

ACCOUNTING POLICIES RECOGNIZING TANGIBLE FIXED ASSETS WITHIN PUBLIC INSTITUTIONS

CRISTINA OTILIA TENOVICI

”CONSTANTIN BRÂNCOVEANU”UNIVERSITY, F.M.M.A.E. Rm. Vâlcea,
cristina.tenovici@gmail.com

Abstract:

Accounting for public institutions is a communication tool for economic information - financial, which uses a universal economic language, however, it remains a tool of a particular national culture, being influenced by developments in economic, social, legal and political and religious right in each country. In the last decade due to globalization of economies appeared urgent need to adopt and international accounting standards for public sector entities similar process developed for the private sector. This approach aims to harmonize accounting of public institutions. International accounting harmonization aimed at improving and reducing differences between national accounting principles and rules aimed at drawing with a general, leading to comparable information in financial statements of institutions of reducing differences between accounting regulations of different countries.

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Introduction

Present information requirements imposed adoption of a common language for financial reporting, which has reduced the differences between national accounting practices and regulations aimed at developing principles and norms of a general nature, allowing comparability of information provided by the content of financial statements public sector entities, namely reducing the differences between the accounting regulations of different countries.

This paper is intended as an analysis of the convergence and harmonization of Romanian national accounting rules on the recognition and accounting operations relating to tangible fixed assets with International Accounting Standard IPSAS Public Sector 17 "Tangible assets".

1. Conceptual on tangible fixed assets / tangible

Analyzing national issues accounting convergence with the international accounting standards for the public sector, we found an initial agreement on the definition of fixed assets / tangible assets, as follows:

O.M.F.P. no.1917 / 2005	IPSAS 17 "Tangible assets"
Tangible fixed assets are defined as complex object or objects used as such and which meet the following conditions: - Have a value greater than the limit established by Government Decision, and - Useful life greater than one year.	Tangible assets are those assets which: - Are held for use in the production of goods or services, for rental to others or for administrative purposes; - May be used over several reporting periods.

Usually, tangible assets are high value and can be used over several accounting periods. However, we must bear in mind that both criteria can be met and yet, the asset

is not recognized in the balance sheet (such as tangible assets received as rent because it meets the definition of an asset, in general).

IPSAS 17 "Tangible assets" states that the only use for a long time, longer than one year, determined to tangible employment. In addition, the term "good inmate" expresses the fact that the legal form is surpassed economic importance (principle of substance over form), meaning that will be included in the financial statements of companies and financial leasing tangible assets received, even if the transfer of ownership has not taken place.

In Romanian accounting rules in place tangible fixed asset is the term commonly used term asset. The two terms do not overlap, because the concept of asset involves a statutory minimum (currently 1.800 lei) that asset must have, which has the effect that although some elements satisfy the definition of fixed assets are classified as stock or materials of such inventory items.

Tangible assets are recognized as assets and included in the financial statements of a public institution if they meet the definition of assets and fulfil the following conditions cumulatively [IFAC, pp.512]:

- It is probable that future economic benefits or service potential associated with the item to flow to the entity, and
- The cost or fair value of the item can be measured (a) reliably.

The first criterion is satisfied when a company establishes a degree of certainty as to obtain economic benefits as a result of holding an asset. In addition, public institution must take both benefits (future economic benefit is clear from destinations that these elements may have: direct or indirect) and asset risks.

Loans, although partially meet the recognition criteria are followed in accordance with IPSAS 16, "Investment Property", which it defines as "property (land, building or part of a building or both) held rather take rent or for capital appreciation or both, rather than for use in the production or supply of goods or services for administrative purposes, or, in the normal course of business sale.

IPSAS 17 "Tangible assets"	IPSAS 16, "Investment Property"
<p>Are recognized as property, plant and equipment:</p> <ul style="list-style-type: none"> - Property held for strategic purposes; - Property held to provide a social service; - Leased real estate entities under a finance lease; - Real estate properties that are under construction or improvement (to recognize the activity tangible only during construction / improvement) in order to be subsequently used as investment property. Upon completion be recognized as investment property; - Properties occupied property (include property held for their future use as owner-occupied property, property held for future improvement and future use as owner-occupied property, property held by employees whether they pay or not rent at market rates) and property occupied property to be transferred. 	<p>Are recognized as investment property:</p> <ul style="list-style-type: none"> - Land held rather to increase long-term capital appreciation rather than for sale in a very short time, in the ordinary course of business; - Land held for use in a future yet undetermined; - Building entity owned and leased under one or more operating leases; - A building that is vacant but is held to be leased to third parties under one or more operating leases.

The second criterion for recognition is usually achieved because when purchasing a tangible good nature, cost can be clearly identified with supporting documents showing purchase. More difficult to determine is the cost of tangible products public institution, because not all costs can be capitalized and then you have to make use of professional judgment as correct capitalization of expenditure. IPSAS 17 "Tangible assets" identifies the issues to be considered on heritage assets and infrastructure assets.

It does not require an entity to recognize heritage assets that would otherwise meet the definition and recognition criteria of tangible assets. If an entity recognizes heritage assets, it must apply the disclosure provisions specified by the standard, but is not required to apply the standard of evaluation. There are a number of assets which are described as heritage assets due to their cultural significance, historical or environmental (such as egg historical monuments, archaeological sites, conservation areas and nature reserves, and works of art). Heritage assets often have certain characteristics [IFAC, pp.509]:

- Value in cultural, environmental, educational or historians are unlikely to be fully reflected in a financial value based purely on market price;
- Statutory obligations and / or statutory prohibitions or severe restrictions may be imposed on disposal by sale;
- Are often irreplaceable and their value may increase over time, even if their physical condition deteriorates, and
- Estimate of their useful life can be difficult in some cases it may be several hundred years.

There is no clear definition of infrastructure assets (egg road networks, sewerage systems, water supply systems and electricity, communication networks), but their characteristics are defined by the standard as follows [IFAC, pp.513]:

- Are part of a system or network;
- Are specialized in nature and do not have alternative uses;
- Are the property;
- Subject to the disposal of her anymore.

Identification of fixed assets at public institutions according to national is [O.M.F.P. no.1917/2005]:

a. Proper tangible fixed assets in this category include:

1. Land - under this title shall include farmland and forest land with or without buildings, lands etc fields. Forming public or private state or local administration under the administration of the institution or the concession, lease or free use, lakes, and ponds if not the result of an investment;
2. Land improvements - pens, work access, connection to power supply system, irrigation works, drainage, dams and so on;
3. Construction;
4. Technical facilities;
5. Means of transport;
6. Animals and plantations;
7. Office furniture and equipment;
8. Protection of human values systems and materials;
9. Other tangible fixed assets of state: fields, uncultivated biological resources, water supplies;
10. Advances and tangible fixed assets in progress.

b. Assets equivalent of fixed assets in this category include:

1. Books from library collections, special collections or established legal deposit [Law no.334 /31.05. 2002];
2. Heritage assets;
3. Infrastructure assets;
4. Investments for spatial lakes, swamps, ponds and fields if they are not embodied in tangible fixed assets;
5. Capacities commissioned partly were not prepared registration forms;
6. Investments in tangible fixed assets taken on lease;
7. Specialized military equipment.

Are not considered tangible fixed assets as follows:

- The values of the museum, works of art and exhibitions. Funds libraries, museums and archives the status of cultural goods is not considered fixed assets. Goods referred to in terms of tax treaties as fixed assets will be treated for tax purposes of small inventory materials for common goods or financial assets - other long term investments for heritage assets [H.G. no.2.139 / 30.11.2004];
- Motors, appliances and other assemblies, to replace worn parts during repairs of any kind, which does not change the initial parameters of the asset;
- Tools, special tools and devices that use either the serial manufacture of certain products or to execute certain commands, regardless of the amount and duration of normal operation;
- Temporary constructions and installations;
- Animals not eligible to be listed in adult animals;
- Forests and similar regenerative natural resources;
- Prototypes serve as a model as long as the execution of the production of the series, including zero or series are tested for approval from the manufacturer;
- Equipment, uniforms and city service for students and military, sporting equipment and materials;
- Ammunition of any kind (bombs, missiles, torpedoes etc.).
- Protective equipment and work clothes, bedding, regardless of the amount and duration of use.

Also linked to tangible identification if the components of an asset have different useful lives or provide benefits to the enterprise in a different way, they are accounted for separately, using different depreciation rates and methods. It is so called "component approach" that require IFRS for depreciation. According to this requirement will be accounted for separately and heating for buildings or land and buildings on which they stand (duration of use of land is unlimited, so only buildings shall be subject to depreciation).

IPSAS 17 "Tangible assets" required to be accounted for as fixed assets if the main parts of their working time exceeds one year, although currently these spare parts and maintenance materials are recognized as expenses when their use . If replacement parts and equipment service may be used only in connection with an item of property, they will be recognized and accounted for as tangible assets.

According to the Romanian accounting regulations, OMFP 1917/2005, in recognition evaluation is carried at book value input, represented by:

1. Production cost - this cost includes the costs of achieving tangible fixed assets (direct costs and indirect costs allocated proportionally share the utilization of production capacity), including costs of operation of fixed asset that body;
2. Acquisition cost - includes purchase price plus unrecoverable fees, travel expenses and those related to the commissioning of tangible fixed assets;
3. Fair value - is determined in relation to the market price, utility and tangible fixed asset that location. This is the value at which those assets are accounted tangible public institution received free of charge (donations, sponsorships, pluses to inventory or fixed assets Tangible fixed assets resulting from the dismantling other). This value is determined by appraisers licensed and must be approved by the Head of the public.
4. Estimated value - is used for tangible fixed assets obtained as a result of excavations, soil and subsoil reserves etc.

Under IPSAS 17 "Tangible assets", an item of property, plant and equipment that qualifies for recognition as an asset shall be measured at cost. When acquired in a transaction other than exchange (interest free or at a nominal cost), its cost should be measured at fair value at the acquisition date.

Cost of an item of property comprises [IFAC, pp.515]:

- Its purchase price, including import duties and non-refundable purchase taxes, after trade discounts and rebates are deducted;
- Any costs directly attributable to the asset to the location and condition necessary for it to be exploited expected driving conditions. Examples of directly attributable costs:
 - a. costs of employee benefits arising directly from the construction or acquisition of the item of property;
 - b. costs of site preparation;
 - c. release and packaging costs;
 - d. costs of testing the proper functioning of an asset after deducting the net proceeds from the sale of any items produced while bringing the item to the location and condition, and professional fees.
- Initial estimate of decommissioning costs, removing the item and restoring the site on which it is located, the obligation which the entity supports either when the item is acquired or as a consequence of having used the item in a particular period for purposes other than for to produce inventories during that period.

International accounting standards for the public sector are not included in the cost of an item of property, plant is following:

- Cost of opening a facility;
- Costs of introducing a new product or service (including costs of advertising and professional activities);
- Cost of doing business in a new location or a new class of customer (including costs of staff training);
- Costs of administration and other general overhead costs;
- Costs incurred when an item that can be exploited expected driving conditions has not yet been brought into use or is operated at less than full power;
- Initial operating losses, such as those incurred during the growing demand for component products;
- Costs of relocation or reorganization of all or part of the entity's operations.

Practical example of determining the cost of acquisition in Romania [Țenovici, C. pp.98]: Determine the acquisition cost of tangible fixed assets "X" will be recognized in the accounts of the public knowing the following: negotiated purchase price 120.000 lei, trade discounts (rebate): 2%; VAT 24% [$24\% \times (120.000 - 2\% \times 120.000) = 28.224$ lei] shipping cost: 10.000 lei, interest on bank loans contracted for the production of long production cycle: 400.000 lei salary costs directly productive worker: 30.000 lei start-up costs of tangible fixed assets: 14.000 lei.

Case I: public institution is not taxable

Acquisition cost = purchase price - trade discounts + shipping costs + costs of commissioning of fixed assets + VAT (not taxable, it can not be recovered from tax authorities)

Acquisition cost = $120.000 - 2\% \times 120.000 + 10.000 + 14.000 + 28.224 = 294.024$ lei

Not included in the acquisition cost:

- Interest on bank loans contracted for the production of long production cycle: 400.000 lei;
- Directly productive worker wage bill: 30.000 lei;

Case II: Public institution is taxable

Acquisition cost = purchase price - trade discounts + shipping costs + costs of commissioning of fixed assets

Acquisition cost = $120.000 - 2\% \times 120.000 + 5.000 + 1.600 = 124.200$ lei

Not included in the acquisition cost:

- Interest on bank loans contracted for the production of long production cycle: 400.000 lei;
- Directly productive worker wage bill: 30.000 lei;
- VAT (the VAT payer, tax may be recovered from the tax authorities) 28.224 lei.

Example of determining the cost of production in Romania [Țenovici, C. pp.98]: Determine the cost of production of tangible fixed assets "X" will be recognized in the accounts of the public knowing the following: tangible fixed asset value at the beginning of progress: 400.000 lei direct costs the realization of fixed assets: 140.000 lei; indirect costs 80.000 lei, of which 60.000 lei variables, 20.000 lei fixed; administrative expenses 40.000 lei, utilization of production capacity is 80% of the start-up expenses tangible fixed assets : 14.000 lei.

Cost of production = value of the asset in progress at the beginning of + direct costs of achieving fixed assets + indirect costs allocated in proportion to the use of production capacity + start-up costs of fixed assets

Not included in the acquisition cost:

- Administrative expenses 40.000 lei;
- Indirect costs that do not meet utilization of production capacity $[(20.000 - 80\% \times 20.000) = 4.000 \text{ lei}]$;
- Production cost = $400.000 + 140.000 + 60.000 + 80\% \times 20.000 + 14.000 = 630.000 \text{ lei}$

Fair value is the cash price equivalent at the recognition date when an asset is acquired in a transaction other than exchange. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest for the period of credit unless such interest is recognized in the carrying amount of the item in accordance with the allowed alternative treatment IPSAS 5, "borrowing Costs".

Where one or more items of property, plant and equipment acquired in exchange for an asset or other non-monetary assets or a combination of monetary and non-monetary assets, it is recognized at fair value, except situations where transaction exchange lacks commercial substance or the fair value of neither the asset received nor the asset to be waived can not be measured reliably. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset to be waived. If an entity can reliably determine the fair value of either the asset received or given up to the fair value of the asset given up is used to assess the cost of the asset received unless the fair value of the asset received is more clearly evident.

Standard clarifies when an entity determines whether an exchange transaction has commercial substance by analyzing the extent to which future cash flows or service potential may change as a result of the transaction, as follows:

- Configuration (risk, timing and amount) of the cash flows or service potential of the asset received differs from the configuration of the cash flows or service potential of the asset transferred, or
- An entity-specific value of the portion of the entity's operations affected by the transaction changes as a result of the exchange, and
- Difference from those referred to in subparagraphs a. and b. is significantly related to the fair value of the assets exchanged.

For those tangible assets for which no comparable market transactions, fair value can be measured reliably if [IFAC, pp.519]:

- Variability of a series of reasonable fair value estimates is not significant for that asset or
- Estimates from several different probabilities can be measured reliably and used in estimating fair value.

2. Recognition of events and transactions relating to tangible fixed assets

I present the examples, the main entry ways patrimony of fixed assets / tangible assets under Romanian accounting rules and standards.

Example 1 (purchase): to purchase land worth 40.000 lei.

I. Method of recording a body unamortized fixed assets:

a. records unamortized acquisition of tangible fixed assets:

2111	=	101	40.000 lei
"Land"		"The fund assets that make up the public domain"	

b. Reflects the debt to the supplier:

6821	=	404	40.000 lei
"Expenditure on tangible fixed assets depreciable"		"Suppliers of fixed assets"	

II. Method of depreciable tangible fixed assets registration:

2111	=	404	40.000 lei
„Land”		"Suppliers of fixed assets"	

Example 2 (achieving a tangible fixed asset in self): a public institution made a deposit of over two months. The first month is done following consumption: 24.000 lei materials, salary 56.000 lei. In the second month, and when there is acceptance and commissioning, there is consumption of materials 32.000 lei, and wages 48.000 lei

I. Method of recording a body unamortized fixed assets:

a. There is consumption of achieving tangible fixed assets unamortized the first month:

- material consumption:

602	=	302	24.000 lei
"Costs of consumables"		"Consumables"	

- labour consumption:

641	=	421	56.000 lei
"Wages and salaries of staff"		"Personally - salaries payable"	

b. Is received at the end of the first month of work performed:

231	=	722	80.000 lei
"Tangible fixed assets in progress"		"Revenues from the production of tangible fixed assets"	

c. Recorded consumption of achieving tangible fixed asset unamortized the second month:

- material consumption:

602	=	302	32.000 lei
"Costs of consumables"		"Consumables"	

- labour consumption:

641	=	421	48.000 lei
"Wages and salaries of staff"		"Personally - salaries payable"	

d. Is received at the end of the work done by the second month:

231	=	722	80.000 lei
"Tangible fixed assets in progress"		"Revenues from the production of tangible fixed assets"	

e. As tangible fixed asset is not depreciable made to account not affect the result, capital expenditure incurred in carrying fixed asset will be recognized as current expenses of the public, as follows:

6821	=	231	160.000 lei
"Expenditure on tangible fixed assets depreciable"		"Tangible fixed assets in progress"	

f. is given into tangible fixed assets unamortized realized:

212	=	103	160.000 lei
"Construction"		"The fund public goods that make up the administrative - territorial units"	

II. Way depreciable tangible fixed assets registration:

a. Recorded consumption of achieving tangible fixed assets unamortized the first month:

- material consumption:

602	=	302	24.000 lei
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	"Costs of consumables"		"Consumables"	
- labour consumption:	641	=	421	56.000 lei
	"Wages and salaries of staff"		"Personally - salaries payable"	
b. Is received at the end of the first month of work performed:	231	=	722	80.000 lei
	"Tangible fixed assets in progress"		"Revenues from the production of tangible fixed assets"	
c. Recorded consumption of achieving tangible fixed asset unamortized the second month:				
- material consumption:	602	=	302	32.000 lei
	"Costs of consumables"		"Consumables"	
- labour consumption:	641	=	421	48.000 lei
	"Wages and salaries of staff"		"Personally - salaries payable"	
c. Is received at the end of the work done by the second month and gives tangible depreciable fixed assets in use:	212	=	%	<u>160.000 lei</u>
	"Construction"			
			722	80.000 lei
			"Revenues from the production of tangible fixed assets"	
			231	80.000 lei
			"Tangible fixed assets in progress"	

Example 3 (pluses in inventory) is found in extra inventory tangible fixed assets amounting to 17.000 lei.

I. Method of recording a body unamortized fixed assets:

	214	=	101	17.000 lei
	"Furniture, office equipment, protective equipment and materials to human values and other fixed assets"		"The fund assets that make up the public domain"	

II. Way depreciable tangible fixed assets registration:

	214	=	779	17.000 lei
	"Furniture, office equipment, protective equipment and materials to human values and other fixed assets"		"Income from assets received free of charge"	

Example 4 (depreciable tangible fixed asset acquisition that requires assembly, installation will be on contract) to buy a plant worth 200.000 lei, VAT 24%. Assembly plant to be produced with a specialized company, we charge service provided for the amount of 40.000 lei, VAT 24%. Is received and put into operation the plant.

a. Depreciable tangible fixed asset acquisition that requires installation:

A public non-taxable:

	231	=	404	248.000 lei
	"Tangible fixed assets in progress"		"Suppliers of fixed assets"	

Taxable public institution:

	%	=	404	<u>248.000 lei</u>
			"Suppliers of fixed assets"	

	231			200.000 lei
	"Tangible fixed assets in progress"			

	4426			48.000 lei
	"VAT deductible"			

b. There is mounting service performed by specialized companies:

A public non-taxable:

	231	=	401	49.600 lei
	"Tangible fixed assets in progress"		"Suppliers"	

Taxable public institution:

	%	=	401	<u>49.600 lei</u>
			"Suppliers"	

	231			40.000 lei
	"Tangible fixed assets in progress"			

4426 "VAT deductible" 9.600 lei

c. Is received and put into operation facility:

A public non-taxable:
 2131 = 231 297.600 lei
 "Technical installations, vehicles, animals and plantations" "Tangible fixed assets in progress"
 Taxable public institution:
 2131 = 231 240.000 lei
 "Technical installations, vehicles, animals and plantations" "Tangible fixed assets in progress"

Example 5 (depreciable tangible fixed asset acquisition that requires assembly, installation will be done by direct labour) to buy a plant worth 40.000 lei, VAT 24%. Assembly plant to be achieved by their employees being made following consumption: 1.000 lei materials, workmanship 3.000 lei. Is received and put into operation the plant.

a. Depreciable tangible fixed asset acquisition that requires installation:

A public non-taxable:
 231 = 404 49.600 lei
 "Tangible fixed assets in progress" "Suppliers of fixed assets"
 Taxable public institution:
 % = 404 49.600 lei
 "Suppliers of fixed assets"
 231 40.000 lei
 "Tangible fixed assets in progress"
 4426 9.600 lei
 "VAT deductible"

b. There is mounting service done in self:

Material consumption:
 602 = 302 1.000 lei
 "Costs of consumables" "Consumables"
 Wages due to workers performing fitting:
 641 = 421 3.000 lei
 "Wages and salaries of staff" "Personally - salaries payable"

c. Receive installation work performed with own forces:

231 = 722 4.000 lei
 "Tangible fixed assets in progress" "Revenues from the production of tangible fixed assets"

d. Is received and put into operation facility:

A public non-taxable:
 2131 = 231 53.600 lei
 "Technical installations, vehicles, animals and plantations" "Tangible fixed assets in progress"
 Taxable public institution:
 2131 = 231 44.000 lei
 "Technical installations, vehicles, animals and plantations" "Tangible fixed assets in progress"

Example 6 (advances to suppliers of tangible fixed assets): a public institution funded by the budget, grant a provider an amount of 20.000 lei, VAT 24% representing advance for the purchase of a building. It buys building worth 100.000 lei, VAT 24%. Debt payment to the supplier:

a. Recorded the advance by the supplier:

A public non-taxable:
 232 = 770 24.800 lei
 "Advance payments for tangible fixed assets" "Financing of the Budget"
 Taxable public institution:
 % = 770 24.800 lei
 "Financing of the Budget"

232		20.000 lei
"Advance payments for tangible fixed assets"		
4426		4.800 lei
"VAT deductible"		
b. Purchase of tangible fixed assets:		
A public non-taxable:		
212	=	404 124.000 lei
"Construction"		"Suppliers of fixed assets"
Taxable public institution:		
%	=	404 <u>124.000 lei</u>
		"Suppliers of fixed assets"
212		100.000 lei
"Construction"		
4426		24.000 lei
"VAT deductible"		

c. Debt payment to the supplier:		
A public non-taxable:		
404	=	% <u>124.000 lei</u>
"Suppliers of fixed assets"		
		232 24.800 lei
		"Advance payments for tangible fixed assets"
		770 99.200 lei
		"Financing of the Budget"
Taxable public institution:		
404	=	% <u>124.000 lei</u>
"Suppliers of fixed assets"		
		232 20.000 lei
		"Advance payments for tangible fixed assets"
		4426 4.800 lei
		"VAT deductible"
		770 99.200 lei
		"Financing of the Budget"

Example 7 (financial leasing) a public institution buys a car worth 100.000 lei, under the following conditions: financial lease term 4 years, 20.000 lei initial payment, instalment payment is made quarterly leasing, leasing 12.000 lei of which 4.500 lei, 7.500 lei interest and share of value of the asset, the asset life of 5 years, the residual value 7.000 lei.

a. Advance payment is recorded:		
232	=	770 20.000 lei
"Advance payments for tangible fixed assets"		"Financing of the Budget"
b. Vehicle entry is recorded:		
2133	=	167 100.000 lei
"Public transportation"		"Other loans and similar debts"
c. Advance adjustment is recorded:		
167	=	232 20.000 lei
"Other loans and similar debts"		"Advance payments for tangible fixed assets"
d. Recorded total interest for the period of lease:		
471	=	1687 total interest for the period of lease
"Prepayments"		"Interest on other loans and similar debts"
e. There is interest on the first half of leasing: s		
666	=	471 4.500 lei
"Interest expense"		"Prepayments"
f. Recorded invoice for the first half of leasing:		
%	=	404 <u>12.000 lei</u>
		"Suppliers of fixed assets"
		1687 4.500 lei
"Interest on other loans and similar debts"		
167		7.500 lei

"Other loans and similar debts"
 g. Payment obligation is recorded for the first half of leasing:
 404 = 770 12.000 lei
 "Suppliers of fixed assets" "Financing of the Budget"

Note: VAT will be recorded only in public institutions accounting for VAT.

Example 8 (rental): a public rent for a period of three months a building which pays a monthly rent of 2.000 lei. Value of leased space is 120.000 lei.

Leased assets are not owned by the public and will be reflected extra-

a. Building Rented recorded:

D 8031 "Tangible fixed assets taken on lease" 120.000 lei

b. There is rent paid for leased building:

D 8036 "Rent and other liabilities" 6.000 lei (3 months x 2.000 lei/month)

c. There is rent for the first month:

612 = 401 2.000 lei
 "Rental expenses" "Suppliers"

d. There is paying the first month's rent obligations:

401 = 770 2.000 lei
 "Suppliers" "Financing of the Budget"

simultaneously:

C 8036 "Rent and other liabilities" 2.000 lei

Recording operation resumes rent and payment for the second and third month rental

e. Recorded at the end of the lease out of the building rented out:

C 8031 "Tangible fixed assets taken on lease" 120.000 lei

Note: if you rent for the lease would have been paid since the beginning of the contract, the accounting records were the following:

a. Building Rented recorded:

D 8031 "Tangible fixed assets taken on lease" 120.000 lei

b. There is rent paid for leased building:

D 8036 "Rent and other liabilities" 6.000 lei (3 months x 2.000 lei/month)

c. There is rent for the lease:

471 = 401 6.000 lei
 "Prepayments" "Suppliers"

d. Rent records related to the whole lease:

401 = 770 6.000 lei
 "Suppliers" "Financing of the Budget"

e. There is rent for the first month:

612 = 471 2.000 lei
 "Rental expenses" "Prepayments"

simultaneously:

C 8036 "Rent and other liabilities" 2.000 lei

These operations are repeated for the second and third month rental

recorded at the end of the lease out of the building rented out:

C 8031 "Tangible fixed assets taken on lease" 120.000 lei

Note: Depreciation is recorded in the books of the entity owning the fixed asset, not the asset using a lease basis

Conclusions:

The analysis performed on the recognition of fixed assets / property, it is found from the elements IPSAS 17 "Tangible assets" were taken or missed the national accounting rules, or similar or different approach to accounting issues, as follows:

- Defining the terminology used is different from the national and international standards;
- There is convergence in the recognition of fixed assets / tangible assets at cost or fair value;
- There is convergence to recognize heritage assets and infrastructure.

The analysis conducted on ways of entering the property, we found that IPSAS 17 "Tangible assets" provides another way, about that national rules do not refer, namely the exchange of assets for assets with similar use and value. For such assets not recognize any surplus or deficit on the transaction, the value of the asset cost new asset given up. If those assets have similar value there is no exchange of assets. I believe that national rules may be supplemented in this regard, especially since there are practical situations where circumstances appear exchanges of assets that could be solved more easily in accounting terms.

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