CONTENT: This General Instruction outlines basic accounting codes used in Saudi Aramco's Financial Accounting System. The text includes:

1. Glossary
2. Accounting System
3. Chart of Financial Accounts
4. Client
5. Company Codes
6. Currency Codes
7. General Ledger Account / Cost Element
8. Cost Object
9. Other SAP Numbering Conventions
10. Accounting Reports Coding
11. Updating Accounts
   Appendix A

1. GLOSSARY

1.1 ABBREVIATION & ACRONYMS

AI	-	Accounting Instruction
AP&SD	-	Accounting Policies & Systems Department
AP&CD	-	Accounting Process & Control Division / AP&SD
CC	-	Cost Center
CE	-	Cost Element
CO	-	SAP Controlling Module (Cost Accounting)
COFA	-	Chart of Financial Accounts
CMS	-	Corporate Maintenance Systems Unit/Corporate Maintenance Support Division
ERP	-	Enterprise Resource Planning (Software)
FAD	-	Financial Accounting Department
FA&PAD	-	Financial Analysis & Performance Advisory Department
FI	-	SAP Financial Module
FPD	-	Facilities Planning Department
GI	-	General Instruction
GL	-	General Ledger
GLAD	-	GL Accounting Division/FAD
MS	-	Materials Supply
MSSD	-	Mechanical Services Shops Department
OAD	-	Operations Accounting Department
OCD	-	Organization Consulting Department
PAD	-	Payables Accounting Division/OAD
P&FAAD	-	Projects & Fixed Assets Accounting Division/OAD
P&TSD	-	Planning & Technical Services Division/MSSD
SAP	-	Systems, Applications and Products in Data Processing
SCM	-	Supply Chain Management
SRRIP	-	SR Retirement Income Plan
SRTP	-	Saudi Riyal Thrift Plan
WA	-	Well Account
WBS	-	Work Breakdown Structure

* CHANGE   ** ADDITION   NEW INSTRUCTION ☐   COMPLETE REVISION ■

1.2   <u>REFERENCE TO OTHER AIs/GIs</u>

AI 152   -   Internal Order
AI 601   -   Maintenance Work Orders – Cost Flows
GI 20.000   -   Programming & Budgetary System
GI 207.001   -   Accounting Reports
GI 216.608   -   Well Accounting & Development Costs
GI 1000.500 -   Maintenance Work Order
GI 1000.501 -   Mechanical Services Shops Department Policies & Practices

2.   <u>ACCOUNTING SYSTEM</u>

2.1   The Saudi Aramco financial accounting system infrastructure resides in SAP, Enterprise Resource Planning (ERP) Software.

2.2   The Saudi Aramco SAP environment is an integrated financial management system that provides a global picture of the Company's financial resources and cash flows. This creates efficient and cost beneficial processes for accounting, approval, reporting, and payment. SAP integrates Financial & Controlling functions (FI/CO) with other business process modules of the Company, such as Asset Management (AM), Supply Chain Management (SCM), Plant Maintenance (PM), Human Resources (HR), Projects System (PS), and specialized solutions (i.e., Health Care, Aviation, Industrial Security, Distribution Operations, Strategic Enterprise Management, Hydrocarbon Management, etc.) SAP also provides financial data warehousing through a Business Information Warehouse (BW) System that serves Corporate and Executive Management, the Saudi Arab Government, and authorized users across all levels of the Company.

3.   <u>CHART OF FINANCIAL ACCOUNTS</u>

3.1   Saudi Aramco's Operational Chart of Financial Accounts in SAP is named "COFA". COFA is the framework upon which the Company's accounting system operates.

3.2   The fundamental purposes of the accounts are to record financial transactions and to provide information for safeguarding assets and controlling operations. COFA provides records of transactions in a manner to facilitate the preparation of operational and financial reports as required by Saudi Aramco Management as well as the Saudi Arab Government.

3.3   The COFA contains the structure and the basic information about General Ledger Accounts. It is used by both SAP Financial (FI) and Controlling (CO) Modules.

3.4   In SAP, COFA is maintained in the FI module and defined at the Client level. COFA is assigned to and used by different company codes. Below is an illustration of Saudi Aramco's structure of "Client-COFA-CoCode" relationship in SAP:

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)	GENERAL INSTRUCTION NO.
GENERAL INSTRUCTION MANUAL	**Approved** **216.600**

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT	ISSUE DATE 09-26-2010	REPLACES 11-30-06
SUBJECT **ACCOUNTING BASIC CODE SYSTEM**	APPROVAL RAK	PAGE NO. 3 OF 12
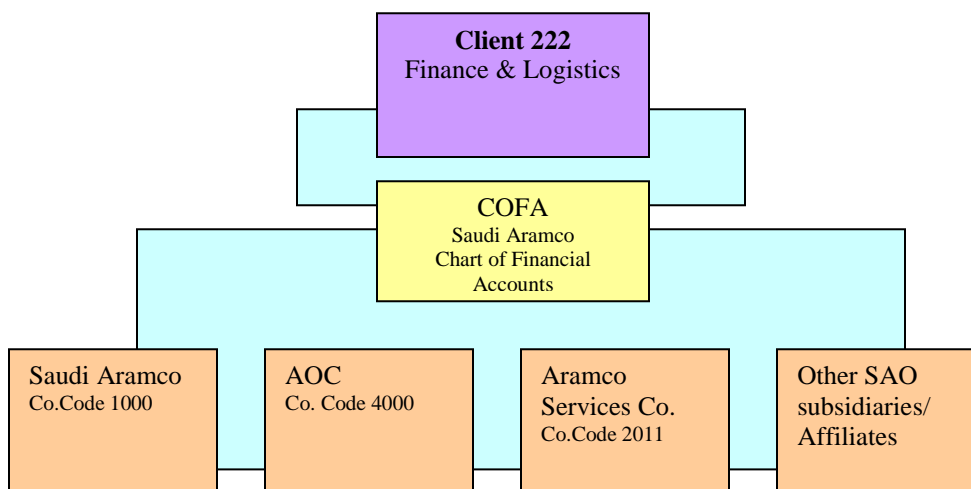
4.   CLIENT

4.1   The Client is the highest level in the SAP System hierarchy.

4.2   COFA is defined at the Client level. Each Company code is assigned an operating chart of accounts which is used for daily recording of transactions.

4.3   At the Client level, specifications that you make, or data that you enter at this level are valid for all company codes and for all other organizational structures. This eliminates the need to enter this information more than once (for example, exchange rates.)

4.4   Client data can be shared across all company codes and each client has its own master records and set of tables.

5.   COMPANY CODES

The company code is a four (4) digit number representing an independent accounting entity for which a complete self-contained set of accounts can be created. The companies included in the Saudi Arabian Oil Company SAP implementations are:

Company Code	Company Name	Location
1000	Saudi Arabian Oil Company	Dhahran, Saudi Arabia
1096	Saudi Aramco Sino Company	Dhahran, Saudi Arabia
1097	Saudi Aramco Guaranty LLC	Dhahran, Saudi Arabia
2011	Aramco Services Company	Houston, Texas
2021	Aramco Associated Company	Houston, Texas
2023	Aramco Aircraft Company	Wilmington, Delaware
2030	Saudi Petroleum Int'l Inc.	New York, New York
2040	Saudi Refining, Inc.	Houston, Texas
2041	Aramco Financial Services Co.	Wilmington, Delaware
2050	Aramco Training Services	Houston, Texas

* CHANGE   ** ADDITION   NEW INSTRUCTION ☐   COMPLETE REVISION ■

4000	Aramco Overseas Company	The Hague, Netherlands
4030	AOC UK Ltd.	London, England
5000	Bolanter Corporation	Antilles, Netherlands
5010	Pandlewood Corporation	Antilles, Netherlands
5020	Saudi Petroleum Limited	British Virgin Islands, UK
5040	Aramco Capital Company	Houston, Texas
7000	Vela International Marine	Liberia
7010	Bright Star Shipping Company	Liberia
7011	Golden Star Tanker	Liberia
7012	Night Star Marine Company	Liberia
7013	Southern Star Transport Company	Liberia
7014	Vela Tanker Company 5	Liberia
9000	Saudi Riyal Thrift Plan	Dhahran, Saudi Arabia
9100	SR Retirement Income Plan	Dhahran, Saudi Arabia
9150	Saudi Aramco Invest.Mngt. Co.	Dhahran, Saudi Arabia

6.   CURRENCY CODES

The functional and local currency of Saudi Aramco, (Company Code 1000) and all other client companies except SRTP & SRRIP, is the US Dollar.

SRTP & SRRIP (Company Codes 9000 & 9100, respectively) use a local currency code of Saudi Arabian Riyal (SAR).

7.   GENERAL LEDGER ACCOUNT/ COST ELEMENT

7.1   A General Ledger (GL) is the main accounting record of a business which uses double-entry bookkeeping. It will usually include accounts for such items as current assets, fixed assets, liabilities, equity, revenue, expense items, gains and losses.   The GL is a summary of all of the transactions which have occurred in the company. It is built by posting various transactions recorded during the posting period in each Company Code.

7.2   The GL is arranged by an accepted account classification as set forth in COFA which is maintained by AP&SD and forms the control record from which the financial statements are prepared.

7.3   In SAP, the General Ledger account is a seven (7) digit number representing the type of GL account (i.e., Balance   Sheet type or Income Statement type). The codes are categorized as follows:

Assets	1000000 - 2999999
Liabilities	3000000 - 4999999
Equity	5000000 - 5999999
Income	6000000 - 6999999
Expense	7000000 – 7999999

7.4   SAP transaction S_ALR_87012326 (enter "COFA" for the General Selections – Chart of Accounts) provides a listing of General Ledger accounts.

7.5   Most GL Expense accounts are called Cost Elements (CE) in SAP. CEs are automatically created

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)	GENERAL INSTRUCTION NO.
GENERAL INSTRUCTION MANUAL	**Approved** 216.600

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT	ISSUE DATE 09-26-2010	REPLACES 11-30-06
SUBJECT **ACCOUNTING BASIC CODE SYSTEM**	APPROVAL RAK	PAGE NO. 5 OF 12

in CO when a GL account is created in FI in the ranges 7200000 – 7699999 and 7900100 – 7900999 have a corresponding Primary Cost Element in the CO module when a GL account is created in FI within these ranges. This type of cost element is required to ensure comprehensive reporting and primary cost planning.

7.6 The ranges of GL accounts 7700000 – 7899999 and 7901000 – 7909999 are used for expense-type charges considered non operational.

7.7 The range of GL accounts 7970099 – 7979999 is used for reallocation of Product Costing and do not accept direct FI postings.

7.8 Cost elements numbered 8000000 – 8999999 Secondary cost elements appearing in CO module only. Secondary CEs represent an activity value produced during cost allocation within CO. Direct charges from FI cannot be posted on Secondary CEs.

7.9 Cost elements are arranged in hierarchical reporting groups called Cost Element Groups. Cost Element Groups enables the users to generate reports that summarize costs that are posted to different cost categories.

7.10 In SAP a complete list of Cost Elements and Cost Element Groups can displayed using SAP transaction KA23 and KAH3, respectively.

8. COST OBJECT

When recording a transaction to a Cost Element account, a cost object must be provided. Cost objects for Saudi Aramco are defined as follows:

8.1 Cost Center (CC)

8.1.1 The Cost Center consists of six (6) numeric digits (NNNNNN).

8.1.2 The CC is a cost collector within the CO module that is intended to capture the cost of a functional unit. This functional unit generally relates to an organizational unit. In 2010 the CC hierarchy was linked to the organization hierarchy which is maintained in SAP HR by OCD. CCs are considered permanent cost collectors and should only be changed when the function changes. CCs are used for responsibility reporting in Saudi Aramco. The expense operating plan is maintained in these CCs in addition to the actual costs charged to the same CCs for plan/actual comparisons.

8.1.3 Cost Centers with similar characteristics can be combined to form a Cost Center Group. Cost Center Groups form the standard and alternate hierarchies for reporting and cost data management.

8.1.4 In SAP a complete list of Cost Centers and Cost Center Groups can be displayed using SAP Transaction KS13 and KSH3, respectively.

8.2 Work Breakdown Structure (WBS)

8.2.1 The WBS represents a hierarchical breakdown of the project in terms of scope of work responsibility reporting requirements. The WBS consists of individual WBS elements

arranged into the hierarchy. The various levels in the WBS serve different purposes, such as planning (project & job order), budgeting (job order), and capturing costs (phase).

8.2.2 The total WBS for a project, job order and phase is created and maintained by a combination of the Facilities Planning Department (FPD), Project Management Team (PMT), Financial Analysis & Performance Advisory Department (FA&PAD) and Projects & Fixed Assets Accounting Division (P&FAAD) of Operations Accounting Department (OAD).

8.2.3 Summary of WBS Coding Solutions (See Appendix A)

8.2.4 Summary of SAP Project Type Prefix (See Appendix A)

8.3   Internal Order (IO)

8.3.1 The Internal Order consists of ten (10) numeric digits (NNNNNNNNNN).

8.3.2 IOs are temporary cost collectors, which are used for certain special reporting requirements including, casualty losses, third party oil spills, medical referrals, public service and vendor back charges.

8.3.3 IOs are segregated by order type. Each order type is configured based on the individual requirement for the internal orders. Saudi Aramco defined the following Internal Order types and numbering schemes in SAP (Please refer AI 152 for more details):

6701	Ordinary / Extraordinary Casualty Losses	6700100000 – 6701999999
6702	Special Projects for Budget Holders	6700100000 – 6701999999
6721	Known Third Party Oil Spills	6702000000 – 6709999999
6722	Medical Referral	
6723	General Expense to Budget Holders	
7001	Vendor Back charges	1200000000 – 1299999999
7002	Material Claims	
7101	Public Affairs	7100000000 – 7109999999
7102	Gen. Public Service	
7103	Public Affairs Budget Items	

8.3.4 In SAP, Internal Orders can be displayed using SAP Transaction KO04 or KOH3.

8.4   Plant Maintenance (PM) Order

8.4.1 The PM Order normally consists of eight (8) numeric digits (NNNNNNNN).

8.4.2 A PM order is used for planning maintenance activities, monitoring the progress of work and settling cost of maintenance tasks. The Saudi Aramco Plant Maintenance System will use the following PM Order types and numbering schemes:

PM01	Normal Maintenance	10000000 – 19999999
PM02	Preventive/Predictive Maintenance	20000000 – 29999999
PM03	Test & Inspection (T&I)	30000000 – 39999999

PM04	Minor Maintenance	40000000 – 49999999
PM05	New Work & Upgrades	50000000 – 59999999
PM06	Non-Process Maintenance	60000000 – 69999999
PM07	Maint. Support to Capital Projects	70000000 – 79999999
MM01, MM02	Refurbishment Order	9000000 – 9999999(Only7 digits)

8.4.3 The Refurbishment Order is a special type of work order which is used for the refurbishment of repairable spares. It is a detailed work-planning document, which holds details on resources, components, costs, and labor required to complete specific maintenance work. This SAP functionality is maintained and controlled by the Material Supply Organization (MS) under the Supply Chain Management Module (SCM).

8.4.4 Plant Maintenance orders are processed and controlled by each individual maintenance department as defined in GI 1000.500. This GI is maintained by CMS.

8.4.5 The Financial reporting of the Plant Maintenance Orders (PM Orders) including recording of PM Orders expenditure and recharging it to the user are described in AI 601 – Plant Maintenance Orders – Cost Flow.

8.4.6 In SAP a Plant Maintenance Order can be displayed using SAP Transaction IW33.

8.5   Network Order

8.5.1 Network Orders consist of eight (8) numeric digits (NNNNNNNN).

8.5.2 The coding for a Network Order is   80000000 – 89999999.

8.5.3 A Network Order is a special type of work order that has the same structure as maintenance orders and inspection orders in SAP. It is used in Inventory Management for the reservation of SAMS Material and the requisitioning of DC Material.

8.5.4 It can be considered as a logistics "Capable Extension" of an open, funded, Phase level, WBS element. It is broken down into activities and at month end all costs are passed up to the owning WBS Job Order/Phase.

8.5.5 Authorization, control and maintenance of Network transaction is under the responsibility of MS.

9.   OTHER SAP NUMBERING CONVENTIONS

SAP Numbering Conventions	SAP Terminology	Digits	Remarks
2nnnnnnn	Cost Accounting (CO) Document	8	
49nnnnnnnn	Accounting Document (FI)– Goods Issue	10	
50nnnnnnnn	Accounting Document – Goods Receipt	10	
1nnnnnnnnn	9CAT (SAMS)	10	
6nnnnnnnnn	9COM (Direct Charge Materials)	10	

1nnnnnnnnn	Purchase Requisition (PR) – Material	10	Generated out of PM / Projects / Manual
2nnnnnnnnn	Purchase Requisition (PR) – Material	10	B2B
42nnnnnnnn	Request For Quotation (RFQ)-Material	10	
44nnnnnnnn	Purchase Order (PO) – OOK – Material	10	Transfer PO (TPO)
45nnnnnnnn	Purchase Order (PO) – IK – Material	10	Standard PO
46nnnnnnnn	Outline Agreement – Material	10	
47nnnnnnnn	Stock Transport Order (STO)	10	Used to move material between plants
51nnnnnnnn	Invoice Number – Vendor	10	Materials or services
55nnnnnnnn	Scheduling Agreement- Material	10	Source from MSC to Customer Plant
60nnnnnnnn	Request For Quotation (RFQ)-Services	10	
611nn**ccccc**	Framework Order – Services (Blanket)	10	Legacy conversion of existing contracts where ccccc = legacy contract number
614nnnnnnn	Dummy P.O. - SPEN	10	Special Expenditures
64nnn**ccccc**	Outline Agreement – Services	10	Legacy conversion of existing contracts where ccccc = legacy contract number
651nnnnnnn	Framework Order – Services (Blanket)	10	For new contracts after "Go Live"
66nnnnnnnn	Outline Agreement – Services	10	New series – after Go Live
80nnnnnnnn	Delivery Note	10	Material delivery document
3nnnnn	Customer Number (External)	6	
1nnnnnnn	All Vendors of Svcs & Material Also used by: Commercial traveler, Representative, & Manufacturers	8	Category of Vendors: Goods Supplier Alternative Payee Invoicing Party Forwarding Agent Ordering Address
2nnnnnnn	1099 Vendor (ASC Only) / Vendor (int.number assignment)	8	
3nnnnnnn	Manufacturing Plants	8	
4nnnnnnn	Miscellaneous Vendors	8	
5nnnnnnn	Employees Created from HR	8	
6nnnnnnn	Vendor Financial Address	8	
7nnnnnnn	Reference Vendors	8	
8nnnnnnn	Saudi Arab Government Offices	8	
9nnnnnnn	Alternate Vendor Assigned Payee	8	
XZZZZZZZZZ	Affiliated Company (Vendor) (ex: XVELA001, XSPL003, etc.)		

* CHANGE   ** ADDITION   NEW INSTRUCTION ☐   COMPLETE REVISION ■

10. ACCOUNTING REPORTS CODING

All reports of accounting and financial information which are regularly prepared whether monthly, quarterly, annually or more frequently, should be assigned an Accounting Report (AR) number to help maintain controls and avoid duplication of efforts. Please refer to GI 207.001 – Accounting Reports, for detailed information.

11. UPDATING ACCOUNTS

11.1 Maintenance of Master Data (e.g., General Ledger, Cost Center, Cost Element and Internal Order) is the responsibility of Accounting Policies & Systems Department (AP&SD).

11.2 Request for new codes, cancellations or revisions to existing codes should be in writing to Accounting Process & Control Division of AP&SD stating the following:

1. Type of code (GL, Cost Element, Cost Center, Company Code, or IO)
2. Reason for request – change, delete, reinstate, new
3. Account Title (maximum 30 characters)
4. Reporting to which Cost Center/Cost Center Group
5. Account Description
6. Purpose of the account and how it is to be used (definition)
7. Effective Date of Change
8. Cost Element Group

11.3 Once this justification is received, reviewed and approved, GLAD / FAD will transfer any accumulated costs from the old GL / CE to the New GL / CE upon receiving a request from the concerned department prior to closing the CE.

11.4 Request for change to the CC hierarchy/organizational hierarchy should be sent to the Manager of Organization Consulting Department (OCD).

11.5 Request to update Vendor and Customer accounts of the Company should be sent to Payables Accounting Division (PAD) of Operations Accounting Department (OAD).

11.6 For WBS, PM and Network Orders updates, please see above sections 8.2, 8.4 & 8.5, respectively.

Approved: Original Approved by R. A. KRYGSMAN
R.A. KRYGSMAN, Manager
Accounting Policies & Systems Department

AMB
T- 1089

* CHANGE   ** ADDITION   NEW INSTRUCTION ☐   COMPLETE REVISION ◼

Appendix A

I.   Summary of WBS Coding Solutions

Key

TT	=	BI Type
BBBBB	=	BI Number
AA	=	Reason for Expenditure
JJJJ	=	Job Order Number
PPP	=	Phase
YY	=	Year
NNN	=	Revision Number (Normally 000)
FFF	=	Reservoir Field or Drilling Location
WWWW	=	Sequential Well Number within Field
XXX	=	BI 19 Organization Code
SA	=	Literal 'SA'
SS	=	Incremental Supplement Number

Standard 'Multi Year' Capital Project

Level 1	TT-BBBBB
Level 2	TT-BBBBB-JJJJ
Level 3	TT-BBBBB-JJJJ-PPP

Standard Annual Appropriation

Level 1	TT-YYNNN
Level 2	TT-YYNNN-JJJJ
Level 3	TT-YYNNN-JJJJ-PPP

Drilling & Exploration Project, including Well Work-Over

Level 1	TT-YYNNN
Level 2	AA-YYFFF-WWWW
Level 3	AA-YYFFF-WWWW-PPP

Water Wells for Non Drilling Organizations

Level 1	58-YYNNN
Level 2	58-YYFFF-WWWW
Level 3	58-YYFFF-WWWW-PPP

BI 19

Level 1	19-YYNNN
Org Levels	19-YYXXX
JO Levels	19-YYXXX-JJJJ
Phase Levels	19-YYXXX-JJJJ-PPP

Prior Approval Action to Standard Capital Project

Level 1	PA-TT-BBBBB-SS

Subsequent Actions to a Standard Capital Project

Level 1	SA-TT-BBBBB-SS

* CHANGE	** ADDITION	NEW INSTRUCTION ☐	COMPLETE REVISION ■

	GENERAL INSTRUCTION NO. **216.600** **Approved**
SAUDI ARABIAN OIL COMPANY (Saudi Aramco) **GENERAL INSTRUCTION MANUAL**	
ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT	ISSUE DATE 09-26-2010 / REPLACES 11-30-06
SUBJECT **ACCOUNTING BASIC CODE SYSTEM**	APPROVAL RAK / PAGE NO. 11 OF 12

Subsequent Actions to an Annual Appropriation, including Drilling, Exploration and Well Work-Over

Level 1   SA-TT-YYNNN-SS

II.   Summary of SAP Project Type Prefix

The following project prefixes are used in SAP.

Applicable to WBS levels	Description	SAP Project Type Prefix
All	Capital Projects over $4,000,000	10
All	Miscellaneous Capital Projects	19
All	SABG Schools Annual Operating Expenses Program	20
All	Third Party Projects	21
All	Public Service Projects	22
All	SABG School Renovation/Upgrade	23
All	Emergency Projects	24
All	SABG Schools/Major Roads/Other Non-Cap Projects	25
All	Corporate Donations	26
All	Home Loans	27
All	Development and Completion of Home Ownership Lots	28
All	Community Development	29
Above JO	Exploration Program	33
All	Water Wells for Non Drilling Organizations	58
WA, Phase	Offshore Wells Workover Costs – Pressure Maintenance	59
Above JO	Development Program	60
WA, Phase	Onshore Wells Workover Costs – Production	61
WA, Phase	Water Well Costs Injection and Observation	62
WA, Phase	Incomplete Water Wells Costs for Drilling Support	63
WA, Phase	Offshore Well Workover Costs – Producing	64
WA, Phase	Onshore Wells Workover Costs – Pressure Maintenance	65
WA, Phase	Incomplete Development Costs – Oil and Gas Wells	66
All	SCECO	70
WA, Phase	Drilling Horizontal Well	71
WA, Phase	Well Electrical Submersible Pumps	72

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)	GENERAL INSTRUCTION NO.
GENERAL INSTRUCTION MANUAL	**Approved** **216.600**

		ISSUE DATE 09-26-2010	REPLACES 11-30-06
ISSUING ORG.	ACCOUNTING POLICIES & SYSTEMS DEPARTMENT	APPROVAL RAK	PAGE NO. 12 OF 12
SUBJECT	**ACCOUNTING BASIC CODE SYSTEM**		

WA, Phase	Well Re-works & Re-completion	73
WA, Phase	Well Fracturing and Packing	74
WA, Phase	Exploratory Wells – SAG	75
All	Special Materials on Hand	88
All	Special Materials on Hand	89
Above JO	Well Work Over	90