



## Accounting Policy

The following accounting policy should be adopted by the University from January 1, 2010, in connection with the transition to international accounting standards in Georgia:

1. The University accounting is performed in accordance with international financial accounting standards. The difference between the cost of accounting profit tax and the taxable profit tax payable for tax purposes is recognized in the form of deferred tax asset or deferred income tax.
2. The University's financial statements include: balance sheet, profit and loss statement, cash flow statement, capital cash flow statement and explanatory notes. The profit and loss statement is made by classifying expenses according to their functional purpose, and the cash statement is made by direct method.
3. The reporting fiscal year coincides with the calendar year.
4. Profit and loss are recognized on an accrual basis in accordance with IASBs, and the principle of proportionality between profit and loss for the current period must be observed when accruing expenses. The accrual method is used for tax purposes in accordance with the Tax Code of Georgia.
5. Inventory values (inventories) are recorded by perpetual method.
6. Inventories are written down by the method of individual expenses, when it is expedient and possible. If this method is not used (or cannot be used), then the average pricing method is used.
7. Acquisition of tangible assets, the value of which does not exceed 1,000 GEL per unit or which have a short service life (1 year or less) and which are not included in the inventories, are considered as expenses for the current period, except for computer equipment. Computer equipment that exceeds GEL 400 is considered a fixed asset.
8. Property, plant and equipment are depreciated based on the difference between the carrying amount and the liquidation value, taking into account the useful life. The liquidation value and annual depreciation rate for a particular property (or group of property, plant and equipment) are determined by the Head of Financial Office and in agreement with the Senior Vice President and the auditor. If the liquidation value is not specified, it will be considered equal to zero.
9. Depreciation of property, plant and equipment is amortized on a straight-line basis.
10. Accelerated depreciation rates for property, plant and equipment are used for tax purposes.

11. The amount of doubtful receivables is determined individually by examining each receivable.

12. The salaries of the employees of the University are accrued on a monthly basis, in accordance with the employment contracts. If the employment contract is not concluded, or it does not explicitly specify the amount of remuneration, then the basis for accrual of remuneration is the salary slip approved by the President of the University.

13. Loan-related expenses should be recognized as an expense in the period in which they are incurred, regardless of the purpose for which the loan is used.

14. Tuition discounts for students are calculated in accordance with the order for the establishment of tuition discounts for students of GAU LLC developed for each academic year.