

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity
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The Prime Minister's Office

No.: 03/PM

DECREE

on

**Accounting of the Bank of the Lao PDR and
Financial Institutes supervised by the Bank of the Lao PDR**

- Pursuant to the Law on Enterprise Accounting No.: 12/90/SPA, dated 18 December 1990;
- Pursuant to the Law on the Bank of the Lao People's Democratic Republic No.: 05/95 dated 14 October 1995;
- Pursuant to Article 14 of the Law on the Promotion and Management of Foreign Investment in the Lao People's Democratic Republic No.: 01/94, dated 14 March 1994;
- Pursuant to the Law on the Promotion of Domestic Investment No.: 03/95/NA, dated 14 October 1995;
- Pursuant to the Decree on Management of Operations of Commercial Banks and Financial Institutes No.: 03/PM, dated 23 January 1992;
- Pursuant to the Proposal of the Governor of the Bank of the Lao PDR.

The Prime Minister hereby issues this Decree:

CHAPTER I

General Provisions

- Article 1.** The objective of this Decree on Accounting of the Bank of the Lao PDR and Financial Institutes supervised by the Bank of the Lao PDR is to ensure that the entire system of the Bank of the Lao PDR complies with a mutual accounting system to manage their business and create conditions for inspection and enhancement of accounting work.
- Article 2.** Financial institutes supervised by the Bank of the Lao PDR are organizations that have a status as legal entities operating financial-monetary businesses. Such financial institutes include: local and foreign commercial banks, finance companies, credit unions, and others operating their business in the Lao PDR.
- Article 3.** The Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR shall maintain proper accounts, create and publish them, and disclose their annual bookkeeping in accordance with the general accounting plan of the Bank of the Lao PDR and commercial banks as attached herewith.

CHAPTER II

Implementation of Accounting Work

- Article 4.** The Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR shall implement and comply with accounting systems and tools to duly record bookkeeping data in accordance with the general accounting plan of the Bank of the Lao PDR and commercial banks. Such accounting systems shall comply with auditing procedures and implement effective internal control to ensure the reliability of such data.
- Article 5.** The Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR shall consider a chart of account as stipulated in the general accounting plan as the basis and reference for arranging, improving, and supporting their accounting system.
- Article 6.** The Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR are allowed to operate their businesses in foreign currency, maintaining their account for each currency in accordance with the laws and regulations on the management of foreign currencies and valuable items.

CHAPTER III

Financial Statements

- Article 7.** Annual financial statements of the Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR shall be provided and consist of a full set of:

- A balance sheet;
- A write-off account;
- An income statement;
- Explanatory note.

A full set of such documents shall be provided with the aim of presenting the actual performance and financial position of the Bank of the Lao PDR and financial institutes in accordance with the actual situation and based on principles and regulations.

- Article 8.** A balance sheet shall be prepared in a table showing lists of major assets and liabilities. The balance sheet shall show the amount of interest pending calculation or due interest payable or receivable.

An income statement shall also be prepared in a table. Both statements shall be presented in a form as stipulated in the general accounting plan.

- Article 9.** The explanatory note shall display detailed and proper data in accordance with the specific characteristics of the business to help assess the balance sheet, the income

statement, financial position, and risk in order to clearly understand the contents of those statements.

Article 10. Annual financial statements shall be reported in units of Kip. The financial year of the Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR shall be twelve months, starting from 1 January to 31 December of each year.

CHAPTER IV

Valuation

Article 11. The Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR shall comply with general and specific regulations on valuation as provided in the general accounting plan of the Bank of the Lao PDR and commercial banks.

Article 12. In addition to the compliance of valuation in accordance with the general accounting plan of the Bank of the Lao PDR and commercial banks, the valuation of assets and inventories shall comply with Articles 13, 14, and 15 of the Law on Enterprise Accounting and Articles 19 to 28 of Decree No. 05/PM, dated 24 January 1992, on the implementation of the Law on Enterprise Accounting.

CHAPTER V

Accounting Audit and Disclosure

Article 13. Accounts of the Bank of the Lao PDR shall be audited by the government. Financial institutes supervised by the Bank of the Lao PDR shall be audited by an independent auditor duly registered and accredited in accordance with applicable laws and regulations.

Article 14. The Bank of the Lao PDR shall submit a full set of audited financial statements and an annual report to the government, and publish and disclose its annual financial statements in the official gazette within three months of the end of each financial year.

Article 15. Financial institutes supervised by the Bank of the Lao PDR shall submit audited annual financial statements and reports to the Bank of the Lao PDR and the tax authority, and publish annual financial statements in the official gazette within three months of the end of each financial year.

CHAPTER VI

Measures against Violators

Article 16. Violation of provisions of this Decree shall be subject to light or severe measures depending on the case as stipulated in Articles 41, 42, 43, and 44 of the Decree No. 05/PM, dated 24 January 1992, on the Implementation of the Law on Enterprise Accounting.

CHAPTER VII

Final Provisions

Article 17. The Bank of the Lao PDR is assigned to issue a clear instruction on the implementation of this Decree by cooperating with the Ministry of Finance.

Article 18. The Bank of the Lao PDR and financial institutes supervised by the Bank of the Lao PDR shall strictly comply with this Decree.

Article 19. This Decree shall be enters into force on the date it is signed.

This Decree supersedes the Accounting System of State Bank No. 237/LNB, dated 29 May 1980, Decision No. 02/BOL, dated 13 February 1987, and any provisions which conflicts with this Decree shall be null and void.

Vientiane Capital, 8 January 1996

Prime Minister of the Lao PDR

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Khamtai Siphandon