangible fixed assets;

b) Value of fixed assets must be entered in the account 301 “Tangible fixed assets” according to their historical costs. Accountant must keep detailed record of historical costs of fixed assets according to their types and characteristics. Historical cost of fixed assets can be determined as follows:

- Historical cost of tangible fixed assets acquired through the procurement process, including: Purchase price (excluding trade discounts and promotional discounts), taxes (excluding tax refunds) and costs directly associated with making such asset ready for use, such as site preparation costs, initial shipping, loading, unloading costs, installation and testing costs (minus (-) gains from products or wastes collected from commissioning tests), expert fees and other directly associated costs. Loan interest costs incurred from purchase of completed fixed assets (fixed assets immediately in use without having to be installed or tested for construction purposes) shall not be capitalized into historical costs of these assets.

+ Historical costs of purchased tangible fixed assets for which deferred payments are made: They are deemed the price of a purchased fixed asset that is paid immediately at the time of purchase plus other directly associated costs as of the time when such asset is made ready for use (excluding tax refunds). The difference between the buy price paid in arrears and the one paid immediately is accrued into manufacturing and business expenses over maturity periods.

+ Historical costs of fixed assets which are real property: When purchasing real property, the accounting unit must distinguish value of land use right from value of land-attached property in accordance with laws. Portion of value of land-attached property is recorded as tangible fixed asset; value of land use right is accounted for as intangible fixed asset or prepaid expenses as the case may be in accordance with laws.

- Historical costs of tangible fixed assets which are acquired after the completed capital construction process.

+ Historical costs of fixed assets which are contracted out: These are the price at which all financial obligations arising from construction projects are settled as per laws, other direct associated expenses and registration fees (if any).

+ Self-constructed or self-made tangible fixed assets:

Historical costs of self-constructed fixed assets are value of finalization of financial obligations arising from projects for construction thereof when being put in use. If fixed assets have already been brought into operation, but have not been financially finalized yet, microfinance institutions can account for increases in historical costs of fixed assets at the temporarily calculated price, based on actual construction expenses. After the

financial finalization of capital investments is approved, in case of any difference arising in comparison to value of fixed assets which has been temporarily calculated, accountants may make increasing or decreasing adjustments in historical costs of fixed assets.

Historical costs of self-made tangible fixed assets are the actual cost price of tangible fixed assets plus (+) expenses directly associated with making fixed assets ready for use.

+ In both cases mentioned above, historical costs of fixed assets are defined as installation costs and test run costs less value of products recovered from commissioning and manufacturing tests. Microfinance institutions shall not be allowed to include internal interest amounts and unreasonable expenses, such as costs incurred from raw ingredient or input material wastes, labor and other costs that are overspent during the process of self-construction or self-production, in historical costs of tangible fixed assets

- The historical cost of a tangible fixed asset purchased by a swap between it and another unmatched one or other asset is defined as the reasonable value of the received tangible fixed asset or the swapped asset after adjustments in sums or cash-equivalent amounts additionally paid or collected, plus costs directly associated with making such asset ready for use (exclusive of tax refunds).

Historical cost of a tangible fixed asset purchased by a swap between it and the similar one, or possibly acquired due to sale thereof in exchange for the right to own another similar asset (the similar asset is an asset having similar functions in the same business sector and equivalent value). In this case, there is none of losses or profits recorded in the swap process. Historical cost of the received fixed asset is calculated by the residual value of the fixed asset in exchange.

- Historical cost of the allocated and transferred tangible fixed asset includes: The residual book cost of the fixed asset that a microfinance institution allocates or transfers, or cost thereof determined according to the actual assessment by the Handover Committee or a professional valuation organization in accordance with laws, directly associated expenses, such as transportation, handling, upgradation, installation, commissioning testing costs and registration fees (if any), etc., which the recipient of such asset must pay till the date on which such fixed asset is made ready for use.

- Historical cost of the tangible fixed asset acquired by receiving contributed capital or taking back contributed capital is the cost on which founding members or shareholders determine by consensus; on which the microfinance institution and contributor of capital agrees; or which a professional body determines in accordance with laws and by common consent from founding members or shareholders.

- The historical cost of a fixed asset existing due to discovery of the surplus number thereof, offered, gifted or donated: This is the cost determined according to the actual assessment by the Handover Committee or a professional valuation body; and costs that the asset recipient must pay when making it ready for use, including: Transportation, handling, installation, commissioning test costs and registration fees (if any);

c) In case of purchase of fixed assets, including homes, architectural objects associated with the land use right, it is obligatory that value thereof recorded as historical costs of tangible fixed assets (A/C 301) and value of land use rights must be recorded as separate entries in historical costs of intangible fixed assets (A/C 302);

d) Calculation and depreciation of fixed assets shall be subject to the Ministry of Finance's regulations on management, use and depreciation of fixed assets;

dd) Microfinance institutions may change historical costs of tangible fixed assets in accordance with laws on management, use and depreciation of fixed assets and other relevant ones;

e) In any cases where increases or decreases in fixed assets are made, accountants must prepare notes of transfer, sale or liquidation sale of fixed assets, and follow other prescribed procedures;

g) In all cases where fixed assets of a microfinance institution are decreased due to disposal, liquidation sale, loss or discovery of deficit after stocktaking, transfer to other entities and demolition or disassembly of one or several parts thereof, etc., accountants must carry out all required procedures and correctly identify losses and revenues (if any). Based on related vouchers, accountants must record bookkeeping entries in specific cases as follows:

- In case of disposal of fixed assets used in production and business activities: These fixed assets are usually those assets that do not need to be used or are considered as being inefficiently used. Disposal of these assets shall be accepted only when all prescribed procedures have already been completed.

- Fixed assets sold for liquidation purposes are those assets damaged to the extent of being unusable, those fixed assets that are technically obsolete or do not conform to operational and business requirements. Whenever there is any fixed asset needing to be sold for liquidation purposes, microfinance institutions must issue decisions on liquidation sale and establishment of Fixed Asset Liquidation Committee. This Committee shall undertake the task in liquidation sale of these assets according to regulations on regulatory documentation requirements and procedures for liquidation, and make a report on such liquidation sale. Bookkeeping bases include the liquidation report and other vouchers related to revenues and expenses arising from such liquidation sale;

h) Causes of any surplus or deficit of fixed assets need to be identified in all cases. Based on "Fixed asset inventory report" and conclusions of the Inventory Committee, accountants can account for the followings in an accurate, timely and cause-specific manner:

- In case of detecting surplus of fixed assets:

+ owing to being left outside of accounting books (not yet recorded in accounting books), accountants must consult fixed asset records to enter an increase in specific cases.

+ due to being determined as those under the control of other units, accountants must promptly inform this to the owners of such assets. Before any action is taken to deal with such situation, accountants must consult inventory documents and records to take temporary control and custody of these assets.

+ due to failure to identify their owners, accountants must record increases in other income according to reasonable value of these assets.

- Actions to be taken in case of discovery of deficit of fixed assets include identifying causes of such deficit, defining who will be responsible for such deficit and dealing with this situation in accordance with laws.

Based on “Report on treatment of deficient fixed assets" which has already been approved and fixed asset documents or records, accountants must determine their historical cost and depreciated value as a basis to record any decrease in these assets, and carry out the physical treatment of the residual part of these assets. Pursuant to decisions on how to treat these assets, accountants can enter them into relevant accounts;

i) Each fixed asset with its specifications must be recorded in detail according to data about its classification type, locations for its storage, use and management as specified in the “fixed asset log”.

2. Account 301 can be subdivided into tier-2 accounts, including:

3011- Residential homes and architectural objects

3012- Machinery and equipment

3013- Means of transportation and transmission

3014- Administrative equipment and tools

3019- Other tangible fixed assets

3. Structure and entries of the account 301:

Debit side: - Historical costs of tangible fixed assets increased due to completed commissioning, transfer and operation of capital construction projects, procurement, acceptance of contributed capital, reception of allocated ones, reception of these assets as gifts, donations, or discovery of surplus of any of such assets.

- Increasing adjustments in historical costs of fixed assets which are made owing to construction, additional furnishment or alteration, alteration or improvement of existing ones.

- Increasing adjustments in historical costs of fixed assets which are made owing to revaluation.

Credit side: Historical costs of fixed assets decreased owing to intracompany transfers, disposal and liquidation or use of such assets as capital contributions to joint ventures, etc.

- Historical costs of fixed assets decreased due to disassembly of one or several parts of these assets.

- Decreasing adjustments in historical costs of fixed assets which are made owing to revaluation.

Debit balance: - Historical costs of existing tangible fixed assets of a microfinance institution.

Detailed accounting: Accountants can use subaccounts for specific tangible fixed assets.

Article 14. Account 302- - Intangible fixed assets

1. Accounting principles:

This account shall be used for recording the existing value of, any increase or decrease in, all tangible fixed assets of a microfinance institution according to their historical costs.

Recording bookkeeping entries on this account must adhere to the Vietnamese Accounting Standard No. 04 – Intangible fixed assets. Management, use and depreciation of fixed assets shall conform to the financial regime adopted by the Ministry of Finance, including:

a) Intangible fixed assets are those assets which are non-physical, but can be valued, under the control of a microfinance institution for production, business and service supply purposes, or for hire, and meet standards for recognizing intangible fixed assets. If an intangible asset meets 4 standards specified in point a of clause 1 of Article 13 herein, it will be considered as an intangible fixed asset;

b) Value of fixed assets must be entered in the account 302 “Intangible fixed assets” according to their historical costs.

Accountant must keep detailed record of historical costs of intangible fixed asset according to their types and characteristics. Historical cost of an intangible fixed asset can be determined according to the following principles:

- Historical cost of an intangible fixed asset refers to total cost that a microfinance institution needs to be spent to acquire it till the proposed time of commencement of use of that asset.

- Historical cost of an intangible fixed asset which is purchased according to deferred, instalment payment terms, or under a swap contract, or is given, gifted, donated, received as capital contributed to joint venture entities, taken back as contributed capital or due to discovery of surplus thereof, etc. shall be determined in the same manner as tangible fixed assets.

- Historical cost of an intangible fixed asset which is land use right is the sum paid to obtain legal land use right (including costs paid to transferors or costs incurred from compensation for and clearance of project sites, site leveling or registration fees, etc.), or to fulfill agreements between capital-contributing parties. Defining land use right as an intangible fixed asset must be subject to regulations laid down in relevant laws.

- Costs incurred to bring future economic benefits to microfinance institutions, including costs incurred from establishment of a microfinance institution, staff training costs or advertising costs arising during the period before operation of newly-established microfinance institutions, or costs of relocation, shall be recognized as during-period production and business costs in accordance with existing regulations, not as intangible fixed assets.

- Costs associated with intangible fixed assets arising after being initially recognized must be recorded as during-period production and business costs, and may be recorded as increases in historical costs of these assets if they meet both requirements, including:

+ Costs incurred are likely to enable fixed assets to bring about future economic benefits more than the level of their initially-appraised operation;

+ Costs are identified firmly and closely associated with specific intangible fixed assets;

c) Calculation and depreciation of a fixed asset shall be subject to laws;

d) Any change in historical costs of intangible fixed assets; increases, decreases, disposal or liquidation sale, discovery of surplus or deficit of these assets after completion of the stocktaking process shall be subject to regulations the same as those applied to tangible fixed assets.

dd) Each intangible fixed asset with its specifications must be recorded in detail according to data about its classification type, locations for its storage, use and management as specified in the “fixed asset log”.

2. Account 302 can be subdivided into tier-2 accounts, including:

3021- Land use right

3022- Computer software

3029- Other intangible fixed assets

3. Structure and entries of the account 302:

Debit side: - Increased historical costs of intangible fixed assets.

Credit side: - Decreased historical costs of intangible fixed assets.

Debit balance: - Historical costs of existing tangible fixed assets of a microfinance institution.

Detailed accounting: Accountants can use subaccounts for specific intangible fixed assets.

Article 15. Account 303- Fixed assets acquired under finance leases

1. Accounting principles:

a) This account shall be used for recording the existing value of, any increase or decrease in, all fixed assets acquired under finance leases of a microfinance institution according to their historical costs;

b) Recording entries in this account must adhere to the Vietnamese Accounting Standard No. 06 – Asset lease:

- Finance lease refers to a form of asset lease under which the lessor transfers a large part of risks and interests associated with ownership of the leased asset to the lessee. Ownership of such leased asset may be transferred at end of the lease term.

- Below are cases usually leading to finance leases, including:

+ The lessor transfers ownership of the leased asset to the lessee after expiration of the lease term;

+ At the time of initiation of a finance lease, the lessee may choose to purchase the leased asset at the price lower than the reasonable price at the end of lease term;

+ The term of lease of a fixed asset must account for a large part of the economic useful life of such asset, irrespective of whether ownership of such asset is transferred;

+ At the time when an asset lease begins, the present value of rental payment must at least account for a large (equivalent) part of reasonable value of the released asset;

+ The leased asset is the specially-designed one that only the lessee can use without needing to make any major change or repair.

- An asset lease shall be considered as a financial lease contract if it meets at least one of three (3) requirements mentioned hereunder:

+ The lessee cancels the contract and compensates the lessor for any loss arising from cancellation;

+ Incomes or losses arise from any change in the reasonable residual value of the leased asset associated with the lessee;

+ The lessee is capable of renewing the asset lease under which the rent charge is lower than the fair market rental value. In particular, the lease under which the leased asset is the land use right shall be deemed as the operating lease;

c) Although a fixed asset rented under a finance lease is an asset not yet owned by a microfinance institution, the microfinance institution shall have obligations and responsibilities to manage and treat it like its own asset;

d) Value of a fixed asset under finance lease must be entered in the account 303 "Fixed assets acquired under finance lease" according to its historical cost. Accountant must keep detailed record of historical costs of fixed assets according types and characteristics of specific fixed assets. Historical costs] of a fixed asset under finance lease can be determined as follows:

- Historical cost of a fixed asset acquired under a finance lease is recorded as the reasonable value of the leased asset, or is defined as the present value of the minimum payment of the rent charge (if the reasonable value is greater than the present value of the minimum payment of the rent charge) plus the initial cost directly associated with the finance lease transaction. If the input VAT is deducted, the present value of the minimum payment of the rent charge shall not include the VAT amount payable to the lessor.

When calculating the present value of such minimum payment for the rental of an asset, a microfinance institution may use the implicit interest rate, the interest rate specified in the lease or the marginal interest rate.

- The non-deductible amount of input VAT on a fixed asset under a finance lease shall be regulated as follows:

+ If the input VAT amount is paid on a one-off basis at the time of recognition of the leased asset, the historical cost of the leased asset shall include the VAT tax;

+ If the input VAT is paid with installments, it shall be charged as during-period production and business expenses corresponding to respective entries of depreciated costs of the leased asset.

- The debt incurred from a finance lease that is posted as a liability entry shall not include the input VAT.

- Value of fixed assets under operating leases shall not be posted on this account;

c) Calculation and depreciation of fixed assets of this kind shall be subject to laws.

The lessee shall be responsible for regularly calculating and distributing the depreciation value of fixed assets under finance leases into production and business costs according to the depreciation regime conformable to the depreciation regime applied to the asset of the same type under the ownership of the microfinance institution. If it is not certain that the lessee will be granted ownership of a leased asset after the lease term expires, the leased asset will be depreciated according to the lease term that is shorter than its useful life;

g) Each fixed asset under a finance lease with its specifications must be recorded in detail according to data about its classification type, locations for its storage, use and management as specified in the "fixed asset log".

2. Account 303 can be subdivided into tier-2 accounts, including:

3031- Tangible fixed assets hired under finance leases

3032- Intangible fixed assets hired under finance leases

3. Structure and entries of the account 303:

Debit side: - Increased historical costs of fixed assets hired under finance leases.

Credit side: - Decreased historical costs of fixed assets under finance leases that are returned to lessors on expiry or bought back as fixed assets of the microfinance institution.

Debit balance: - Historical costs of existing fixed assets under finance leases that a microfinance institution hires.

Detailed accounting: Accountants shall be obliged to keep track of specific fixed assets hired under finance leases by using subaccounts.

Article 16. Account 305- Depreciation of fixed assets

1. Accounting principles:

a) This account shall deal with any increase or decrease in the depreciation and cumulative depreciation value of fixed assets during their useful life owing to fixed asset and other increases, decreases or depreciations in fixed assets;

b) In principle, all fixed assets of a microfinance institution used for business purposes (even including assets not yet put to use, unnecessary and awaiting liquidation) must be depreciated according to applicable regulations. Depreciation of fixed assets used for business purposes shall be accounted for as operating expenses during an accounting period; depreciation of fixed assets not yet put to use, unnecessary and awaiting liquidation shall be recorded as other expenses. In special cases where depreciation is not required, microfinance institutions shall have to comply with applicable laws. In cases where fixed assets are used for operating projects or welfare purposes, their depreciation shall not be accounted for as operating expenses but as depreciation of fixed assets, and shall be recorded as a decrease in funding for formation of these assets;

c) Based on regulations of laws and administrative requirements of a microfinance institution, accountants may decide on a depreciation method in compliance with legislative regulations which is appropriate for each fixed asset in order to boost business operations, ensure the fast and full recovery of capital and relevance to the capability of covering costs of that microfinance institution.

The depreciation method applied to each fixed asset must be consistent and may be changed whenever there is any significant change in the method of recovery of economic interests of a fixed asset.

d) The depreciation period and the fixed asset depreciation method must be reviewed at least the end of each fiscal year. If the estimated useful life of an asset has a vast difference from the previously estimated one, the depreciation period must be changed accordingly. The fixed asset depreciation method may be changed whenever there is any significant change in the method of estimation of recoverability of economic interests from a fixed asset. If this case happens, adjustments in depreciation costs in the current and subsequent years shall be required, and must be explained in financial statements;

dd) If a fixed asset has been fully depreciated (capital invested in it has been fully recovered), but is still in use for business purposes, depreciation on such asset shall not be continued. Meanwhile, if a fixed asset not yet fully depreciated (capital invested in it fully recovered) has been damaged or needs to be liquidated, it shall be mandatory to determine causes of that situation and responsibilities of the collective or individual for the purpose of charging compensations and claiming the remaining value of the asset not yet recovered, and if any compensation is not made, use proceeds from liquidation of such asset as compensations of which the amounts are subject to the decision granted by the microfinance institution’s leadership;

e) As for intangible fixed assets, depending on their useful timelength, depreciation thereof may begin from the date of commencement of their use (specified in a contract, a commitment or a decision of a competent entity). In particular, depreciation on intangible fixed assets which are rights to use land shall be allowed only if the period of use thereof is determined. Otherwise, such depreciation shall not be allowed;

g) As for fixed assets hired under finance leases during their useful life, lessees must charge depreciation on these assets within the lease term as expenses or security for the full recovery of investment capital in these assets.

2. Account 305 can be subdivided into tier-2 accounts, including:

3051- Depreciation of tangible fixed assets

3052- Depreciation of intangible fixed assets

3053- Depreciation of fixed assets hired under finance leases

3. Structure and entries of the account 305:

Debit side: - Depreciated value of fixed assets decreased due to liquidation sale, disposal or transfer thereof to other business entities or use of them as capital contributions to other entities.

Credit side: - Depreciated value of fixed assets increased due to depreciation of these assets.

Credit balance: - Cumulative value of depreciation of fixed assets existing at a microfinance institution.

Detailed accounting: Accountants can use subaccounts designed for recording respective fixed assets.

Article 17. Account 311- Tools and instruments

1. Accounting principles:

a) This account shall be intended for reflecting the existing value of, the increases and decreases in, tools and instruments of microfinance institutions. Tools and instruments recorded in this account are means of labor that do not meet standards regarding value and useful period required for fixed assets;

b) Receipt, dispatch and storage of tools and instruments shall be recorded in the Account 311 according to their historical costs. Principles of determination of historical costs of received tools and instruments which are subject to regulations the same as those set out in the accounting standard of "Inventories" shall be as follows:

Historical costs of purchased tools and instruments are defined as invoiced purchase prices, non-refundable taxes and other costs directly associated with these tools and instruments (if any). The price of a tool or instrument moved out of the warehouse shall be determined according to the specific identification or weighted mean method. Once a

costing method is chosen, the microfinance institution must ensure that it is used consistently during the entire accounting period;

c) Microfinance institutions must recognize tools and instruments having minor value that are dispatched from warehouses for commercial uses as administrative expenses in a one-time manner;

d) Microfinance institutions must recognize tools and instruments having major value and associated with business transactions performed in multiple accounting periods on the Account 3813 "Expenses awaiting distribution" and must gradually distribute them into during-period expenses.

2. Structure and entries of the account 311:

Debit side: - Real value of tools and instruments received in warehouses.

- Real value of surplus tools and instruments discovered after stocktaking.

Credit side: - Real value of tools and instruments dispatched from warehouses for use in business transactions.

- Trade discounts obtained upon purchase of tools and instruments.

- Value of tools and instruments returned to or discounted by sellers.

- Value of tools and instruments found missing after stocktaking.

Debit balance: - Real value of tools and instruments currently in stock of a microfinance institution.

Detailed accounting: Accountants may use subaccounts for specific groups or types of tools and instruments.

Article 18. Account 313- Input materials

1. Accounting principles:

a) This account shall be used for reflecting the existing value of, the increases and decreases in, input materials of microfinance institutions. Input materials are objects of labor used in business transactions of microfinance institutions, including printing paper, stationery and office supplies, other cheap and perishable things;

b) Accountants may keep record of receipt, dispatch and storage of tools and instruments in the Account 313 according to their historical costs. Principles of determination of historical costs of received tools and instruments which are subject to regulations the same as those set out in the accounting standards of "Inventories" shall be as follows:

Historical costs of purchased tools and instruments are defined as invoiced purchase prices, non-refundable taxes and other costs directly associated with bought-in materials (if any). The price of input material moved out of the warehouse shall be determined according to the specific identification or weighted mean method. Once a costing method is chosen, the microfinance institution must ensure that it is used consistently during the entire accounting period;

c) Recording of input materials that are not under a microfinance institution's ownership shall not be allowed, including those of which custody is authorized to the microfinance institution, etc.

2. Structure and entries of the account 313:

Debit side: - Real value of input materials received in warehouses.

- Value of input materials found surplus after stocktaking.

Credit side: - real value of raw or input materials dispatched from warehouses for business uses.

- Value of input materials returned to or discounted by sellers.

- Trade discounts obtained from purchase of input materials.

- Value of input materials found lost after stocktaking.

Debit balance: - Real value of input materials currently in stock of a microfinance institution.

Detailed accounting: Accountants may use subaccounts for specific groups or types of tools and instruments.

Article 19. Account 321- Capital construction in progress

1. Accounting principles:

a) This account shall be designed for reflecting expenditures on implementing capital construction projects (including costs of purchase of fixed assets, new construction, repair, renovation or expansion of construction projects) and the financial finalization of capital construction projects. This account shall only be used during the capital construction period for recognizing input materials, tools and equipment intended for capital construction activities.

b) Expenditures on implementing capital construction projects (simply called capital construction expenditures) are defined as total costs necessary for new construction, repair, renovation, expansion or technical refurbishment of construction works. Capital

construction expenditures shall be determined based on workload, set of economic-technical norms and criteria and state policies, must address objective market elements over periods of time and must be implemented according to regulations on capital construction management. Capital construction expenditures shall include:

- Construction cost;

- Equipment cost;

- Compensation, support and resettlement cost;

- Project management cost;

- Investment and construction consulting cost;

- Others.

The Account 321 may contain details of works or project items, each of which must record entries of contents of capital construction expenditures which are posted in a cumulative manner from the date of commencement to the date of completion, commissioning and transfer for use;

c) If fixed asset projects have already been brought into operation, but financial finalizations of these projects have not been completed yet, microfinance institutions can account for increases in historical costs of fixed assets according to their temporary value, based on actual construction expenses. After the financial finalization of capital investments is approved, in case of any difference arising in comparison to value of fixed assets which has been temporarily calculated, accountants may make increasing or decreasing adjustments in historical costs of fixed assets;

d) Costs incurred from repair, servicing and maintenance of normal operations of fixed assets shall be directly charged to business expenses within the accounting period. As for fixed assets that must be repaired, serviced or maintained periodically in conformance to technical requirements, accountants may set aside funds for provisions against accounts payable and charge them in advance to business expenses in order to cover costs of any repair or maintenance activities that may arise;

dd) In case investment projects are terminated, microfinance institutions must carry out the liquidation and recover costs already arising from these projects. The difference between actual costs and proceeds from such liquidation must be recorded as other expenses or may be recovered after determination of compensating responsibilities of involved organizations and individuals.

2. Account 321 can be subdivided into tier-2 and tier-3 subaccounts, including:

3211- Fixed asset purchases

3212- Capital construction costs

32121- Project costs

32122- Input materials used for capital construction

32123- Manpower costs

32129- Other costs

3213- Major repairs of fixed assets

3. Structure and entries of the account 321:

Debit side: - Costs of investment in capital construction, purchases and major repairs of fixed assets (including tangible and intangible fixed assets).

- Costs of renovation and improvement of fixed assets.

- Costs arising after the initial recording of fixed assets.

Credit side: - Value of fixed assets acquired through capital construction and purchase, and already completed and brought into operation.

- Value of eliminated projects and costs relating to approval of elimination of these projects which are carried forward once the financial finalizations of these projects are approved.

- Value of major repairs of fixed assets already completed and carried forward once the financial finalization of each repair is approved.

- Carry-forward of costs incurred immediately after the initial recording of fixed assets in relevant accounts.

Debit balance: - Total costs of investment projects for construction and major repairs of fixed assets in progress at end of an accounting period.

- Value of investment projects for construction and major repairs of fixed assets at end of an accounting period which have not been transferred for operation, or of which their financial finalizations have not been approved yet.

Detailed accounting: Accountants may use subaccounts for specific projects or project items.

Article 20. Account 351 - External receivables

1. Accounting principles:

a) This account shall be designed for reflecting monetary amounts that other entities outside of microfinance institutions owe to them;

b) Microfinance institutions must keep a detailed record of each debtor and debt amount;

c) In order to post subaccounts on this account, accountants must classify debts likely to be repaid by due dates, doubtful debts or bad debts that can hardly be recovered as sufficient grounds for determining the amounts set aside for provisions against bad debts in accordance with laws, or taking measures to treat bad debts;

2. This account may have balances on the Credit side. Balances on the Credit side reflect the sums received in advance or the sums already collected which are greater than the sums receivable (in special cases and in detailed entries of specific receivables).

3. Account 351 can be subdivided into tier-2 accounts, including:

Account 3511- Receivables from provision of financial consulting services

This account is used for reflecting amounts that must be collected from providing financial counseling services for customers in accordance with laws.

Debit side: - Amounts receivable from provision of financial counseling services.

Credit side: - Amounts receivable from provision of financial counseling services that have already been collected.

Debit balance: - This section reflects amounts receivable from provision of financial consulting services that are currently available at a microfinance institution.

Detailed accounting: Accountants can use subaccounts relevant to specific customers.

Account 3512- Receivables from provision of authorized collection, payment and money transfer services

This account is used for reflecting amounts that must be collected from providing authorized collection, payment and money transfer services for customers in accordance with laws.

Debit side: - Amounts receivable from providing authorized collection, payment and money transfer.

Credit side: - Amounts receivable from providing authorized collection, payment and money transfer that have already been collected.

Debit balance: - This section reflects amounts receivable from provision of authorized collection, payment and money transfer services that are currently available at a microfinance institution.

Detailed accounting: Accountants can use subaccounts relevant to specific customers.

Account 3513- Receivables from insurance agent services

This account is used for reflecting amounts receivable from provision of insurance agent services in accordance with laws.

Debit side: - Amounts receivable from acting as insurance agents.

Credit side: - Amounts receivable from acting as insurance agents that have already been collected.

Debit balance: - This section reflects amounts receivable from insurance agent services that are currently available at a microfinance institution.

Detailed accounting: Accountants can use subaccounts relevant to specific customers.

Article 21. Account 353- VAT deductibles

1. Accounting principles:

a) This account shall be used for reflecting input VAT deductibles, VAT amounts already deducted and VAT amounts to be deducted at microfinance institutions;

b) Accountants shall be required to keep a separate record of deductible and non-deductible input VAT amounts. In case where it is impossible to do so, the input VAT amount shall be recorded in the Account 353. At the end of an accounting period, accountants must determine deductible or non-deductible input VAT amounts in accordance with laws on VAT;

c) The non-deductible input VAT shall be charged to value of purchased assets or expenses in specific cases;

d) The determination of the deductible input VAT amounts, preparation of tax returns, tax finalization and payment must conform to laws on VAT.

2. Structure and entries of the account 353:

Debit side: - Deductible input VAT amounts.

Credit side: - Input VAT already deducted.

- Carry-forward of non-deductible input VAT.

- Input VAT on goods that are purchased but returned or discounted.

- Input VAT refunds.

Debit balance: - This section reflects the remaining amount of input VAT to be deducted, input VAT amounts that are refunded, but not yet paid by the State Budget to microfinance institutions.

Detailed accounting: Accountants may use one subaccount for this account.

Article 22. Account 359- Provisions for bad debts

1. Accounting principles:

a) This account is used for reflecting funding for, treatment and reversal of allowance for uncollectible accounts in accordance with laws;

b) As of the date of preparation of financial statements, microfinance institutions shall have to determine doubtful debts or uncollectible accounts in order to set aside funds for or reverse allowance for bad debts;

c) Microfinance institutions must create provisions for bad debts in compliance with regulations on the applicable financial regime. The setting side of funds for or reversal of provisions for bad debts must happen as at the financial reporting date.

- In case where a provision for bad debts that is set at the end of an accounting period is greater than the one specified in the accounting book, the positive difference between them shall be recorded as an increase in provisions and administrative expenses.

- In case where a provision for bad debts that is set at the end of an accounting period is less than the one specified in the accounting book, the negative difference between them shall be recorded as a decrease in provisions and administrative expenses.

2. Account 359 can be subdivided into tier-2 subaccounts, including:

3591- Provisions for bad debts

3. Structure and entries of the account 359:

Debit side: - Using these provisions for treating debt risks.

- Reversal of the surplus of provisions already created in accordance with regulations in force.

Credit side: - Already created provisions charged as expenses.

Credit balance - This section reflects amounts of provision against risks incurred from existing receivables of a microfinance institution.

Detailed accounting: Accountants may use one subaccount for this account.

Article 23. Account 362- Other receivables

1. Accounting principles:

This account shall be used for making latest updates on payment of debts that have to be recovered, including: Advance payments or other receivables, e.g. The deficient value of assets found without causes and awaiting resolution; receivables related to material compensations for loss or damage of raw materials, goods or capital, etc. through fault of individuals or collectives according to the decision on compensation; amounts already spent, but not approved by competent entities; deposits, pawns and pledges; receivables other than those mentioned above.

2. This account may have balances on the Credit side. The balances on the Credit side indicate that the amounts already collected are greater than the amounts to be collected.

3. Account 362 can be subdivided into tier-2 and tier-3 subaccounts, including:

Account 3621- Security deposits

This account is used for reflecting amounts that microfinance institutions leave as security deposits at other entities for use in economic, credit, etc. relationships.

Debit side: - Amounts already left as security deposits.

Credit side: - Amounts put up as security that have already been taken back or paid.

- Amounts treated by transferring them to other relevant accounts.

Debit balance: - This section reflects amounts left as security deposits at microfinance institutions.

Detailed accounting: Accountants can use subaccounts relevant to specific customers receiving security deposits.

Account 3622- Amounts lost owing to corruption or abuse of power, lost or deficient sums or assets awaiting resolution

This account is used for reflecting amounts lost owing to corruption, abuse of power, sums or assets awaiting resolution lost or deficient without cause, which await decisions on possible actions.

Debit side: - Amounts lost owing to corruption or abuse of power, lost or deficient sums or assets.

Credit side: - Amounts already collected or treated by transferring them to other relevant accounts.

Debit balance: - This section reflects amounts lost owing to corruption, abuse of power, lost or deficient sums or assets awaiting resolution, which are available at microfinance institutions.

Detailed accounting: Accountants may use subaccounts recording amounts lost owing to corruption or abuse of power, lost or deficient sums or assets awaiting resolution.

Account 3623- Internal receivables from intracompany staff

This account is used for reflecting intracompany receivables of a microfinance institution's staff, including amounts lost owing to corruption, abuse of power, sums or assets awaiting resolution that are lost or deficient or compensations under intracompany staff's payment obligations, and other prepaid payments, etc.

Account 36231- Compensations under the staff's payment obligations

This account is used for reflecting receivables regarding material compensations for any loss, damage, etc. at the staff's fault for which they are liable under existing regulations.

Debit side: - Amounts of material compensation for loss or damage at the staff's fault of which causes are clearly defined, and which is subject to written resolution decisions.

Credit side: - Amounts already collected or treated by transferring them to other relevant accounts.

Debit balance: - This section reflects the remaining amounts of material compensation to be collected for loss or damage at fault of a microfinance institution's staff.

Detailed accounting: Accountants may use subaccounts relevant to receivables of particular kinds.

Account 36232- Operating advances

This account is used for reflecting advances or prepayments to staff for use in provision of services and state of payment thereof.

Debit side: - Amounts prepaid for operating purposes.

Credit side: - Advances already paid.

- Prepaid amounts not used up and going back to funds.

Debit balance: - This section indicates advance amounts not yet paid by a microfinance institution.

Detailed accounting: Accountants may use subaccounts relevant to beneficiaries of these advances.

Account 36233- Prepayment of staff's salaries and travel fees

This account is used for reflecting advance payments on salaries and travel fees to staff members, and the state of payment thereof.

Debit side: - Amounts already prepaid to staff.

Credit side: - Advance amounts already paid.

- Prepaid amounts not used up which go back to funds or are subtracted from salaries or wages.

Debit balance: - This section indicates advance amounts not yet paid by a microfinance institution.

Detailed accounting: Accountants may use subaccounts relevant to beneficiaries of these advances.

Account 36234- Internal receivables, not elsewhere classified (NEC), from intracompany staff

This account is used for reflecting debts that a microfinance institution's staff owes, other than those already accounted for in appropriate accounts.

Debit side: - NEC amounts receivable from intracompany staff.

Credit side: - NEC amounts receivable that intracompany staff has already paid.

Debit balance: - This section reflects NEC amounts receivable that intracompany staff has not already paid yet.

Detailed accounting: Accountants may use subaccounts relevant to receivables of particular kinds.

Account 3629- NEC receivables

This account is used for reflecting a microfinance institution's receivables other than those already accounted for in appropriate accounts.

Debit side: - NEC amounts receivable.

Credit side: - NEC amounts receivable that have already been paid.

Debit balance: - This section reflects NEC receivables that currently exist at microfinance institutions.

Detailed accounting: Accountants may use subaccounts relevant to NEC receivables.

Article 24. Account 366- Project-related expenses

1. Accounting principles:

a) This account shall be designed for reflecting money spent on projects in order to perform economic, political and social duties assigned by the State or sponsors to microfinance institutions and for non-profit purposes of microfinance institutions. Project-related expenses shall be covered by funds for projects allocated by the State Budget, grants or aids that are deemed non-refundable after completion of these projects under terms and conditions of written agreements;

b) Microfinance institutions must keep logbook entries of project-related expenses over accounting years;

c) The project-related expenses in accounting reports must match and be consistent with those mentioned in cost estimates, and these expenses recorded in accounting books must agree with those specified in vouchers and financial statements.

2. Account 366 can be subdivided into tier-2 subaccounts, including:

3661- Project management expenditures

3662- Project execution expenditures

3. Structure and entries of the account 366:

Debit side: - Actual project-related expenditures.

Credit side: Expenditures on projects in violation of regulations that are not approved and must be charged off and recovered.

- Expenditures on projects with the approved final accounts of project costs.

Debit balance: - Expenditures on projects without final accounts or with final accounts not yet approved, which are currently available at microfinance institutions.

Detailed accounting: Accountants can use subaccounts relevant to specific projects.

Article 25. Account 381- Other assets

1. Accounting principles:

a) This account shall be designed for reflecting assets, not elsewhere classified, of microfinance institutions, including: Prepaid expenses (also known as expenses awaiting distribution) are defined as real costs already arising and related to business results over different accounting periods; other assets of microfinance institutions that have not yet been classified into suitable accounts;

b) Entries are recorded in the prepaid expense account, including:

- Prepaid expenses related to infrastructure leases and fixed asset operating leases (e.g. rights to use land, offices and others) for business purposes in multiple accounting periods;

- Expenses for purchase of insurance policies (e.g. fire and explosion insurance, insurance for civil liabilities of vehicle owners, car body insurance, property insurance, etc.), and fees paid in a one-off manner by microfinance institutions in different accounting periods;

- Tools, instruments used for business purposes in different accounting periods;

- Expenses for repair of fixed assets arising one time and of great value, which are not paid in advance, and distributed for not more than 3 years;

- Expenses for disposal of assets put up as collateral for debts;

- Other prepaid expenses for business operations in multiple accounting periods;

- Assets other than the abovementioned;

c) Calculation of prepaid expenses and distribution thereof into expenses arising over accounting periods must be based on the nature and amount of each expense so that the proper method and criteria are selected in compliance with laws;

d) Accountants must keep logbook entries of prepaid expenses with their respective terms with respect to those have already been incurred and distributed to cost-bearing subjects

over corresponding accounting periods, and the remaining amounts of prepaid expenses which have not yet been distributed to expenses.

Account 3811- Collateral pending disposition

This account shall be designed for reflecting the value of assets used as collateral for fulfillment of the guarantor's obligations which are transferred to microfinance institution pending disposition. Microfinance institutions must hold all documents evidencing legitimate ownership of these assets.

Debit side: - Value of assets as substitute for discharge of the guarantor's obligations transferred to microfinance institutions of which disposition is pending.

Credit side: - Value of assets as substitute for discharge of the guarantor's obligations transferred to microfinance institutions which have already been disposed of.

Debit balance: - This section reflects value of assets as substitute for discharge of the guarantor's obligations transferred to microfinance institutions of which disposition is pending at microfinance institutions.

Detailed accounting: Accountants may use subaccounts for specific collateral pending disposition.

Account 3812- Expenses for disposition of collateral

This account is used for reflecting costs incurred from disposal of collateral, including repair and maintenance of collateral, advertising and brokerage for sale and lease of collateral and other related costs prescribed by laws.

Debit side: - Expenses for disposal of assets put up as collateral for debts.

Credit side: - Proceeds from recovery of costs incurred from disposal of property put up as security for payment of debts.

Debit balance: - This section reflects expenses for disposal of assets put up as collateral for debts not yet to be recovered.

Detailed accounting: Accountants may use subaccounts relevant to collateral of specific kinds.

Account 3813- Costs awaiting distribution

This account is used for reflecting real costs incurred in relation to business outcomes in different accounting periods and accrual of these costs into expenses incurred over accounting periods.

Debit side: - Costs awaiting distribution within an accounting period.

Credit side: - Costs awaiting distribution into during-period expenses.

Debit balance: - This section reflects costs awaiting distribution into expenses.

Detailed accounting: Accountants may use subaccounts designed for specific costs awaiting distribution.

Account 3819- Other assets

This account is used for reflecting a microfinance institution's assets other than those already accounted for in appropriate accounts.

Debit side: - Value of other assets increased during an accounting period.

Credit side: - Value of other assets decreased during an accounting period.

Debit balance: - This section reflects other existing assets of a microfinance institution.

Detailed accounting: Accountants may use subaccounts corresponding to other assets of specific kinds.

Article 26. Account 382- Lending entrustment

1. Accounting principles:

a) This account shall be designed for reflecting amounts that microfinance institutions entrust in order for institutional trustees to lend out to borrowing customers under terms and conditions of entrustment agreements in effect;

b) Microfinance institutions must use subaccounts for keeping record of specific institutional trustees and trust loans of specific kinds.

2. Structure and entries of the account 382:

Debit side: - Amounts that microfinance institutions entrust as loans.

Credit side: - Amounts that institutional trustees disburse under contracts.

Debit balance: - This section reflects trust loans existing at microfinance institutions.

Detailed accounting: Accountants may use subaccounts relevant to specific institutional trustees.

Article 27. Account 391- Interest and fees receivable

1. Accounting principles:

a) This account shall be intended for reflecting interest and fee amounts that microfinance institutions have to collect, including:

- Interest on deposits that microfinance institutions make at the State Bank and other credit institutions;

- Interest on investments;

- Interest receivable from lending transactions (including interest receivable from grant of trust loans);

- Fees receivable;

- Interest receivable from other services.

b) Interest receivable which is recognized on a time and interest-related basis under loan agreements.

c) Fees receivable may be recorded on the basis of timelength and the actual fee amounts that must be collected over periods of time.

d) Interest and fees receivable must represent the accrued interest and fee amounts that microfinance institutions have charged to revenues but have not yet been paid.

2. Account 391 can be subdivided into tier-2 and tier-3 subaccounts, including:

3911- Interest on deposits

39111- Interest on Vietnamese-dong deposits

39112- Interest in foreign-currency deposits

3912- Interest on investments

3913- Lending interest

3914- Fees receivable

3. Structure and entries of the account 391:

Debit side: - Interest and fee amounts receivable that are accumulated.

Credit side: - Interest and fee amounts receivable that have already been paid.

Debit balance: - This section reflects the remaining interest and fee amounts that microfinance institutions must collect.

Detailed accounting: Accountants may use subaccounts suitable for interest and fees receivable of particular kinds.

Article 28. Account 415- Borrowing of funds from persons, credit institutions and other entities

1. Accounting principles:

a) This account shall be designed for reflecting amounts that microfinance institutions borrow from persons, credit institutions or other organizations;

b) Microfinance institutions must use subaccounts for recording entries of specific borrowed funds corresponding to borrowing terms and borrowers;

2. Account 415 can be subdivided into tier-2 and tier-3 subaccounts, including:

4151- Special loans in Vietnamese dong granted by the State Bank

41511- Unmatured loan debts

41512- Overdue debts

4152- Special loans in Vietnamese dong granted by domestic credit institutions

41521- Unmatured loan debts

41522- Overdue debts

4153- Vietnamese-dong loans granted by domestic credit institutions

41531- Unmatured loan debts

41532- Overdue debts

4154- Vietnamese-dong loans granted by domestic entities and persons

41541- Unmatured loan debts

41542- Overdue debts

4155- Vietnamese-dong loans granted by foreign entities and persons

41551- Unmatured loan debts

41552- Overdue debts

4156- Foreign-currency loans granted by foreign entities and persons

41561- Unmatured loan debts

41562- Overdue loan debts

3. Structure and entries of the account 415:

Debit side: - Loan debts that microfinance institutions have already repaid;

- Decreasing adjustment made owing to revaluation of the foreign currency balance at end of an accounting period.

Credit side: - Amounts that microfinance institutions borrow from persons, credit institutions or other organizations.

Increasing adjustment made owing to revaluation of the foreign currency balance at end of an accounting period.

Credit balance: - This section reflects amounts that microfinance institutions are borrowing from persons, credit institutions or other organizations at end of an accounting period.

Detailed accounting: Accountants can use subaccounts relevant to specific borrowers.

Article 29. Account 420- Customer's deposits

1. Accounting principles:

a) This account shall be used for reflecting amounts deposited at microfinance institutions, including compulsory savings, voluntary savings and voluntary deposits of microfinance and other customers;

b) Microfinance institutions shall have to keep a detailed journal of deposits corresponding to specific customers and terms;

2. Account 420 can be subdivided into tier-2 subaccounts, including:

Account 4201- Compulsory savings

This account is used for recording amounts that microfinance customers are obligated to deposit in accordance with laws and microfinance institution's internal regulations.

Debit side: - Mandatory savings that customers withdraw.

Credit side: - Mandatory savings that customers deposit.

- Interest added on to principal of customers.

Credit balance: - This section reflects mandatory savings that customers deposit at microfinance institutions.

Detailed accounting: Accountants can use subaccounts relevant to specific depositors.

Account 4202- Voluntary savings

This account shall be used for reflecting amounts deposited at microfinance institutions on a voluntary basis (except mandatory savings) of microfinance and other customers.

Account 4202 can be subdivided into tier-3 subaccounts, including:

42021- Non-term savings

42022- Term savings

Debit side: - Voluntary savings that customers withdraw.

Credit side: - Voluntary savings that customers deposit.

- Interest added on to principal of voluntary savings of customers.

Credit balance: - This section reflects voluntary savings that customers deposit at microfinance institutions.

Detailed accounting: Accountants can use subaccounts relevant to specific depositors.

Account 4203- Voluntary deposits

This account is intended for reflecting non-term deposits and term deposits made by microfinance and other customers at microfinance institutions.

Account 4203 can be subdivided into tier-3 subaccounts, including:

42031- Non-term deposits

42032- Term deposits

Debit side: - Voluntary deposits that customers withdraw.

Credit side: - Voluntary deposits that customer’s make.

- Interest added on to principal of voluntary deposits of customers (if any).

Credit balance: - This section reflects amounts that customers are depositing at end of an accounting period.

Detailed accounting: Accountants can use subaccounts relevant to specific depositors.

Article 30. Account 441- Trust loans

1. Accounting principles:

a) This account shall be designed for reflecting funds that are held in trust as loans granted to microfinance institutions for the Government, domestic and overseas organizations and persons for predetermined purposes, and that these microfinance institutions are charged with making repayments by maturity dates in accordance with laws;

b) Microfinance institutions shall have to use subaccounts for recording entries of this account corresponding to specific trustors.

2. Account 441 can be subdivided into tier-2 subaccounts, including:

4411- Vietnamese-dong funds received in trust from the Government

4412- Vietnamese-dong loans received in trust from domestic entities and persons

4413- Vietnamese-dong loans received in trust from foreign entities and persons

4414- Foreign-currency loans received in trust from foreign entities and persons

3. Structure and entries of the account 441:

Debit side: - Amounts reimbursed to trustors.

- Decreasing adjustment made owing to revaluation of the foreign currency balance at end of an accounting period.

Credit side: - Amounts that microfinance institutions receive in trust from partners.

Increasing adjustment made owing to revaluation of the foreign currency balance at end of an accounting period.

Credit balance: - This section reflects loans in trust from partners to microfinance institutions.

Detailed accounting: Microfinance institutions can use subaccounts for recording loans corresponding to specific trustors.

Article 31. Account 451- External payables

1. Accounting principles:

a) This account shall be designed for reflecting monetary amounts that microfinance institutions have to pay externally;

b) Payables to specific sellers, suppliers and contractors winning capital construction bids need to be accounted for;

c) This account shall not be constituted by entries recording purchases of tools, instruments and services from the outside, etc. that are paid immediately (e.g. in cash, cheque or by wire transfer).

2. This account may have balances on the Debit side. Balances on the Debit side shall reflect the amounts at end of an accounting period.

3. Account 451 can be subdivided into tier-2 subaccounts, including:

Account 4511- Payables arising from provision of financial consulting services

This account is used for reflecting amounts that microfinance institutions must pay for provision of financial counseling services permitted by laws for customers.

Debit side: - Amounts payable arising from provision of financial counseling services that have already been paid.

Credit side: - Amounts payable arising from provision of financial counseling services.

Credit balance: - This section reflects amounts that a microfinance institution owes and has to pay for their provision of financial consulting services.

Detailed accounting: Accountants can use subaccounts relevant to specific customers.

Account 4512- Payables from provision of authorized collection, payment and money transfer services

This account is used for reflecting amounts that must be paid from providing authorized collection, payment and money transfer services for customers in accordance with laws.

Debit side: - Amounts payable from providing authorized collection, payment and money transfer that have already been paid.

Credit side: - Amounts payable from providing authorized collection, payment and money transfer.

Credit balance: - This section reflects amounts that a microfinance institution owes and has to pay from provision of authorized collection, payment and money transfer services.

Detailed accounting: Accountants can use subaccounts relevant to specific customers.

Account 4513- Payables from insurance agent services

This account is used for reflecting amounts that microfinance institutions must pay for provision of their insurance agent services permitted by laws.

Debit side: - Amounts payable arising from insurance agent services that have already been paid.

Credit side: - Amounts payable arising from insurance agent services.

Credit balance: - This section reflects amounts that a microfinance institution still owes and has to pay for provision of insurance agent services.

Detailed accounting: Accountants can use subaccounts relevant to specific customers.

Article 26. Account 4514- Trust loans

This account shall be used by microfinance institutions receiving trust for reflecting amounts that trustors (bearing all risks and losses arising from trust arrangements when microfinance institutions receiving trust have already fulfilled obligations specified in trust agreements) transfer to them under terms and conditions of trust agreements. Microfinance institutions receiving trust must record entries of outstanding loan principal on the account 9831 “Lending under trust agreements” and outstanding loan interest debt on the account 9832 “Interest from lending under trust agreements” for the purposes of managing, overseeing and expediting collection of principal and interest under terms and conditions of trust agreements.

Debit side: - Amounts already paid to trustors (once trust funds have already been disbursed to borrowers).

Credit side: - Amounts already received from trustors.

Credit balance: - This section reflects amounts already received from trustors, but not yet disbursed to customers.

Detailed accounting: Accountants may use subaccounts relevant to specific institutional trustors.

Article 32. Account 453- Taxes and payables to the State

1. Accounting principles:

a) This account shall be designed for reflecting taxes, fees, charges and other amounts that need to be paid, have already been paid and will have to pay by microfinance institutions to the State Budget in an accounting year;

b) Microfinance institutions shall actively calculate, determine and declare taxes, fees, charges and other payables to the State as prescribed by laws; record taxes that need to be paid, have already been paid, are deductible or are refunded, etc. on time in accounting books;

c) In nature, indirect taxes, such as VAT, environment protection tax and others, are authorized third-party collections. Therefore, indirect taxes shall not be recognized as revenues mentioned in financial statements or other reports;

d) Accountants must keep a detailed record of taxes, fees, charges and amounts that need to be paid, have already been paid and will have to be paid.

dd) In particular cases, the Account 453 may have balances on the Debit side. Balances on the Debit side (if any) recorded in the Account 453 must reflect tax amounts and amounts already paid which are greater than tax amounts and amounts payable to the State, or may reflect already paid tax amounts obtaining tax exemption, reduction or reimbursement which has not yet been carried out.

2. Account 453 can be subdivided into tier-2 subaccounts, including:

4531- VAT payable

4532- Corporate income taxes

4533- Other taxes

4539- Other payables

3. Structure and entries of the account 453:

Debit side: - VAT amounts deductible within an accounting period.

- Taxes, fees, charges and amounts that need to be paid, have already been paid and will have to be paid to the State Budget.

- Tax amounts reduced from tax amounts payable.

Credit side: - Taxes, fees, charges and other amounts that need to be paid to the State Budget.

Credit balance: - This section reflects taxes, fees, charges and other amounts that will have to be paid to the State Budget at end of an accounting period.

Detailed accounting: Accountants may use subaccounts corresponding to taxes payable.

Article 33. Account 461- Payables to employees

1. Accounting principles:

This account shall be intended for reflecting amounts that microfinance institutions have to pay and payment of these amounts to their employees, including salaries, wages, bonuses and others paid to employees.

2. In particular cases, the Account 461 may have balances on the Debit side. Balances on the Debit side shall reflect the already paid amount greater than the amount payable, including salaries, wages, bonuses and others paid to employees.

3. Structure and entries of the account 461:

Debit side: - Amounts payable to employees that are decreased.

Credit side: - Amounts payable to employees that are increased.

Credit balance: - This section reflects payables to employees.

Detailed accounting: Accountants may use subaccounts relevant to payables of specific kinds.

Article 34. Account 462- Other payables

1. Accounting principles:

This account shall be designed for reflecting the current status of payment of other payables, including:

- Value of surplus assets existing without clear causes and awaiting disposition decisions issued by competent entities; value of surplus assets payable to persons and collectives under the decisions of competent entities specified in the written document stating disposition of such assets if causes for existence of such assets are determined;

- Amounts payable regarding social insurance, health insurance, unemployment insurance contributions and union dues;

- Amounts withheld from wages and salaries of employees (if any);

- Amounts in custody under authorization as per regulations in force and amounts awaiting payment and resolution of which safekeeping and custody are provided for entities and units by microfinance institutions;

- Unearned revenues and incomes;

- Amounts that have to be paid to underwrite voluntary retirement insurance policies, life insurance policies and other (non-salary) allowances for employees, etc.

- Amounts and assets put up as security deposits or collateral and expenses that have to be paid for goods and services received from sellers or services provided within an accounting period but, in fact, have not yet been paid owing to the absence of invoices, accounting materials and documents, shall be recorded in operating expenses arising within the accounting period;

- Other payables.

2. This account may have balances on the Debit side. Balances on the Debit side shall reflect the already paid amounts greater than the amounts payable.

3. Account 462 can be subdivided into tier-2 subaccounts, including:

Account 4621- Security deposits

This account shall be used for reflecting Vietnamese-dong amounts that microfinance institutions receive from other credit institutions, persons or entities as security for performance of obligations specified in agreements or arrangements already in effect.

Debit side:	- Deposit amounts already used for paying beneficiaries.
Credit side:	- Deposit amounts remaining in surplus and reimbursed to customers.
	- Amounts deposited by customers.
Credit balance:	- This section reflects amounts that customers are depositing at microfinance institutions for security for payment obligations.
Detailed accounting:	Accountants can use subaccounts relevant to specific customers providing security deposits.

Account 4622- Fund surpluses and surplus assets awaiting disposition

This account shall be used for reflecting fund surplus amounts and value of assets in surplus without cause pending disposition decisions issued by competent entities. Value of these assets in surplus found with identified causes and subject to disposition decisions shall be recognized immediately in other relevant accounts, and shall not be charged into this account.

Debit side:	- Carry-forward of the surplus value to corresponding accounts under the written disposition decision.
Credit side:	- Fund surpluses, value of surplus assets awaiting disposition (without clear causes).
Credit balance:	- This section reflects fund surpluses and value of surplus assets awaiting disposition which are existing at microfinance institutions.
Detailed accounting:	Accountants may use subaccounts suitable for specific surplus assets awaiting disposition.

Account 4623- Revenues awaiting allocation

This account shall be used for reflecting revenues awaiting allocation (unearned revenues) of microfinance institutions within accounting periods. Revenues awaiting allocation include prepayment amounts arising in one or more accounting periods, prepaid interest, etc.

Debit side:	- Carry-forward of "revenues awaiting allocation" to income accounts in accordance with regulations. - Finalization of revenues awaiting allocation under regulations in force.
Credit side:	- Amounts recognized as revenues awaiting allocation that arise within accounting periods.
Credit balance:	- This section reflects revenues awaiting allocation that exist at microfinance institutions.
Detailed accounting:	Accountants may use subaccounts designed for specific revenues awaiting allocation.

Account 4624- Payables associated with employee's wages and salaries

This account shall be used for reflecting payables associated with employee's wages and salaries, including: Amounts payable regarding social insurance, health insurance, unemployment insurance contributions and union dues.

Account 4624 can be subdivided into tier-3 subaccounts, including:

46241- Social insurance contributions

46242- Health insurance contributions

46243- Unemployment insurance contributions

46244- Union dues

Debit side:	- Social insurance, health insurance, unemployment insurance contributions and union dues already paid.
Credit side:	- Social insurance, health insurance, unemployment insurance contributions and union dues payable.
Credit balance:	- This section reflects social insurance, health insurance, unemployment insurance contributions and union dues owed.
Detailed accounting:	Accountants may use one subaccount for this account.

Account 4629- NEC payables

This account is used for reflecting a microfinance institution's payables other than those already accounted for in appropriate accounts, including:

- Proceeds from sale of debts, collateral or exploitation of collateral, payment transactions with customers regarding money failing to meet circulation standards which awaits resolution;

- With respect to expenses that have to be paid for goods and services received from sellers or services provided within an accounting period, if they actually have not yet been paid owing to the absence of invoices, accounting materials and documents, they shall be recorded in operating expenses in the accounting period;

- Other payables.

Account 4629 can be subdivided into tier-3 subaccounts, including:

46291- Expenses payable

46299- Other payables

Debit side:	- Amounts already paid or posted to other accounts.
Credit side:	- Other amounts payable.
Credit balance:	- This section reflects the remaining amounts owed at microfinance institutions.
Detailed accounting:	Accountants may use subaccounts relevant to payables of specific kinds.

Article 35. Account 466- Project funding

1. Accounting principles:

a) This account shall be designed for reflecting the receipt, use and final financial account of funds for implementation of projects of microfinance institutions.

Project funding are defined as direct grants or aids from the Government, domestic and overseas organizations or individuals that are used for funding implementation of approved target programs and projects with the aim of fulfilling economic, political and social duties for not-for-profit purposes. Project funding must be used in conformance to the approved estimate and must be recorded in the final account submitted to the financing entity;

b) Project funding corresponding to projects and sources prescribed in regulations must be accounted for in detail;

c) Project funding must be used according to specified purposes, business activities, standards, norms and within the limits specified in the approved estimate;

d) At the end of a fiscal year, microfinance institutions must carry out registration for the final account assessing the current conditions of the receipt and use of project finances with financial institutions, supervisory bodies and financing entities under existing policies. The amount of funding that has not been used up shall be subject to resolution under the respective competent entity's decision. Microfinance institutions shall be allowed to carry forward the remaining amount of project funding only in case of receiving approval from the competent entity or authority;

dd) At the end of a fiscal year, if the final account of operating expenses covered by project funding is not approved, accountants shall carry forward project funding in the present year to the previous year.

Debit side:	- Spending amounts derived from project funding of which settlement has been approved by using project funding. - Remaining amounts of project funding that are refunded.
Credit side:	- Actually received amounts of project funding.
Credit balance:	- Amounts of project funding not yet to be used or already used, but not yet accounted for in the final account.
Detailed accounting:	Accountants may use subaccounts for this account: - Preceding year - Current year

Article 36. Account 471- Provisions for payables

1. Accounting principles:

a) This account shall be used for reflecting available provisions for payables, setting aside of funds for and use of provisions for payables of microfinance institutions;

b) Microfinance institutions set aside funds for provisions for payables under the provisions of laws on finance;

c) Provisions for payables shall be created at the date of preparation of a financial statement:

In case where the amount of provisions for payables that need to be created in the present accounting period are greater than the amount of provisions for payables that have already been created and not yet been used up in the previous accounting period.

In case where the amount of provisions for payables created in the present accounting period are less than the amount of provisions for payables that have already been created and not yet used up in the previous accounting period, the difference shall be reversely charged as a decrease in operating expenses in that accounting period;

d) Microfinance institutions may recognize provisions for payables as expenses.

2. Structure and entries of the account 471:

Debit side:	- Decreasing provisions for payables in case expenses related to primary provisions arise. - Decreasing (reversing) provisions for payables recorded if microfinance institutions ensure that they will not suffer from economic declines because they no longer have to pay any debt obligations. - Decreasing provisions for payables to the difference in which provisions for payables in current year are less than those that have not yet been used up in preceding year.
Credit side:	- This section reflects provisions for payables charged into expenses.
Credit balance:	- This section reflects provisions for payables that exist at a microfinance institution.
Detailed accounting:	Accountants may use subaccounts corresponding to specific accounts to which provisions against risks are created.

Article 37. Account 483- Science and technology development funds

1. Accounting principles:

a) This account shall be designed for reflecting the existing amount, increases and decreases of the science and technology development fund of a microfinance institution. The science and technology development fund shall be intended only for scientific and technological investments in Vietnam;

b) The science and technology development fund shall be recorded into administrative expenses as a basis for determination of business outcomes within an accounting period. Setting aside amounts for and using the science and technology development fund must conform to legislative regulations;

c) On a periodic basis, microfinance institutions shall prepare a report on the amount set aside for, use and final account of the science and technology development fund and submit it to the competent entity prescribed in laws.

2. Account 483 can be subdivided into tier-2 subaccounts, including:

Account 4831- Science and technology development funds

This account shall be designed for reflecting the existing amount, increases and decreases of the science and technology development fund of a microfinance institution.

Debit side:	- Expenditures.
	- Decreases due to formation of fixed assets.
	- Costs of liquidation and disposal of fixed assets.
Credit side:	- Amounts set aside from the Fund as expenses.
	- Proceeds from disposal and liquidation of fixed assets created by using the science and technology development fund.
Credit balance:	- This section reflects the Fund's amounts available at microfinance institutions.
Detailed accounting:	Accountants may use one subaccount for this account.

Account 4832- Science and technology development funds forming fixed assets

This account shall be used for reflecting the existing amounts of, decreases or increases in, science and technology development funds forming fixed assets.

Debit side:	- Depreciation value of fixed assets within an accounting period.

	- Residual value of fixed assets upon liquidation and disposal. - Decreases in the science and technology development fund forming fixed assets in case those fixed assets formed by using the science and technology development fund switch to business purposes.
Credit side:	- Increases in the Fund forming fixed assets.
Credit balance:	- This section reflects the available amounts in the Science and Technology Development Fund that are used for forming fixed assets existing at microfinance institutions.
Detailed accounting:	Accountants can use subaccounts relevant to specific fixed assets.

Article 38. Account 484- Reward and welfare funds

1. Accounting principles:

a) This account shall be intended for reflecting the present amounts, increases and decreases of the reward and welfare fund of a microfinance institution. The reward and welfare fund shall be set up by using undistributed post-tax profits in accordance with laws;

b) Microfinance institutions shall set aside funds for and use of the reward and welfare fund according to policies currently in force and internal regulations of microfinance institutions;

c) The reward and welfare fund must be accounted for in detail, depending on fund types;

d) With respect to fixed assets developed or purchased by using the reward and welfare fund for welfare benefits offered to employees, upon completion of such development and purchase, accountants are obliged to record increases in the reward and welfare fund forming fixed assets and decreases in the welfare fund. These fixed assets shall not be depreciated on a monthly basis as expenses but, at the end of an accounting year, shall be depreciated once each year.

2. Account 484 can be subdivided into tier-2 subaccounts, including:

4841- Reward fund

4842- Welfare fund

4843- Welfare fund already forming fixed assets

4844- Reward fund of Management Board

Account 4841- Reward funds

Account 4842- Welfare funds

Debit side:	- Fund's spending amounts. - Fixed assets formed by Fund that have already met employee's cultural and welfare demands. - Spending derived from proceeds from liquidation and disposal of fixed assets formed by using the welfare fund.
Credit side:	- Setting aside of part of post-CIT profits for setting up the reward and welfare fund. - Revenues obtained from proceeds from liquidation and disposal of fixed assets formed by using the welfare fund.
Credit balance:	- This section reflects the amounts available in the reward and welfare funds at microfinance institutions.
Detailed accounting:	Accountants may use one subaccount for this account.

Account 4843- Welfare fund forming fixed assets

This account shall be used for reflecting the existing amounts of, decreases and increases in, the welfare fund forming fixed assets.

Debit side:	- Depreciation value of fixed assets within an accounting period. - Residual value of fixed assets upon liquidation and disposal.
Credit side:	- Increases in the welfare fund forming fixed assets meeting employee's cultural and welfare demands.
Credit balance:	- This section reflects the available amounts in the welfare fund forming fixed assets that are existing at microfinance institutions.
Detailed accounting:	Accountants can use subaccounts relevant to specific fixed assets.

Account 4844- Reward funds for Management Boards

This account shall be used for reflecting the existing amounts, setting aside of and spending of amounts available in the reward fund for the management board of a microfinance institution. This account must be used in compliance with financial mechanisms currently in force and internal regulations of microfinance institutions.

Debit side:	- Spending amounts of the reward fund for Management Board.

Credit side:	- Post-CIT profits retained for setting up the reward fund for management board.
Credit balance:	- This section reflects the amounts available in the reward fund for management board at a microfinance institution.
Detailed accounting:	Accountants may use one subaccount for this account.

Article 39. Account 491- Interest and fees payable

1. Accounting principles:

a) This account shall be designed for reflecting interest and fee amounts that microfinance institutions have to pay, including: Loan interest, deposit interest payable to customers making deposits at microfinance institutions, interest payable on trust loans, entrustment fees payable to entrustees; fees payable for microfinance institutions' use of products and services from providers;

b) Interest payable shall be recorded on the basis of timelength and actual interest rates over maturity periods;

c) Interest and fees payable that demonstrate the accumulated amount of interest that microfinance institutions have recorded into expenses but have not yet paid to customers.

2. Account 491 can be subdivided into tier-2 subaccounts, including:

4911- Interest payable on deposits

4912- Interest payable on loans

49121- Interest payable on Vietnamese-dong loans

49122- Interest payable on foreign-currency loans

4913- Interest payable on trust loans

49131- Interest payable on Vietnamese-dong trust loans

49132- Interest payable on foreign-currency trust loans

4914- Fees payable

3. Structure and entries of the account 491:

Debit side:	- Interest and fee amounts that microfinance institutions have already paid.

Credit side:	- Interest and fee amounts payable by microfinance institutions.
Credit balance:	- This section reflects the remaining interest and fee amounts that microfinance institutions owe and continue to pay.
Detailed accounting:	Accountants may use subaccounts suitable for interest and fees payable of particular kinds.

Article 40. Account 519- Internal payments

1. Accounting principles:

a) This account shall be designed for reflecting current conditions of payments inside of microfinance institutions, including: Capital amounts moving in or out from microfinance institution's headquarters and their affiliates; authorized collections, payments or other payments between affiliates in the same system arising during transactions;

b) Account 519- "Internal payments" shall contain detailed entries corresponding to specific affiliates.

2. Account 519 can be subdivided into tier-2 subaccounts, including:

Account 5191- Capital transfers

This account shall be used for recording entries of capital amounts transferred between microfinance institution's headquarters and their affiliates.

Debit side:	- Capital outflows.
Credit side:	- Capital inflows.
Debit balance:	- Positive difference between capital inflows and capital outflows.
Credit balance:	- This section reflects the positive difference between capital inflows and capital outflows.
Detailed accounting:	- At the microfinance institution's headquarter: Accountant may use subaccounts corresponding to affiliates involved in capital transfers. - At affiliates within the same system: Accountant may use 1 subaccount (at the Headquarter).

Account 5199- Other payments

These accounts shall be used for recording entries of authorized collections, authorized or other payments (except capital transfers recorded in the account 5191) arising from transactions between affiliates in the same system of a microfinance institution.

Debit side:	- Amounts of spending authorized by other entities.

Credit side:	- Amounts of collection authorized by other entities. - Amounts paid by other entities.
Debit balance:	- This section reflects the remaining amount of receivables from other entities.
Credit balance:	- This section reflects the remaining amount of payables to other entities.
Detailed accounting:	Accountants may use subaccounts corresponding to specific entities or persons involved in payment relationships.

Article 41. Account 601- Equity

1. Accounting principles:

a) This account shall be designed for reflecting increases and decreases in capital invested in business by owner(s) of a microfinance institution;

b) Equity shall be comprised of the followings:

- Paid-in capital invested by microfinance institutions;

- Supplementary amounts derived from funds set up by equity and after-tax profits generated from business operations;

- Non-refundable aids or capital amounts authorized by competent entities to be recorded as increases in paid-in capital;

c) Microfinance institutions shall only record the actual amount of capital contributed by their owners in the Account 601- "Paid-in capital", and shall not be entitled to record amounts agreed upon in commitments and amounts receivable from owners;

d) Microfinance institutions shall have to record the equity by posting entries corresponding to specific sources of capital and keep a detailed record of transactions performed by organizations and individuals making their capital contribution;

dd) Microfinance institutions must record decreases in the equity when:

- They reimburse capital to the State Bank or have to transfer capital under the decision of a competent body;

- They reimburse capital to owners under laws;

- Their business is dissolved or terminated as per laws;

- Other situations arise as provided by law.

2. Account 601 can be subdivided into tier-2 subaccounts, including:

Account 6011- Charter capital

This account shall be designed for reflecting increases and decreases in the capital for incorporation of a microfinance institution.

Debit side:	- Charter capital decreases.
Credit side:	- Charter capital increases.
Credit balance:	- This section reflects the existing amount of charter capital at a microfinance institution.
Detailed accounting:	Accountants may use one subaccount for this account.

In addition to logbooks of bookkeeping entries, microfinance institutions may create registers of capital-contributing members and respective capital contribution amounts.

Account 6019- Other capital

This account shall be kept at a microfinance institution's headquarter for reflecting capital, not elsewhere classified, which is formed during its business according to regulations (including finances prescribed in laws which may be recorded as entries of its equity, other than charter capital entries). Microfinance institutions must recognize transactions arising in this account in compliance with regulations on financial regimes, tax and other relevant laws.

Account 6019 can be subdivided into tier-3 subaccounts, including:

60191- Finances

60199- NEC capital

Debit side:	- Amounts already used.
Credit side:	- Amounts already created.
Credit balance:	- This section reflects the amount existing at a microfinance institution.
Detailed accounting:	Accountants can use subaccounts relevant to capital of specific kinds.

Article 42. Account 611- Reserve funds for charter capital supplementation

1. Accounting principles:

a) This account shall be used for reflecting the existing amount of, increases and increases in, a reserve fund for supplementation of the charter capital of a microfinance institution;

b) This fund may be created by setting aside profits after CIT and may be used for supplementing the charter capital and allocated capital of a microfinance institution;

c) Setting aside of amounts for and use of charter capital supplementation reserve funds must be subject to current financial policies applied to microfinance institutions.

2. Structure and entries of the account 611:

Debit side:	- Use of the charter capital supplementation reserve fund.
Credit side:	- Setting aside of part of annual after-tax profits to create the charter capital supplementation reserve fund.
Credit balance:	- This section reflects the amount available in the Fund.
Detailed accounting:	Accountants may use one subaccount for this account.

Article 43. Account 612- Development and investment funds

1. Accounting principles:

a) This account shall be designed for reflecting the existing amount of, increases and decreases in, the fund for investment in development of microfinance institutions;

b) The fund shall be set up by using profits after CIT and shall be used for investing in business expansion and renovation of technologies, equipment and working conditions of microfinance institutions, and for supplementing the charter capital of microfinance institutions;

c) Setting aside of amounts for and use of the fund must be subject to current financial policies applied to microfinance institutions.

2. Structure and entries of the account 612:

Debit side:	- Use of the investment and development fund.
Credit side:	- Increases in the fund as it is set up by using after-tax profits.
Credit balance:	- This section reflects the existing amount available in the fund.
Detailed accounting:	Accountants may use one subaccount for this account.

Article 44. Account 613- Financial contingency funds

1. Accounting principles:

a) This account shall be designed for reflecting the existing amount of, increases and decreases in, the financial contingency fund of a microfinance institution;

b) This fund shall be set up by using profits after CIT and shall be used for compensating for the remaining part of material losses or damage occurring during business transactions after they have already been offset by compensations from defaulting organizations or individuals and insurance firms, and by using provisions charged as expenses in accordance with laws;

c) Setting aside of amounts for and use of this fund must be subject to current financial policies applied to microfinance institutions.

2. Structure and entries of the account 613:

Debit side:	- Use of the financial contingency fund.
Credit side:	- Increases in the financial contingency fund due to setting aside of annual after-tax profits for the fund's establishment.
Credit balance:	- This section reflects the existing amount available in the fund.
Detailed accounting:	Accountants may use one subaccount for this account.

Article 45. Account 631- Differences upon asset revaluation

1. Accounting principles:

a) This account shall be used for reflecting the differences upon revaluation of existing assets and assessing the treatment of these differences at microfinance institutions;

b) Microfinance institutions shall only be allowed to revaluate assets at the market price in case Vietnamese accounting standards or financial policies permit or once they receive decisions from competent entities.

2. Account 631 can be subdivided into tier-2 subaccounts, including:

6311- Differences upon fixed asset revaluation

6312- Differences upon revaluation of other assets

3. Structure and entries of the account 631:

Debit side:	- Decreasing differences arising due to asset revaluation.

- Treatment of increasing differences arising due to revaluation of assets.

Credit side: - Increasing differences arising due to revaluation of assets.

- Treatment of decreasing differences arising due to revaluation of assets.

Account 631 may have balances on both Debit and Credit side.

Account 631 may have balances on both Debit and C

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Debit balance:	- Decreasing differences arising due to revaluation of assets awaiting resolution.
Credit balance:	- Increasing differences arising due to revaluation of assets awaiting resolution.
Detailed accounting:	Microfinance institutions may use subaccounts corresponding to specific assets subject to revaluation.

Article 46. Account 641- Exchange differences

1. Accounting principles:

a) This account shall be used for reflecting differences arising from foreign exchange rates at microfinance institutions. Exchange difference is defined as the difference arising from actual exchanges or conversions of the same amount of foreign currency into accounting units of currency at the different exchange rates. The exchange difference mainly arises in the following cases:

- Trades, exchanges and payments in economic transactions are performed in foreign currency within an accounting period;

- Entries or accounts of foreign currency origin are revaluated at the time of preparation of financial statements;

b) Transactions related to foreign currencies: Microfinance institutions must convert foreign currency into Vietnam dong before recording transactions at the foreign exchange rate specified in clause 3 of Article 3 herein;

c) As at the date of preparation of a financial statement, microfinance institutions must carry out revaluation of entries or accounts of foreign currency origin at the exchange rate specified in clause 3 of Article 3 herein;

d) As for any foreign currency of which the rate of exchange into Vietnamese dong is not available, it shall be obligatory to exchange it into a currency of which the rate of exchange into Vietnamese dong is available;

dd) Microfinance institutions shall not be entitled to distribute profits on interest earned from the exchange difference upon revaluation of entries or accounts of foreign currency origin at the end of a fiscal year;

e) In addition, microfinance institutions shall have to keep record of base currencies on their logbooks of bookkeeping entries: Cash, bank deposits, receivables and payables.

2. Structure and entries of the account 641:

Debit side: -

Foreign exchange losses incurred as transactions in foreign currency are performed.

- Foreign exchange losses incurred due to revaluation of balances of entries or accounts of foreign currency origin.

- Carry-forward of foreign exchange interest to the account of other operating revenues.

Credit side:

- Foreign exchange gains from performing transactions in foreign currency.

- Foreign exchange gains generated from revaluation of balances of entries or accounts of foreign currency origin.

- Carry-forward of exchange losses to the account of other operating expenses.

Within an accounting quarter, the account 641 may have balances on both Debit and Credit side.

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accounting quarter, the account 641 may have balances

onboth Debit and Credit side.

Debit balance:	- This section reflects the differences in during-period foreign exchange losses awaiting resolution.
Credit balance:	- This section reflects the differences in during-period foreign exchange gains awaiting resolution.
Detailed accounting:	Accountant may create subaccounts appropriate for foreign currency of specific kinds.

At end of an accounting quarter or year, this account shall clear balances. If this account has credit balances, these balances must be carried forward to income accounts; if this account has debit balances, these balances must be brought forward to expense accounts.

The account 641 shall not have any balance at the end of an accounting quarter or year.

Article 47. Account 691- Undistributed after-tax profits

1. Accounting principles:

a) This account shall be used for reflecting business results (i.e. profits or losses) after CIT and assessing distribution of profits or treatment of losses of a microfinance institution;

b) Microfinance institutions must ensure that profits are distributed in a transparent, explicit manner and according to financial policies as well as regulations laid down in relevant laws.

2. Account 691 can be subdivided into tier-2 subaccounts, including:

6911- Current year's profits

6912- Previous year's profits

3. Structure and entries of the account 691:

Debit side:

- Actual profits generated from business operations within an accounting period.

- Amounts set aside for establishment of funds of microfinance institutions.

- Profits distributed to owners.

- Supplementary capital of owners prescribed in laws.

Credit side:

- Actual profits generated from business operations within an accounting period.

- Treatment of losses incurred from business operations.

Account 691 may have balances on both Debit and Credit side.

Account 691 may have balance

ances on both Debit and Credit side.

Debit balance: - Business losses awaiting resolution.

Credit balance: - Total after-tax profits not yet to be distributed or used.

Article 48. Account 701- Sales or revenues generated from credit facilities

1. Accounting principles:

a) This account shall be designed for reflecting interest and similar revenues, including: Deposit interest, loan interest, interest earned from investments (if any) and other revenues from credit facilities in accordance with laws.

- Deposit interest revenues, including receipts from deposits that microfinance institutions make at the State Bank or at domestic credit institutions (if any).

- Loan interest revenues, including receipts from Vietnamese-dong interest on credit relationships with customers.

- Other revenues earned from credit facilities, including other receipts from credit transactions other than those revenues stated above;

b) Microfinance institutions must recognize credit-related revenues in compliance with current financial mechanisms and regulations laid down in the Vietnamese accounting standard No. 14- “Revenues and other income”;

c) At end of December 31 each year, all balances on this account shall be carried forward to the Account 001 “Determination of business results” until no balance is left.

2. Account 701 can be subdivided into tier-2 subaccounts, including:

7011- Deposit interest revenue7012- Loan interest revenue

7013- Interest on investments

7019- Revenues earning from credit facilities

3. Structure and entries of the account 701:

Debit side:	- Deductions from credit-related revenues.
	- Carry-forward of net revenues generated from credit operations to the account 001 “Determination of business results”.
Credit side:	- Revenues earned from credit operations within an accounting period.
Credit balance:	- This section reflects credit-related revenues currently earned by microfinance institutions.

The account 701 shall not have any balance at the end of an accounting year.

The account 701 shall

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Detailed accounting: Accountants may use one subaccount for this account.

Article 49. Account 711- Revenues generated from services

1. Accounting principles:

a) This account shall be designed for reflecting revenues from services, including:

- Receipt of trust loans;

- Authorized collection, payment and money transfer services rendered to microfinance customers;

- Financial counseling services related to microfinance institution's business scope;

- Insurance agent services;

- Other services;

b) This account shall include entries recorded according to the Vietnamese Accounting Standard No. 14- "Revenues and other income";

c) Service revenues shall not include indirect taxes payable such as VAT, etc.

In case where it is impossible to immediately separate indirect taxes payable at the time of recognition of revenues, accountants may record revenues, including tax amounts payable, and periodically enter decreases in revenues with respect to indirect taxes payable. Upon preparation of income statements, the entry or subaccount "Revenues generated from services" shall not include indirect tax amounts payable within an accounting period because, in nature, indirect taxes are not considered as part of revenues.

2. Account 711 can be subdivided into tier-2 subaccounts, including:

7111- Revenues earned from receipt of trust loans

7112- Revenues earned from financial counseling services

7113- Revenues earning from provision of authorized collection, payment and money transfer services

7114- Revenues earned from insurance agent services

7119- Revenues earned from other services

3. Structure and entries of the account 711:

Debit side: - Deductions from revenues generated from services;

- Carry-forward of net revenues generated from services to the account 001 “Determination of business results”.

Credit side: - Revenues earned from services within an accounting period.

Credit balance: - This section reflects service revenues currently earned by microfinance institutions.

The account 711 shall not have any balance at the end of an accounting year.

The account 711 shall not have any balance at the end of an accounting year.

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Detailed accounting: Accountants may use one subaccount for this account.

Article 50. Account 741- Revenues generated from other operations

1. Accounting principles:

This account shall be intended for reflecting revenues earned from other operations of microfinance institutions, including:

- Revenues from reversal of provisions;

- Revenues from foreign exchange differences;

- Revenues from other business activities prescribed in laws.

2. Account 741 can be subdivided into tier-2 subaccounts, including:

7411- Revenues from foreign exchange differences

7412- Revenues from reversal of provisions

7419- Revenues from other operations

3. Structure and entries of the account 741:

Debit side: - Deductions from revenues from other operations.

- Carry-forward of net revenues generated from other business activities to the account 001 “Determination of business results”.

Credit side: - Revenues earned from other business operations within an accounting period.

Credit balance: - This section reflects revenues from other operations currently earned by microfinance institutions.

The account 741 shall not have any balance at the end of an accounting year.

The account 741 shall not have any bal

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Detailed accounting: Accountants may use one subaccount for this account.

Article 51. Account 791- Other revenues

1. Accounting principles:

a) This account shall be intended for reflecting other revenues of microfinance institutions, except those generated from credit operations, revenues generated from services and revenues generated from other business activities;

b) Other revenues shall be recorded in the Account 791, including debts owed to unknown or untraceable creditors; liquidation and disposal of assets; monetary penalties for customers and compensations for breach of contract; insurance covers; non-refundable aids, tax deductions and refunds; debts treated by provisions against risks (even including debts written off but now successfully recovered), withdrawals of

payments estimated in the previous accounting period in the case where relevant expense accounts do not have balances matching these payments.

2. Account 791 can be subdivided into tier-2 subaccounts, including:

7911- Revenues from debts already treated by provisions against risks

7912- Revenues from liquidation and disposal of assets

7913- Revenues from non-refundable aids

7919- Other revenues

3. Structure and entries of the account 791:

Debit side:	- Other revenue deductions.
	- Carry-forward of net revenues to the account 001 “Determination of business results”.
Credit side:	- Other during-period revenues.
Credit balance:	- This section reflects other revenue amounts existing at a microfinance institution.

The account 791 shall not have any balance at the end of an accounting year.

The account 791 shall not have

veanybalanceatttheendofanaccountingyear.

Detailed accounting: Accountants may use one subaccount for this account.

Article 52. Account 801- Expenses incurred from credit facilities

1. Accounting principles:

a) This account shall be designed for reflecting expenses incurred from credit facilities of microfinance institutions that may arise within an accounting period, including: Deposit interest; compulsory savings; customer deposit preservation and insurance; other deposit interest; loan interest; other expenses incurred from credit operations;

- Deposit interest payments, including payment of interest on deposits, mandatory savings or other Vietnamese-dong deposits at microfinance institutions;

- Loan interest payments, including payment of interest on loans granted by the Government and the State Bank, domestic credit institutions, or either domestic or foreign organizations and individuals;

- Customer deposit preservation and insurance payments;

- Other expenses incurred from credit operations, including other interest payments and equivalent-interest payments other than the abovementioned;

b) The account 801 shall only reflect actual expenses directly related to credit facilities and shall contain subaccounts specific to expenses in accordance with regulations in force.

2. Account 801 can be subdivided into tier-2 subaccounts, including:

8011- Deposit interest payments

8012- Loan interest payments

8013- Customer deposit insurance payments

8019- Other credit-related payments

3. Structure and entries of the account 801:

Debit side: - Expenses incurred from credit facilities within an accounting period.

Credit side: - Expenses recorded as decreases in credit-related expenses.

- Carry-forward of expenses incurred from credit facilities to the account 001- “Determination of business results”.

Debit balance: - This section reflects credit-related expenses currently incurred by microfinance institutions.

The account 801 shall not have any balance at the end of an accounting year.

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Detailed accounting: Accountants may use one subaccount for this account.

Article 53. Account 811- Service-related operating/administrative expenses

1. Accounting principles:

This account shall be designed for reflecting expenses or payments directly related to services, including:

- Authorized collection, payment and money transfer services rendered to microfinance customers;

- Telecommunications services;

- Loan entrustment services;

- Financial counseling services related to microfinance institution’s business;

- Agent or broker commissions, and commissions on entrustment of brokers and agents, prescribed in laws;

- Insurance agent services;

- Use of payment services;

- Other services.

2. Account 811 can be subdivided into tier-2 and tier-3 subaccounts, including:

8111- Loan entrustment services

8112- Financial counseling services

8113- Authorized collection, payment and money transfer services

8114- Insurance agent services

8119- Other services

81191- Agent commissions

81192- Telecommunications services

81193- Payment services

81199- Other services

3. Structure and entries of the account 811:

Debit side: - Expenses incurred from services within an accounting period.

Credit side: - Expenses recorded as decreases in service costs.

- Carry-forward of service-related operating expenses to the account 001- “Determination of business results”.

Debit balance: - This section reflects service-related operating expenses currently incurred by microfinance institutions.

The account 811 shall not have any balance at the end of an accounting year.

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eanybalanceatttheendofanaccountingyear.

Detailed accounting: Accountants may use one subaccount for this account.

Article 54. Account 831- CIT expenses

1. Accounting principles:

a) This account shall be intended for reflecting expenses incurred from payment of CIT arising within an accounting year as a basis for determination of business results after tax of a microfinance institution in a present fiscal year;

b) Current CIT expenses shall be defined as total corporate income tax amount payable that is calculated based on taxable income earned within an accounting year and the current CIT rate.

2. Account 831 can be subdivided into tier-2 subaccounts, including:

8311- Current CIT expenses

3. Structure and entries of the account 831:

Debit side: - CIT expenses incurred within an accounting year.

- Additional payments of current CIT amounts arising in previous years due to discovery of immaterial errors in the previous years, which are recorded as increases in current CIT expenses in the current year.

- Carry-forward of the positive differences between balances on the Credit side and those on the Debit side in the Account 831 within an accounting year to the Account 001- "Determination of business results".

Credit side: - Negative differences between actual CIT amounts payable within an accounting year and current CIT amounts paid in advance, which are deems as deductions from current CIT expenses recorded within an accounting year.

- CIT amounts payable recorded as decreases due to discovery of immaterial errors arising in the previous years, which are recorded as decreases in the current accounting year.

- Carry-forward of the positive difference between balances on the Debit side and those on the Credit side in the Account 831 within a year to the Account 001 "Determination of business results".

Debit balance: - This section reflects current CIT expenses at microfinance institutions.

The account 831 shall not have any balance at the end of an accounting year.

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nting year.

Detailed accounting: Accountants may use one subaccount for this account.

Article 55. Account 841- Other operating expenses

1. Accounting principles:

This account shall be designed for reflecting expenses directly related to other operations performed by microfinance institutions, including differences in: foreign exchange losses and payments for debt trading operations and payments for other business activities in accordance with laws.

2. Account 841 can be subdivided into tier-2 subaccounts, including:

8411- Payments on foreign exchange differences

8419- Other operating expenses.

3. Structure and entries of the account 841:

Debit side: - Other operating expenses arising within an accounting period.

Credit side: - Expenses recorded as decreases in other operating costs.

- Carry-forward of other operating expenses to the account 001 - "Determination of business results".

Debit balance: - This section reflects other operating expenses currently incurred by microfinance institutions.

The account 841 shall not have any balance at the end of an accounting year.

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Detailed accounting:	Accountants can use subaccounts corresponding to business operations of specific kinds.

Article 56. Account 851- Administrative expenses

1. Accounting principles:

a) This account shall be designed for reflecting general administrative expenses of microfinance institutions, including:

- Payments to staff and employees provided by laws (e.g. salaries, wages and other amounts of salary-like nature); payment of contributions associated with salaries or wages (e.g. SI, HI, union dues and UI); redundancy pay to employees under laws on labor; payments for human accident insurance policies; payments for personal protective equipment provided for employees at work; payments for uniforms of staff members; payments for shift meals; payments for healthcare services; other payments to employees in accordance with laws.

- Payments for management and performance of assigned duties, such as payments for printing materials and paper sheets; payments for business travels; payments for training courses in improvement of competence of staff and employees, including payments for providing training for collaborators and customers within the scope of business of a microfinance institution; payments for science and technology research and application activities; payments for innovations, inventions, improvements of labor productivity, and bonuses for cost-saving efforts; payments of postal and phone costs; payments for publishing materials, communications, advertising, marketing and promotion activities; payments for purchase of materials, books and newspapers; payments for electricity, water bills and office cleaning services; payments for conferences, guest reception service, festivity and external relation activities; payments for hiring of counselors, domestic and foreign experts; payments for audit services; fire safety expenses; environmental protection expenses; other payments.

- Property expenses, such as: Payments for depreciation of fixed assets; payments of fixed asset rents; payments for maintenance and repair of fixed assets; payments for purchase and repair of tools and instruments; payments for property insurance policies; other payments related to assets in accordance with laws;

b) At end of an accounting period, accountants shall carry forward administrative expenses to the Account 001- “Determination of business results”.

2. Account 851 can be subdivided into tier-2 and tier-3 subaccounts, including:

8511- Payments to staff and employees

85111- Wages, salaries and other payments of salary-like nature

85112- Salary-based contributions

85113- Redundancy or lay-off allowances

85114- Personal accident insurance policies

85115- Customer service uniforms and personal protective suits for staff and employees at work

85116- Shift meals

85117- Healthcare service charges

85119- Other payments to staff and employees

8512- Administrative expenses

85121- Printing materials and paper costs

85122- Travel expenses

85123- Postal and phone bills

85124- Water, electricity bills and office cleaning service charges

85125- Conference, guest reception, festivity and external relation costs

85126- Payments for audit, inspection and assessment of business of microfinance institutions

85127- Fire safety expenses

85128- Environmental protection costs

85129- Other administrative expenses

8513- Payments for performance of assigned duties

85131- Training and drilling payments

85132- Payments for scientific and technological research and development activities, innovations and improvements

85133- Payments for publication of materials, communications, advertising, marketing and promotion activities

85134- Payments for purchase of materials, newspapers and print publications

85135- Payments for hiring of counselors, domestic and foreign experts

85139- Other expenses related to performance of assigned duties

8514- Property-related expenses

85141- Payments for depreciation of fixed assets

85142- Payments for maintenance and repair of assets

85143- Payments for purchase and repair of tools and instruments

85144- Payments for property insurance policies

85145- Payments for renting of fixed assets

85149- Other asset-related expenses

8515- Taxes, fees and charges

85151- Taxes

85152- Fees and charges

3. Structure and entries of the account 851:

Debit side: - Administrative expenses arising within an accounting period.

Credit side: - Payments recorded as decreases in administrative expenses.

- Carry-forward of administrative expenses to the Account 001 - "Determination of business results".

Debit balance: - This section reflects current administrative expenses at microfinance institutions.

The account 851 shall not have any balance at the end of an accounting year.

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Detailed accounting: Accountants may use one subaccount for this account.

Article 57. Account 881- Provision expenses

1. Accounting principles:

- This account shall be designed for reflecting increases and decreases in provisions of microfinance institutions, including: provisions against lending risks; provisions against risks to receivables; provisions against risks to payables and expenses for customer deposit preservation and insurance, etc.

+ Provisions against lending risks reflect a microfinance institution's setting up of provisions and treatment of provisions against risk under applicable regulations on microfinance institution’s loans granted to customers.

+ Provisions against risks to receivables from outside reflect the setting aside of amounts for setting up and the treatment of these provisions.

+ Provisions for loss of investments reflect setting up and treatment of provisions for loss of investments.

+ Other provisions against risks reflect setting up and treatment of these provisions if regulations permit, including provisions for risks to payables, etc.

- Microfinance institutions shall set up and dispose of provisions in accordance with financial regimes and regulations of relevant laws.

2. Account 881 can be subdivided into tier-2 subaccounts, including the following expenses:

8811- Provisions for loan losses

8813- Provisions for loss of investments

8812- Provisions against bad debts

8819- Other provisions

3. Structure and entries of the account 881:

Debit side: - Provision expenses arising within an accounting period.

Credit side: - Amounts recorded as decreases in provision expenses.

- Carry-forward of provision expenses to the Account 001- "Determination of business results".

Debit balance: - This section reflects current provision expenses at microfinance institutions.

The account 881 shall not have any balance at the end of an accounting year.

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balance at the end of an accounting year.

Detailed accounting: Accountant may use subaccounts corresponding to specific provision expenses.

Article 58. Account 891- Other expenses

1. Accounting principles:

a) This account shall be designed for reflecting other expenses of microfinance institutions, except credit operating expenses, service operating expenses, CIT expenses, other business expenses and provision expenses, including:

- Fixed asset liquidation and disposal expenses;

- With respect to payments for treatment of the residual asset losses, microfinance institutions record these payments into expenses for the loss value remaining after being

offset by indemnities of persons, entities and insurance firms in expenses; use provisions set up by setting aside expenses; use financial contingency funds;

- Payments of fees for becoming members of trade associations under laws;

- Payments for the Party and trade union activities at microfinance institutions;

- Payments for recovery of written-off debts and expenses incurred from recovery of bad debts;

- Payments for treatment of remaining losses of assets;

- Payments of amounts already accounted for as revenues but actually not earned if they are generated in different accounting periods;

- Payments for corporate social responsibility activities prescribed by laws;

- Administrative fines;

- Other expenses stipulated in financial rules of microfinance institutions;

b) Expenses that are not deemed as rational or valid ones used for calculation of CIT under the provisions of the Law on Taxation, but are fully supported by invoices and evidencing documents, and have already been accounted for according to the accounting regime, shall not be recorded as decreases in expenses, but may only be adjusted in the CIT final account as increases in the CIT amounts payable.

2. Account 891 can be subdivided into tier-2 and tier-3 subaccounts, including:

8911- Contributions to trade associations

8912- Payments for the Party and trade union activities;

8913- Asset liquidation and disposal expenses

8914- Payments for corporate social responsibility affairs

8915- Payments of amounts already accounted for as revenues but actually unearned

8919- Other payments

89191- Payments for recovery of written-off debts

89192- Payments for treatment of the remaining asset losses

89193- Administrative fines

89199- Other expenses.

3. Structure and entries of the account 891:

Debit side: - Other expenses arising within an accounting period.

Credit side: - Other amounts recorded as decreases in expenses.

- Carry-forward of other expenses to the Account 001 - "Determination of business results".

Debit balance: - This section reflects other existing expenses of microfinance institutions.

The account 891 shall not have any balance at the end of an accounting year.

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e a t t h e e n d o f a n a c c o u n t i n g y e a r .

Detailed accounting: Accountants may use subaccounts corresponding to other expenses of specific kinds.

Article 59. Account 001- Determination of business results

1. Accounting principles:

a) This account shall be used for determining and reflecting outcomes of business and other activities of a microfinance institution within an accounting period. Business outcomes of a microfinance institution shall comprise: Credit business results, service business results, results of other operations and other business results.

- Credit business results are defined as the difference between income from credit operations and expenses incurred from credit operations, expenses incurred from provisions against loan risk and administrative expenses;

- Service business results are defined as the difference between service business results and service business expenses;

- Other business results are defined as the difference between other business income and other operating expenses;

- Other results are defined as the difference between other income and other expenses plus CIT expenses;

b) This account must reflect business results in a sufficient and accurate manner within an accounting period. Business results must be recorded in subaccounts corresponding to business activities of specific kinds.

2. Structure and entries of the account 001:

Debit side: - Carry-forward of credit operating expenses.

- Carry-forward of service operating expenses.

- Carry-forward of CIT expenses.

- Carry-forward of other operating expenses.

- Carry-forward of administrative expenses.

- Carry-forward of provision expenses.

- Carry-forward of other expenses.

- Carry-forward of profits.

Credit side: - Carry-forward of credit operating revenues.

- Carry-forward of service operating revenues.

- Carry-forward of other operating revenues.

- Cary-forward of other revenues and amounts recorded as decreases in CIT expenses.

- Carry-forward of losses.

The Account 001 shall not have any closing balance.

Article 60. Account 901- Currency no longer in circulation

1. Accounting principles:

a) This account shall be designed for keeping track of specimen, souvenir, suspicious counterfeit notes or damaged monies awaiting resolution;

b) Microfinance institutions shall be responsible for keeping detailed entries of specific sums of money.

2. Account 901 can be subdivided into tier-2 subaccounts, including the following expenses:

Account 9011- Specimen or souvenir monies or banknotes

This account shall be used for recording entries of currencies used as specimens or souvenir items under the custody of a microfinance institution.

Debit side:	- Sums of money used as specimens received in inventory.
	- Sums of money used as souvenir items received in inventory or fund.
Credit side:	- Sums of money used as specimens moved out of inventory.
	- Sums of money used as souvenir items moved out of inventory or fund.
Debit balance:	- This section reflects specimen or souvenir monies or banknotes currently under the custody of a microfinance institution.
Detailed accounting:	Accountants may use subaccounts corresponding to specimen or souvenir monies or banknotes in circulation over periods of time. If there are more than one custodians, microfinance institutions can provide each with a journal or logbook of respective specimen monies or banknotes.

Account 9019- Suspicious counterfeit, fake or damaged bills awaiting resolution

This account shall be used for recording entries of suspicious counterfeit, fake or damaged bills awaiting resolution, all of which are in the custody of a microfinance institution.

Account 9019 can be subdivided into tier-3 subaccounts, including:

90191- Suspicious counterfeit bills

90192- Fake bills

90193- Damaged bills awaiting resolution

Structure and entries of the account 9019:

Debit side:	- Sums of suspicious counterfeit, fake bills and damaged bills in inventory awaiting resolution.

Credit side:	- Sums of suspicious counterfeit, fake bills and damaged bills in inventory awaiting resolution.
Debit balance:	- This section reflects sums of suspicious counterfeit, fake money, and damaged money awaiting resolutions, which are currently kept in the custody of a microfinance institution.
Detailed accounting:	Accountants may use subaccounts corresponding to respective suspicious counterfeit, fake monies, damaged monies and custodians.

Article 61. Account 911- Public debts in foreign currency

1. Accounting principles:

As for amounts in base currency accounted for as off-balance sheet entries in this account, the conventional value of each base currency unit is 1 dong (one dong), including: Short-term loans of foreign currency origin; long-term loans of foreign currency origin; trust funds of foreign currency origin received; finances of foreign currency origin received; project funding or other public debts (payables, etc.) in foreign currency.

2. Account 911 can be subdivided into tier-2 subaccounts, including the following expenses:

9111- Short-term loans of foreign currency origin

9112- Long-term loans of foreign currency origin

9113- Trust funds of foreign currency origin

9114- Project funding in foreign currency

9115- Interest payable in foreign currency

9119- Other public debts in foreign currency

3. Structure and entries of the account 911:

Debit side:	- Value receivable or payable of foreign currency origin.
Credit side:	- Already reimbursed value of foreign currency origin.
Debit balance:	- This section reflects total amounts receivable or payable of foreign currency origin.
Detailed accounting:	Accountants may use subaccounts relevant to base currencies and payables of specific kinds.

Article 62. Account 912- Assets in foreign currency

1. Accounting principles:

As for sums of base currency accounted for as off-balance sheet entries in this account, the conventional value of each base currency unit is 1 dong (one dong), including: Foreign currency cash; foreign currency deposits at credit institutions; foreign currency assets.

2. Account 912 can be subdivided into tier-2 subaccounts, including:

9121- Foreign currency cash on hand

9122- Foreign currency deposits at credit institutions

9129- Other assets in foreign currency

3. Structure and entries of the account 912:

Debit side:	- Value of amounts remaining in fund, receivable and deposits at credit institutions, all of which are of foreign currency origin.
Credit side:	- Value already paid or withdrawn from credit institutions, which are of foreign currency origin.
Debit balance:	- This account reflects total amount of foreign currency amounts remaining in fund or currently deposited or receivable, which are of foreign currency origin.
Detailed accounting:	Accountants may use subaccounts relevant to base currencies and assets of specific kinds.

Article 63. Account 941- Lending interest and fees receivable but not yet collected

1. Accounting principles:

This account shall be used for reflecting interest amounts and fees in Vietnamese dong receivable but not meeting standards to be recorded as income, including deposit interest not yet collected, lending interest not yet collected from microfinance customers; other lending interest not yet collected from other customers; interest on financial aids used as loans, trust loans which have not yet been collected; fees receivable but not yet collected.

2. Account 941 can be subdivided into tier-2 subaccounts, including:

Account 9411- Loan interest not yet collected

This account shall be used for reflecting lending interest amounts in Vietnamese dong that microfinance institutions have not collected yet.

Debit side:	- Lending interest amounts not yet collected.

Credit side: - Lending interest amounts already collected.

Debit balance: - This section reflects lending interest amounts in Vietnamese dong that microfinance institutions have not collected yet.

Detailed accounting: Accountants may use subaccounts relevant to specific borrowers not paying interest yet.

Account 9412- Interest on investments not collected yet

This account shall be used for reflecting interest on investments that microfinance institutions have not collected yet.

Debit side: - Amounts of interest on investments not collected yet.

Credit side: - Amounts of interest on investments already collected.

Debit balance: - This section reflects amounts of interest on investments not collected yet.

Detailed accounting: Accountants may use subaccounts relevant to specific issuers.

Account 9413- Deposit interest not yet collected

This account shall be used for reflecting deposit amounts that a microfinance institution has not collected yet.

Debit side: - Deposit interest amounts not yet collected.

Credit side: - Deposit interest amounts already collected.

Debit balance: - This section reflects deposit interest amounts not yet collected.

Detailed accounting: Accountants may use subaccounts corresponding to specific depositors.

Account 9419- Fees receivable but not collected yet

This account shall be used for reflecting fee amounts that a microfinance institution has not collected yet.

Debit side: - Fees receivable but not collected yet.

Credit side: - Fees receivable and already collected.

Debit balance: - This section reflects amounts of fee receivable but not collected yet.

Detailed accounting: Accountants can use subaccounts relevant to specific customers.

Article 64. Account 971- Bad debts already written off

1. Accounting principles:

a) This account shall be used for recording the followings:

Written-off debts under surveillance: Written-off debts (including principal and interest) already offset by provisions for loss thereof and put under surveillance to continue to be recovered gradually. The period of surveillance of debts in this account must be subject to laws. Upon expiration of such period, if debts are not recovered, they must be treated under applicable regulations;

b) As for debts to be remitted under the Government's orders (if any), they shall not be recorded in this account.

2. Account 971 can be subdivided into tier-2 and tier-3 subaccounts, including:

9711- Written-off debts under surveillance

97111- Written-off principal under surveillance

97112- Written-off interest debts under surveillance

3. Structure and entries of the account 971:

Debit side:	- Bad debts already offset and charged off as off-balance sheet entries to be later recovered.
Credit side:	- Debt amounts recovered from debtors. - Written-off debts remaining after expiration of the surveillance period and treated under laws.
Debit balance:	- This section reflects the amount of charged-off debts already offset but under further surveillance for future recovery at microfinance institutions.
Detailed accounting:	Accountant may use subaccounts corresponding to specific debtors and debts.

Article 65. Account 983- Entrustment and agent services

1. Accounting principles:

This account shall be used for recording the followings:

- Lending under trust agreements: This account may be used by microfinance institutions granting loans in trust, reflecting lending and recovery of borrowed funds, including unmatured and overdue debts, by using trust capital (at no risk to trustees).

Microfinance institutions holding funds used as loans in trust shall, based on the financial status and solvency capacity of customers, classify loans by trust funds (at no risk to trustees) under applicable regulations on debt classification of the State Bank, and concurrently shall promptly inform trustors (third parties) of the financial status and solvency capacity of customers in order for these trustors to take charge of classification of debts and setting aside of amounts for provisions against risk in accordance with regulations enforced by the State Bank.

- Other agent services: This account shall be used by microfinance institutions entrusted as agents and shall be designed for reflecting provision of other agent services.

2. Account 983 can be subdivided into tier-2 and tier-3 subaccounts, including:

Account 9831- Lending under trust agreements

This account shall be used at microfinance institutions acting as lending trustees for reflecting grant of loans to borrowers by using trust capital under trust agreements (at no risk to trustees who have already fulfilled contractual obligations).

Account 9831 can be subdivided into tier-3 subaccounts, including:

98311- Standard loans

98312- Watch/special mention loans

98313- Substandard loans

98314- Doubtful loans

98315- Loss loans

Structure and entries of tier-3 subaccounts to the account 9831:

Debit side:	- Loans granted by using funds held in trust.
	- - Amounts moved from relevant accounts.
Credit side:	- Borrower's debt repayments.
	- - Amounts moved to relevant accounts.
Debit balance:	- This section reflects loans granted by using funds held in trust.
Detailed accounting:	Accountant can use subaccounts relevant to specific borrowing customers.

Account 9832- Interest on trust loans

This account shall be used at microfinance institutions receiving funds held in trust as loans for reflecting value of outstanding interest arising from lending activities performed under trust agreements.

Debit side:	- Increased value of outstanding interest arising from on trust loans.
Credit side:	- Decreased value of outstanding interest arising from on trust loans.
Debit balance:	- This section reflects value of outstanding interest arising from on trust loans.
Detailed accounting:	Accountants can use subaccounts relevant to specific borrowing customers.

Account 983- Other entrustment and agent services

This account shall be used at microfinance institutions acting as trustees or agents for reflecting provision of other entrustment and agent services.

Debit side:	- Increased value of trust or agent agreements.
Credit side:	- Decreased value of trust or agent agreements.
Debit balance:	- This section reflects value of trust or agent agreements.
Detailed accounting:	Accountant may use subaccounts relevant to trustors and principals.

Article 66. Account 991- Fixed assets supporting programs and projects

1. Accounting principles:

This account shall be intended for reflecting fixed assets supporting programs and projects implemented by microfinance institutions.

2. Structure and entries of the account 991:

Debit side:	- Value of fixed assets purchased or acquired in programs and projects.
Credit side:	- Value of fixed assets liquidated or transferred to microfinance institutions.
Debit balance:	- Reflecting total value of fixed assets supporting programs and projects.
Detailed accounting:	Accountants can use subaccounts relevant to specific fixed assets.

Article 67. Account 992- Other assets kept under custody in trust

1. Accounting principles:

a) This account shall be used for reflecting assets sent to microfinance institutions to be kept in the custody in trust under regulations in force. Value of assets held under custody in trust shall be recorded at the actual price of each item. If the price of each item is not available yet, the temporary price may be used for bookkeeping purposes;

b) Microfinance institutions may use subaccounts relevant to specific owners of assets sent to be kept under custody in trust. In addition to detailed account logbooks, microfinance institutions must deposit documents stating handover and receipt of assets kept under custody in trust.

2. Structure and entries of the account 992:

Debit side:	- Value of assets kept under custody in trust.
Credit side:	- Value of assets returned to customers sending assets to be kept under custody in trust.
Debit balance:	- This section reflects value of assets that a microfinance institution keeps under its custody in trust for its customers.
Detailed accounting:	Microfinance institutions may use subaccounts relevant to entities sending assets to be kept under custody in trust.

Article 68. Account 993- Externally hired assets

1. Accounting principles:

a) This account shall be designed for reflecting assets that microfinance institutions outsource for use;

b) In addition to detailed account logbooks, microfinance institutions must keep a detailed journal of assets of specific owners. If an asset lease does not regulate value of the leased asset, a microfinance institution can use temporary prices for accounting purposes.

2. Structure and entries of the account 993:

Debit side:	- Value of outsourced assets.
Credit side:	- Value of assets returned to owners.
Debit balance:	- This section reflects total value of outsourced assets that microfinance institutions keep in custody.
Detailed accounting:	Accountant may use subaccounts corresponding to owners.

Article 69. Account 994- Customer's security pledges or collateral

1. Accounting principles:

a) This account shall be designed for reflecting property that borrowing entities and persons put up as pledges or collateral to receive loans in accordance with regulations of the State Bank and relevant laws;

b) In addition to detailed account logbooks, microfinance institutions must keep a detailed journal of security pledges and collateral provided by specific borrowing entities or persons.

2. Structure and entries of the account 994:

Debit side:	- Value of pledges and collateral under the custody of microfinance institutions as security for repayment of debts. - Increasing differences arising owing to revaluation of pledges or collateral in accordance with regulations in force.
Credit side:	- Value of pledges and collateral returned to borrowing entities and persons who have already discharged their debt obligations. - Value of pledges and collateral closed out to repay loan debts to microfinance institutions. - Decreasing differences arising owing to revaluation of pledges or collateral in accordance with regulations in force.
Debit balance:	- This section reflects total value of pledges or collateral under a microfinance institution's control.
Detailed accounting:	Microfinance institutions shall use subaccounts relevant to pledges or collateral of specific kinds and specific customers.

Article 70. Account 995- Distrained or foreclosed assets pending disposition

1. Accounting principles:

a) This account shall be designed for reflecting foreclosed or distrained assets pending disposition which are defined as collateral, used as security for the guarantor's obligations, but have yet to be completely transferred, pending disposition (briefly called collateral);

b) In addition to detailed account logbooks, microfinance institutions must keep a detailed journal of collateral of specific kinds provided by respective entities and persons.

2. Structure and entries of the account 995:

Debit side:	- Value of collateral pending disposition.
Credit side:	- Value of collateral already disposed of.

Debit balance:	- This section reflects value of collateral pending disposition under the custody of institutional or individual borrowers.
Detailed accounting:	Microfinance institutions may use subaccounts relevant to collateral of specific kinds provided by respective entities and persons.

Article 71. Account 996- Tools and instruments in use

1. Accounting principles:

This account shall be designed for reflecting value of tools and instruments in use at microfinance institutions. They must be strictly monitored from the date of dispatch to the date of notification of any damage. Microfinance institutions must set out internal regulations on management, use and liquidation of tools and instruments for safe and effective uses.

- Once taking out of warehouses to be used for business purposes, all value of tools and instruments of low value must be distributed to expenses on a one-time basis.

- If tools and instruments of great value are taken out of warehouses for use in a one-off manner and used during multiple accounting periods, value of such tools and instruments shall be gradually distributed into expenses over accounting periods.

2. Structure and entries of the account 996:

Debit side:	- Value of tools and instruments increased due to dispatch thereof for use.
Credit side:	- Value of tools and instruments decreased owing to notification of damage, loss and for other reasons.
Debit balance:	- This section reflects tools and instruments remaining currently in use.
Detailed accounting:	Accountants may use subaccounts corresponding to tools and instruments of specific kinds.

Article 72. Account 998- Assets and valuable papers pledged or hypothecated by microfinance institutions

1. Accounting principles:

a) This account shall be designed for reflecting assets and valuable papers that microfinance institutions pledge or hypothecate as security for discharge of debt obligations.

b) Microfinance institutions may use subaccounts recording specific pledged and hypothecated assets.

2. Structure and entries of the account 998:

Debit side:	- Value of assets that credit institutions pledge or hypothecate as security for loan debts.
Credit side:	- Value of pledged and hypothecated property returned after debts have been repaid. - Value of pledged and hypothecated assets already disposed of.
Debit balance:	- This section reflects total value of assets that a microfinance institution pledges or hypothecates.
Detailed accounting:	Microfinance institutions may use subaccounts for specific pledged and hypothecated assets.

Article 73. Account 999- Other valuable documents in custody

1. Accounting principles:

This account shall be used for recording valuable documents that a microfinance institution is authorized to safekeep, including customer's saving books, blank saving books (important designated print publications), etc. Value of documents to be accounted for must match the amounts specified on these documents. If valuable documents have not been used yet, physical items mentioned in these valuable documents shall be accounted for at the conventional price of 1 (one) dong.

2. Structure and entries of the account 999:

Debit side:	- Value of documents received for safekeeping thereof.
Credit side:	- Value of documents dispatched.
Debit balance:	- This section reflects value of documents kept in the custody of microfinance institutions.
Detailed accounting:	Accountant may use subaccounts specific to documents under custody and recorded subjects.

Chapter III

IMPLEMENTATION PROVISIONS

Article 74. Entry into force

This Circular shall enter into force from March 1, 2020 to be applied in the financial year of 2020.

Article 75. Implementation responsibilities

Office Chief, Director of Finance - Accounting Department, Heads of the State Bank's affiliates, Directors of SBV branches in cities and provinces, Chairpersons of Boards of Directors, and General Directors (Directors) of microfinance institutions, shall be responsible for implementing this Circular./.

PP. GOVERNOR
DEPUTY GOVERNOR

Dao Minh Tu

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