RISING PROBLEMS CONCERNING PROPERTIES. ASSETS IN THE CURRENT CONTEXT

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Abstract
The article with the headline, "Rising problems concerning properties/assets in the current context" brings into the reader's attention the importance of the business properties/assets in a firm's activity from the accounting's point of view, in the current context.

Key words:
Property/asset, property and equipment, intangible assets, investment property, national regulations, international accounting standards, fair value depreciation, amortization

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1. Introduction
The objective of financial statements is to restore the financial position, the financial performance, the changes in equity, having as goal the making of economic decision.
The success of an enterprise in achieving future economic benefits is in close relation with skill investment decisions taken today. From an accounting perspective an investment is the acquisition or production of a property/ an asset being it in its body tangible, intangible, or financial.
In order to prove its viability, the system organization's of a company need to increase its possibility of adaptation and stability by improving its operating parameters of the structure and its behavior.
The life of any business company is conditional on the being, structure and quality of fixed properties/assets, which are generally between 70-80% of total properties/assets, which is a significant level, which requires a detailed study of them, having influence on making economic decisions.
Not only the quantitative aspect of the property will affect the financial situations, but also the multitude of theoretical and practical problems derived from them such as:
a) How are defined properties/assets according to the referential tangible accounting?;
b) What are the tax rules relating to tangible properties/assets?;
c) The identification of the moment's recognition of these properties/assets;
d) Identification of accounting value;
e) Identification of expenditure with depreciation;
f) Impairment of suffered losses;
g) Identification of differentiating suffered losses in terms of their current assets;
h) In which way the properties/assets were acquired?;
i) Which are the implications of subsequent expenditures?;
j) Which are the implications for the purchase or sale of goods whose price is in currency?;
k) Which are the depreciation methods used?;
l) Which are the conditions for the transfer from: properties/assets to stocks, and from stocks to properties/assets?;
m) How are valued at the balance sheet the tangible properties/assets?;
n) How is cracking and failure?;
o) If the leased properties/assets are written off?;
p) Which is the documentation required for registration in accounting of the tangible properties/assets?;
r) Which information should be presented in the financial statements?
In these given conditions, the theme seeks to answer the theoretical aspects, but practically to the main elements of tangible properties/assets in accounting, having specially connotations in the final balance sheet items.

2. Tangible properties/assets
Defining the main concepts of the tangible properties/assets through the internal regulations and the International Accounting Standards; defining the active
An asset is a resource controlled by the entity as a result of past events, and from which future economic benefits are expected to flow towards the entity. An asset is recognized in the books and presented in the balance sheet when it is probable that the future economic benefits by the entity and the asset have a cost or a value which can be reliably measured. Tangible assets represent assets which they are:

(a) held by an entity in order to be used in the production of goods/services, with the purpose to be leased to the third parties/to be used for administrative purposes; and
(b) for use during a period of less than one year.

Apply the recognition criteria to tangible results in the following rule, according to IAS 16: properties/assets, plant and equipment are recognized as an asset only when:

(a) Is probable that they generate future economic benefits associated with the afferent active towards the enterprise, and
(b) Cost of the asset can be reliably measured.

The new elements we referred to they are in this standard (IAS 16) and they are taken part from the OMPF no.3055/2009:

(a) The definition of property, i.e. land and fixed assets and their characteristic features;
(b) Criteria for recognition and inclusion of the tangible properties/assets in the balance sheet;
(c) The tangible properties/assets may enter into business company and also by the exchange with other assets.

(d) The contents of the initial cost of entry was extended in the sense that in this cost may be included: estimated costs of dismantling, scrapping, property’s transfer, including restoration and rehabilitation of the initial emplacement; interest and foreign currency exchange differences’ expenses related to interest appropriates restrictions; overheads and administrative expenses directly attributable to the asset;
(e) The possibility of revaluation of the tangible assets as an alternative accountable treatment; the treatment and the manner of development of the accounting revaluation; the manner of accounting revaluation differences.

From regulations relating to the intern and international tangible properties/assets, there are detached the following conclusions:

- Coverage of the tangible is more extended in the OMPF 3055/2009, compared to IAS 16, which means that there will be active for which it is possible to applying accounting specific treatments - respectively referring to immobilized plant and equipment in the national legislation, - but which fall within the scope (the action sphere) of other standards (e.g. IFRS 5 "Non-current assets held for sale and disruption of activities" or IAS 40 "Investment Property").

According to GD no. 276 of 21.5.2013 regarding the input value of fixed assets is Lei 2.500;

As the definitions herein above large differences arise between accounting and taxation, as it follows:

- The international accounting referential does not foresee a limit of value;
- The international referential accounting does not foresee tangible depreciable limitations of the fixed assets obtained through leasing about the normal use period or for those tax of which depreciation is less than 5 years.

The general recognition criteria of assets and liabilities were taken in the OMPF 3055/2009, but not those of the income and expenditure.

The evaluation of tangible and intangible properties/assets impairment is more complex if apply IAS 36 "Impairment of Assets". Impairment losses can be determined at the level of an asset or cash-generating unit by comparing the net book value to the recoverable amount.

According to OMPF 3055/2009, depreciation is determined activity level by comparing the carrying value of inventory, but the methodology for determining the value of inventory is not presented/shown in detail; The international referential does distinction between real estate (lands and buildings) used by the owner, to which apply IAS 16 "Intangible assets", and those ones held to earn rentals or for capital recovery that apply IAS 40 "Investment Property". According to IAS 40, investment properties are maintained both in cost and depreciated or possibly impaired, or they are valued at their fair value with changes in value recognized in profit or loss account;

The accounting treatment of transfers to and from investment properties is prescribed by IAS 40.

- According to IFRS 5, assets held for sale are those assets whose carrying amount will be recovered instead sale rather than through use. These assets cease to be depreciated and they are evaluated at the lower value between the cost and the fair value minus the costs of disposal, by affecting the outcome of any impairment of value loss.

- The OMPF 3055/2009 does not exist this asset class; the order requires the transfer of tangible to stocks when an item of property will be improved for sale.

- According to IAS 23, borrowing costs directly attributable to the acquisition, construction or production of an asset which requires a substantial period of time to be used or sold must be capitalized.

Capitalization of borrowing costs exists as an option in Order 3055/2009, but their evaluation may be different.
- Biological assets and agricultural products are not defined as distinct structures in the Order’s frame. These are considered to be either stock either tangible, and applicable accounting policies are different from those prescribed by IAS 41 “The Agriculture”;
- The provisions of IAS 37 have been taken in OMPF 3055/2009. Even if OMPF 3055/2009 states the opportunity to evaluate the provision for decommissioning at the present value of tangible assets, the provisions of IFRIC 1 were not yet included in national legislation. They can be recognized provisions for share-based payments that fall within the scope of IFRS 2. But the OMPF 3055/2009 does not specify the accounting treatment of share-based transactions in which a subsidiary receives goods and services that are settled by another group entity.
- In the OMPF 3055/2009, the specific accounting treatments are applicable to the lease contracts which take the legal form, while IAS 17 has in its view the economic substance of the contracts. In this respect, IFRIC 4 provides details on contracts though even if does not take the legal form of a lease contract its must be accounted taking into consideration the economic consequences thereof. In the case of sales transactions followed by taking in financial leasing, the asset remains on the balance of the seller - lessee who recognizes a liability for the sale price. In case of sale of an asset taken later by an operating lease contract, there are recorded two transactions: the sale of the asset and the lease contract. The resulting gain is recognized in full of profit or loss account.
- OMPF 3055/2009 does not contain a requirement to compare the sale price with the fair value (like in IAS 17).

Revenues from grants are recognized in the accounting period in which they are incurred costs that they are intended to compensate. Grants related to assets are presented as income in advance. Deduction subsidies from the cost of assets to which funding was received is not permitted by OMPF 3055/2009, the order does not require the use of the effective interest method with the scope to recognize the interest income and deduction of interest accrued before the acquisition of an investment cost.
- According to IFRIC 18, an item of property received from a customer which the entity will use to connect to a network or to provide it to the continuous access to a good or service (such as the provision of electricity, gas or water) is recognized as an asset if it requires the recognition criteria in correlation with an income (according OMPF 3055/2009, assets received with free of charge title are recognized in income in advance correspondence resumed in revenue as their depreciation).
- The practice is legally the using of both depreciation for accounting purposes and the tax. Depreciation accounting is based on an amortization schedule prepared for the period from the date of commissioning of tangible and the full recovery on the value of their input. Tax depreciation is calculated based on the normal operational periods set out in the catalog on the classification and the normal functioning of fixed assets from the very next month following the depreciable tangible is put into operation.
- According to the OMPF 3055/2009, it absorbs the entire cost of the properties/assets, while IAS 16 "Intangible assets" gives permission to the deduction of the residual value (if it can be reliably estimated) and the discontinuation of depreciation when it exceeds the carrying accounting amount. IAS 16 is more flexible in the manner of determining the depreciation by allowing periodic review of useful life, of the residual value and of the depreciation method where these estimations do not correspond to actual conditions of use of the asset. Although in principle the national legislation allows the use of different policies of tax treatment for properties, plants, - for reasons related to the costs of reporting the existence of double or tax incentives that encourage reassessment facto disconnection may be somewhat reduced.
- The definition of an accounting policy and the demarcation politics - estimation were taken in the OMPF 3055/2009. However, the depreciation method (estimation by the provisions of IAS 8 and IAS 16) is politically considered OMPF 3055/2009, and for its change it is to apply the specific treatment for the change of policy. OMPF 3055/2009 does not contain a hierarchy of provisions that should be followed when there is no explicit requirement in the national legislation. In case of change in accounting policy, the new policy is applied from the year following the very year when the change was decided. The international referential does not provide the use of certain depreciation methods depending on the asset.
- In the case of the cost of production of an asset, Order no. 3055/2009 amends. It makes clear which kind of costs are or not directly attributable to the construction of a fixed asset².

According to Order no. 1898/2013, which amends Order no.3055/2009, there have been some changes in terms of tangible properties/assets, changes that relate to their definition, to their recognition, to the subsequent expenditures related to them (including costs of

repairs), and also certain aspect aiming depreciation and their reevaluation.

3. Conclusions
In the present conditions of our country, where accounting is regulated, albeit significant accounting policies are important, they are not crucial in evaluating managerial decisions because the impact of tax regulations on business and the accounting organization is negative, at least for the following reasons:
* lack of coherence of the various legislative provisions governing the same industry or sector of activity;
* legislative instability due to frequent changes in tax laws;
* frequent modification of the provisions of the organic laws by ordinances or government decisions;
* differentiated territorial application of tax regulations or the late or the retroactive application thereof;
* the impossibility which makes unable to implementing the laws, resolutions or ordinances till the apparition, sometimes very late, of instructions, rules and details concerning their implementation.

References