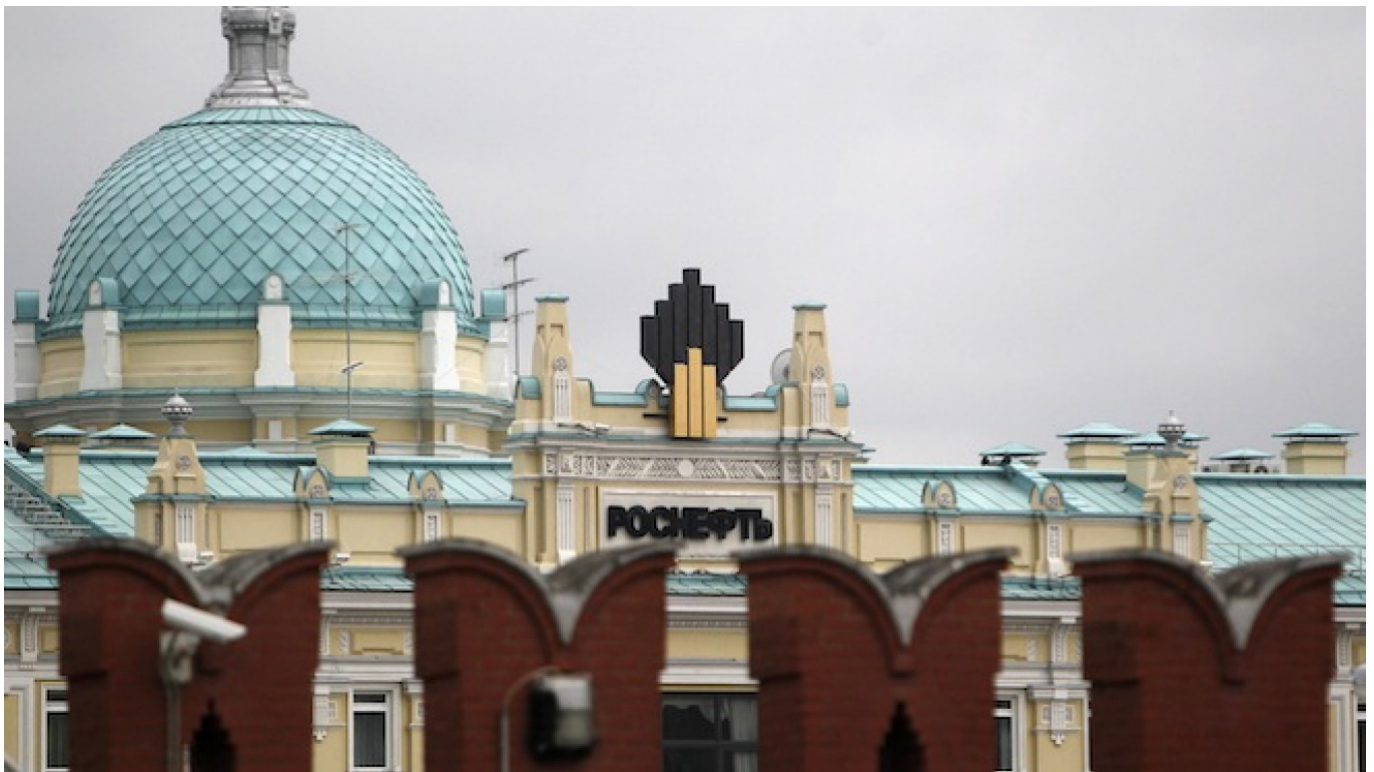


Russia's Rosneft to Adjust Forex Accounting to Shield Profits From Weak Ruble

By [The Moscow Times](#)

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The logo of Russia's top crude producer Rosneft is seen at the company's headquarters, behind the Kremlin wall, in central Moscow.

Russia's top oil producer Rosneft said on Tuesday it has changed the way it accounts for foreign exchange fluctuations, a move that avoids the cost of billions of dollars of debt hitting profits and depleting dividend payments to state coffers.

The ruble's sharp fall against the dollar meant Rosneft — one of the biggest contributors to state revenues — posted just 1 billion rubles (\$15 million) in net profit in the third quarter.

Rosneft — 69.5 percent state owned and run by Igor Sechin, an ally of President Vladimir Putin — said net debt was \$45 billion at the end of September and repayments would be \$19.5 billion in 2015.

On Tuesday it said it was adopting "hedge accounting," under which currency gains or losses related to debt "are temporarily recognized within other comprehensive income being part of equity with no effect on profit or loss for the period."

"Once the hedged operation occurs and revenue is recognized, the related exchange differences temporarily held within equity are released to profit or loss for the period, within revenue and EBITDA," it said.

The accounting change, backdated to Oct. 1, has already helped BP beat fourth quarter 2014 expectations by booking a \$470 million profit from its 19.75 percent stake.

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