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ACCOUNTING TREATMENTS FOR THE VALUATION OF TANGIBLE FIXED ASSETS

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Abstract. *In order to be recorded in the current accounting and recognized in the annual financial statements, an immobilized asset, like any other asset of an entity, must be valued, determining through this process the values at which patrimonial asset structures will be recognized in the annual financial statements, assuming the choice of a particular assessment base. The evaluation is made taking into account the general evaluation rules, but also the main moments when this occurs. The valuation of fixed assets is intended: the initial valuation refers to the valuation at the entrance to the economic entity and is based on the cost, calculated on the basis of the supporting documents, the cost which acquires the status of entry value, as well as the subsequent assessment, which includes: post-expense, inventory valuation in the balance sheet, revaluation, and assessment at the exit from the entity.*

Keywords*: fixed assets, annual financial statements, initial valuation, subsequent assessment*
JEL*: M 41*

Introduction

Tangible assets are often an important part of the enterprise's assets and are therefore relevant in presenting its financial position. Because it seemed to me an interesting and, at the same time, very important theme, we chose to study the immobilizations from a practical angle. So, in the paper we will present the issue of the tangible assets, namely the categories of immobilizations, the ways of entering and leaving the tangible assets, as well as the depreciation methods and the normal lifetime for their use.

We consider that immobilizations are of particular importance because they all determine the production capacity of the economic entity and also how it is used, it influences economic efficiency.

In order to exist, and in particular to work on the development of an economic entity, money is needed for material goods or services purchased, after which certain benefits will be obtained that can be obtained in the current or future periods. If benefits are received in the current period, the value of goods and services consumed becomes expense over the same period. If the benefits are to be expected in future periods then the goods and services will be considered as fixed assets in the current period and the payments made for the acquisition will be capitalized.

The concept of tangible fixed assets and their categories.

Every entity carrying out an activity in the field of production, trade or provision of services owns one or more categories of immovable property in its management. Therefore, they are used in the entity's operating activity, depending on the object of activity.

"An important component of the assets of economic agents is the capital immobilized in units and values necessary for the activity of the enterprise over a period of more than one year and which in most of them is gradually consumed." Fixed assets or fixed assets are required to achieve the object of business because, in most cases, companies use their assets to produce goods or provide services capable of meeting customer requirements, which is why they are willing to pay for them obtain, thus contributing to their cash flow.

Asset is an entity-controlled resource that results from past events that are expected to generate future economic benefits. These future economic benefits that are automatically embedded in assets are that ability to contribute directly or indirectly to the cash flow and cash equivalents to the entity.

Fixed Assets are represented by assets and assets of the entity held for a period of more than one year which are not consumed after first use and whose value is recovered in staggered manner by including in those expenses several accounting periods determined by the useful life .

Assets or fixed assets are recognized in the entity's balance sheet if the cumulative fulfillment is the following:

• The possibility of generating future economic benefits and exercising control over them;

• Determining reliably the cost of the value;

"The existence of sufficient certainty that the future economic benefits will be generated by the enterprise requires it to receive the benefits associated with the asset and to bear the related risks."

There are different ways in which immobilized assets can enter the entity: own production, donations, in-kind contributions, third-party purchases, etc.

The most important decision-making issues relating to fixed assets require data and information about the number, technical-functional characteristics, technical condition and wear, value and depreciation, running time and inactivity, evaluation and reassessment.

Because we see a diversity of fixed assets in terms of operating regimes and the need to organize and manage their records, it is necessary to structure them.

The structure is made on several criteria, as can be seen in table no. 1:

Table no. 1. Criteria for clasification

By economic and financial nature	By content	By destination	As presented in the annual financial statements
Intangible assets	Financial assets	Professional fixtures	in the balance sheet, assets are presented at substandard values, after deducting the magnitude of irreversible and reversible depreciation from their book value in their accounting
Intangible assets	Financial assets	Professional fixtures	in the explanatory notes to the annual financial statements are presented in gross figures, indicating changes during the reporting period and the presentation of adjustments during the year.
Fixed assets under construction			
Financial assets			

Criteria for the recognition, assessment and revaluation of tangible assets.

As we mentioned above, tangible assets are recognized as assets when:

• there is a possibility of generating to the entity future economic benefits related to the asset;

• the cost of the asset can be measured reliably.

In order to identify significant individual elements in the field of property, plant and equipment, professional judgment takes place in the context of existing circumstances or different types of entities. IAS 16 indicates that those non-significant individual items are grouped together and the asset resulting from that grouping can be considered an individual, depreciable asset.

The IAS 16 also recognizes that some components of property, plant and equipment that have a life span different from that of their asset need replacement at regular intervals and must be recognized and accounted for as separate property, plant and equipment.

For example, the interior of an airplane (the upholstery and seats) that may need to be replaced several times over the life of the aircraft has significant components that are recognized and then accounted for as distinct assets because they have a life different from that of the asset of which it is part. If the recognition criteria are met, the expense incurred for the renovation and replacement of a component is accounted for as a separate asset acquisition, and that replacement component is removed from the records.

Assets purchased to increase the degree of environmental protection or safety are considered to meet the criteria for recognition as assets even if they do not directly increase the economic benefits of the asset in question because they enable these benefits generated by the assets to be greater than the benefit that could derive if they had not been purchased. A good example would be a chemical production process introduced by a chemical manufacturer in order to be in line with the ecological requirements for the production and storage of hazardous chemicals; is recognized or accounted for as an asset to the extent that it is recoverable. It is noted that although the asset introduced for environmental protection does not directly generate future benefits, it is recognized and accounted for as a physical asset because without it, the economic entity is unable to produce and sell the chemicals concerned.

"The initial valuation of a tangible fixed asset must be carried at its cost depending on how it is entered into the interconnection."

The revaluation is carried at fair value and can be determined based on evaluations performed by authorized values.

Assessment of property, plant and equipment

A non-current asset should be measured in order to be able to be recorded in the current accounting and recognized in the financial statements because the valuation is a first-order requirement because it consists in expressing the means, processes and sources of the entities using the financial standard.

As the process for determining the values at which the financial statements are recognized in the Balance Sheet and the Profit and Loss Account, the valuation of fixed assets is circumscribed to the general principles of the valuation, which requires the choice of a specific valuation basis.

There are a number of costs and values that can be attributed to tangible assets:

♣ "**historical cost** - assets are recorded at the amount paid in cash or cash equivalents or at fair value at the time of their purchase;

♣**current cost** - assets are recorded at cash or cash equivalents and payable if the same asset or other similar asset would be acquired at present.

♣**updated value** - this time assets are recorded at the present value of future net cash inflows to be generated in the normal course of business. There are a number of values that can be attributed to tangible assets:

♣**book value** is the registration value that is determined as a difference between the cost of the tangible asset and the sum of cumulative depreciation and accumulated impairment losses; (according to the basic accounting treatment)

♣**the depreciable amount** is the initial cost less the residual value;

♣**residual value** is the net amount that the entity expects to obtain for an asset at the end of its useful life after deducting previously estimated disposal costs (if those assets are senior and meet the expected terms at the end of their useful life) life).

♣**the entity-specific value or the realizable value** is the present value of the cash flows that the enterprise expects to derive from the continuing use of the asset and its sale at the end of its useful life (or which the enterprise expects to derive from the liquidation of a liability).

♣**fair value** is the amount for which an asset could be exchanged voluntarily between twoknowledgeable parties in the case of a transaction in which the price is determined objectively;

♣ **recoverable amount** is the maximum of the net selling price and the amount of use, ie the amount that is expected to be recovered from the future use of an asset, including the residual value of the asset at the time of disposal; the recoverable amount is compared (usually at the end of the year) with the carrying amount and if it is less than the carrying amount, the difference is recognized as an expense.

♣**the revalued amount or the permitted alternative treatment** is the fair value of the asset less accumulated depreciation and accumulated loss of value. "

The most common assessment basis adopted by enterprises in the preparation of financial statements is the historical cost that is usually combined with other valuation bases. Because they report information on the value of balance sheets at the date they are procured, the historical cost guides the enterprise's accounting to the past. However, accountants agree that the accounting objective should not be limited to reversing the financial position and past performance of the enterprise. Its perspectives are of particular importance to investors. For these reasons, trying to replace the shortcomings of historical cost, the notion of fair value emerged through which it is intended "to correct the acquisition costs of assets with their market value (....) realized by permanent revaluation of the balance sheet items ".

Studying the Order of the Ministry of Public Finances 1802/2014 compared to other previous orders I have noticed that in the past there were four moments in the evaluation of fixed assets, and now there are only three, combining the inventory valuation with the presentation of the items in the balance sheet:

- evaluation at the date of entry into the entity (Table no. 2)
- inventory valuation and presentation of items in the balance sheet
- evaluation at the time of the entity's exit or release

Some specialists believe that this unification is uninspired, because in the normal course of business, we often encounter inventory valuation, which does not coincide with the closure of the financial year.

Table no. 2 Input valuation of fixed assets in the economic entity

The way of acquiring immobilizations	Valuation values for fixed assets	Specifications on asset valuation values
1. Acquired for consideration.	Purchase price or purchase cost	Is made of: * the price paid to the supplier * unrecoverable taxes * Transport and supply expenses * Consuming resources to put immobilisation in use or to enter the entity's management
2. Obtained from own production	Cost of production	It's made of: * Purchase price of consumed sea buckets * Other direct production costs * Ratio of Indirect Expenses Ratio
3. Adjusted by the entity as a contribution in kind	Input value	* established by authorized valuers, if the assets are not new, when the value of the contribution is set at the value of the invoice.
4. Received in the entity free of charge or in the form of donations	Value of utility	* Depending on the market price, the usefulness of the immobilized asset, the state and the place where it is located.
5. Entered in the entity as a result of operational forest operations	Residual value plus customs duties	* is valued at this value if the lessee is non-resident or only the residual value if the lessee is resident
6. Entered in the entity as a result of financial leasing operations	The minimum between the fair value and the present value of the minimum lease payments	* fair value is the amount for which an asset could be exchanged in a loyalty transaction with the objectively determined price; * Minimum lease payments are those payments over the lease term that the lessee must or may be required to make, excluding the contingent rent, service costs and taxes that the lessee will pay and which will be reimbursed to the lessee.
7. Entered into the ntity by government subsidies	Grant amount	* If the grant is represented by the transfer of a non-measuring asset, the valuation is made at the value of the fair or market value of the asset.
8. Entered in the entity as a result of an exchange of assets	The fair value of the immobilized assets	* is equal to the fair value of the ceded asset

Inventory evaluation and presentation of items in the balance sheet

Under OMFP 1802/2014, entities should use the inventory and valuation of assets, liabilities and equity for the purpose of preparing the annual financial statements. The precautionary principle

will be applied when determining the value of the inventory of goods, according to which all value adjustments due to depreciation or loss of value will be taken into account.

The valuation of tangible and intangible assets, when inventorying, is made at the inventory value, as determined by the inventory commission or by authorized values, according to the law. They are the object of the valuation and the assets in progress. "The inventory value of an asset is the carrying amount of the asset determined at the valuation at inventory, that is, the value entered in the inventory lists."

The valuation of property, plant and equipment at the balance sheet date is carried at cost, less depreciation and accumulated impairment adjustments, or revalued, being the fair value at the revaluation date, less any cumulative depreciation and any accumulated impairment losses.

Estimation on the date of exit from the entity or on putting into use

"At the time of the entity's exit or release for consumption, the goods are valued and deducted from their management at their entry value or the value at which they are recorded in the accounting (eg the revalued amount for property, plant and equipment that has been revalued or the fair value short-term securities admitted to trading on a regulated market). "

Revaluation of property, plant and equipment

Under the Accounting Act, revaluation can be made in the event that a significant change in price developments has occurred, resulting in a fair value of the assets other than their carrying amount in the accounting.

Revaluation is the process of modifying an asset's accounting value and bringing it to the current value.Regarding the revaluation of tangible assets, some aspects should be considered, such as:

- Revaluations should be performed with sufficient regularity so that the carrying amount does not differ materially from that amount that can be determined on a straight-line basis at the balance sheet date;
- Under the conditions that a tangible asset is revalued, it is necessary to reevaluate the entire class to which that element belongs, because it is necessary to avoid reporting in the financial statements values that are a combination of costs and values calculated at different dates;
- Assets can also be valued at the replacement cost if no market value can be identified because the type of asset is rarely sold;

The evolution of the fair value of the tangible assets in question precedes the frequency of the revaluations;

Revaluation of property, plant and equipment is carried at fair value at the balance sheet date. The fair value is determined on the basis of assessments usually carried out by qualified professionals, members of a recognized professional body both nationally and internationally.

In the case of a revaluation of a tangible asset, cumulative depreciation at the revaluation date is treated in one of the following ways:

- may be recalculated in proportion to the change in the gross carrying amount of the asset so that the carrying amount of the asset is equal to its revalued amount (after revaluation)
- may be excluded from the gross carrying amount of the asset and the net amount; determined as a result of adjustments with value adjustments and recalculated to the revalued amount of the asset;

Following the revaluation of the asset, we may encounter some situations, such as:
a) when the carrying amount of an asset is increased as a result of a revaluation:
• this increase should be recorded directly in the credit of equity accounts under the heading of revaluation differences
• revaluation gains should be recognized as income to the extent that it is offset by a decrease in the revaluation of the same asset previously recognized as an expense
b) when the quoted value of an asset is diminished as a result of a revaluation
• this decrease should be recognized as an expense

• a decrease resulting from the revaluation should be deducted directly from the revaluation surplus corresponding to the same asset to the extent that the decrease does not exceed the previously recorded revaluation surplus.

3. Depreciation of tangibleassets

3.1 Depreciation of tangible assets

Depreciation is in fact the process of gradually recovering the depreciable amount of a good, usually over its useful life, by including part of the amortized amount in the form of amortization in the expenses of the year. So depreciation is a process, and amortization is the result of a process. As we already know, the use of the asset generates the economic benefits of an item of property, plant and equipment. We can find the useful life of an asset taking into account the following factors:

• firstly, the estimated level of use by the entity in terms of capacity or physical production estimated for the asset;

• then account must be taken of the estimated physical wear and tear taking into consideration the operating conditions;

• Also, the moral wear and tear arising from technical progress and market conditions must not be forgotten;

• very important are the legal limits on the possibility of using the asset (the terms of the related leasing contracts)

The useful life of an asset is defined by the utility that the entity has estimated for that asset. According to the management policy that the entity's management practices, the useful life of an asset may be shorter than its economic life. Also, estimating the useful life of an item of property, plant and equipment is a professional judgment reason, based on the entity's experience with other assets. Duration of use may be expressed either as the period during which the economic entity expects to use the asset or the number of production units or similar units that the entity expects to obtain or sell. The European Accounting Regulation provides that the duration of economic use may be modified on the basis of a decision by the administrator from next year, if such a change results in more relevant or more credible information.

Depreciation of tangible assets is calculated from the month following commissioning to full recovery of their value.

We encounter three types of economic use (Table no.3):

Table no. 3: Duration of economic use

The economic use time is less than the normal use time.	Durable economic use is superior to normal use.	Duration of economic use is the same as normal use
* Accounting depreciation is superior to tax depreciation * Only tax depreciation is deductible in determining the tax return	* Accounting depreciation *In the time period that exceeds the tax period, the expense with the amortization (accounting) will be considered non-deductible.	* Accounting depreciation is the same as tax depreciation * Depreciation expense is deductible in determining the tax outcome

The decision on the amortization period should be based on the economic lifetime and technical characteristics and not the fiscal classification because the difference between the accountant and the tax has temporary implications for the profit tax.

From an accounting point of view, land and buildings are individual assets and are treated separately, even when purchased together. Not all goods used in a business can be amortized. For example, because land is kept indefinitely, it is not subject to depreciation, but construction has a limited lifetime and is therefore subject to depreciation. When the residual value of an asset may rise to a value equal to or above the carrying amount of the asset, the calculated depreciation will be null until it is below the carrying amount of the asset.

An expense with amortization is carried out even if its carrying amount is exceeded by the fair value (this being possible as long as the residual value is not greater than its carrying amount.) Depreciation is normally recognized in the profit and loss account except for in which case it is included in the carrying amount of another asset.

For example, the depreciation of a production hall is included in the cost of inventory processing. Therefore, the depreciation of tangible assets used in production activities can be included in the cost of products obtained with these assets.

We can recognize and account for the depreciation of an asset when the asset is in the location and has the characteristics required to function in the desired manner of management. We can say that an asset is impaired when it is no longer recognized in accounting. Depreciation is calculated until the tangible asset is fully depreciated regardless of whether it is inactive or used.

Depending on how the asset is assumed to bring future economic benefits, the damping method will also be applied that will apply consistently from one period to the next. Changes can occur in the Estimated Asset Efficiency Model, so the depreciation method may be reviewed and accounted for as a change in accounting policy.

Entities amortize property, plant and equipment using one of the following depreciation methods (Figure no. 1):

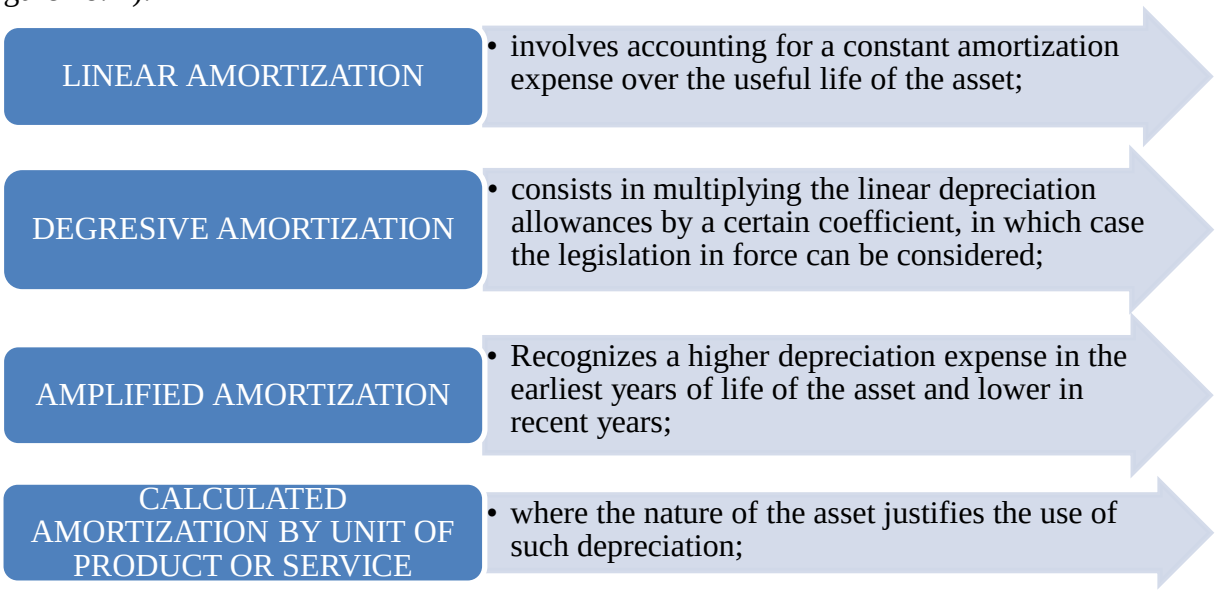


Figure no. 1 Types of damping

3.2 Reversible depreciation of property, plant and equipment

In general terms, depreciation is the loss of value of an asset. This depreciation is caused both by internal and external factors affecting the enterprise's activity.

Depreciations are of two kinds: irreversible and reversible.

• depreciation is irreversible when the action of the factors is permanent; known as depreciation, it is recorded in the accounting as a final, indirect adjustment of the gross carrying amount of tangible assets (the accounting value of the input or a value that is substituted for it) through account 281 "Depreciation on tangible assets" and as a operating expense in account 6811 "Operating Expense on Depreciation of Fixed Assets"

• Devaluation is reversible when the action of factors is temporary in the sense that their effects can resorb or intensify. In the accounting, reversible depreciation is hereinafter referred to as depreciation, thus being delimitated by depreciation. This is recorded as a temporary, indirect adjustment through account 291 "Adjustments for impairment of property, plant and equipment and operating expense in account 6813 Operating Expense for Impairment Adjustments."

To analyze the depreciation of an individual asset, the following steps are required (Figure no. 2):

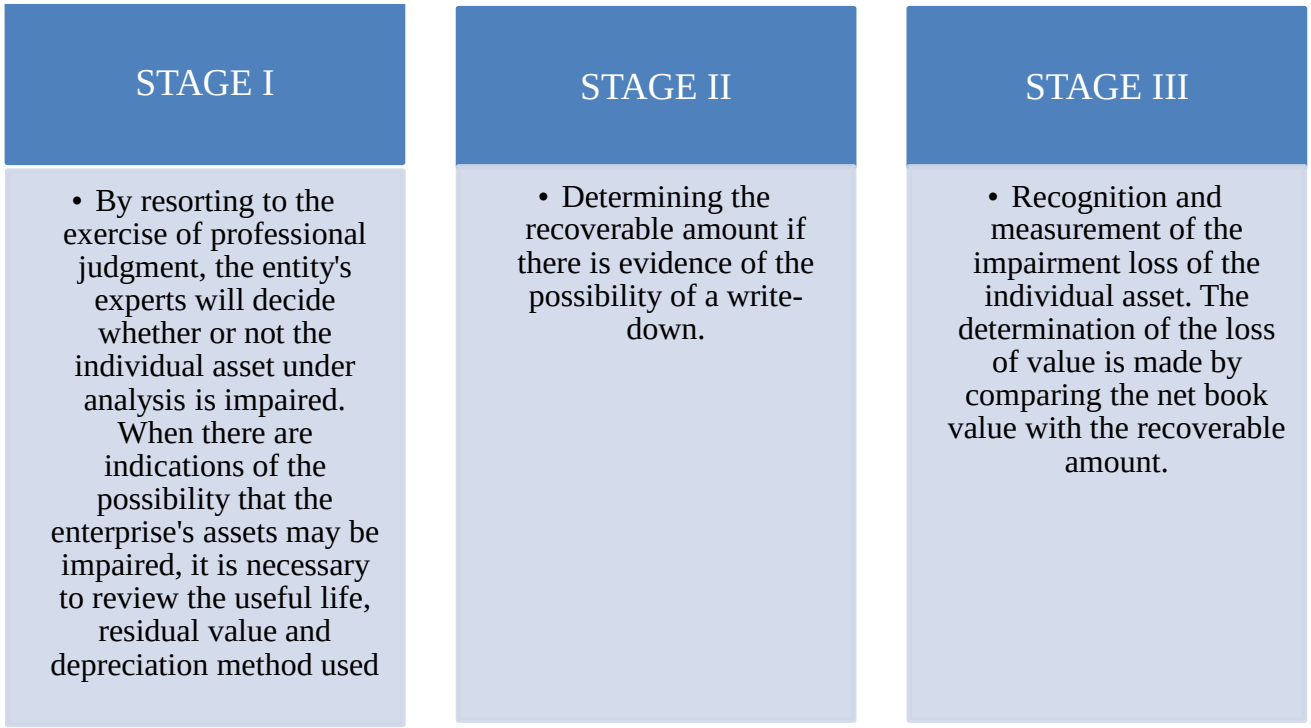


Figure no.. 2 Steps in depreciation analysis

Impairment of fixed assets is a process of decreasing their value. Depreciation is also defined as a periodic change in the cost of property, plant and equipment for the period of its operation. This notion is used only for assets in production processes.

The forms of depreciation are of four kinds, by their nature or retention in time (Table no. 4).

Table no. 4: Forms of depreciation

By their nature:	After retention in time:
1. Physics: Physical integrity, performance, appearance, etc. are affected. They can be both permanent and temporary.	1. Permanente sau ireversibile: se cuantifică şi se înregistrează prin amortizare. Pot fi atâtfizicecâtşi morale.
2.Morală: este afectată atractivitatea lor datorită apariţiei unor imobilizări mai performante. Pot fi atâpermanentecâtşitemporare.	2.Temporare sau reversibile: se cuantifică şi se evidenţiază prin constituirea de ajustări de valoare (fostele provizioane pentru deprecierea reversibilă). Pot fi atâtfizicecâtşi morale.

As, we mentioned above, reversible depreciation is distinguished from reversible by its temporary nature over the permanent one.

"As a temporary adjustment, the adjustment is subject to annual analysis, correlated with the continuing action, the attenuation or disappearance of the factors that generated it. The consequence of the annual valuation is to maintain or supplement the impairment loss or to reduce or cancel it, in the latter two cases operating income, account 7813 "Income from adjustments for depreciation of fixed assets".

Account must also be taken of national accounting rules that impairment losses are recorded individually for each asset. It is not to be overlooked that the reversible impairment to be considered in treatment is the property of non-depreciable tangible property (land) and depreciable tangible assets at the moment when influence factors are found. (eg not using tangible fixed assets at normal operating capacity).

The following will be the requirements for the tangible assets that were carried out between 2012 and 2015 at SC Alfa Trans SRL.The modalities of entry and exit of tangible assets, as well as how they evolved from one mode to another, will be presented, accompanied by examples.Evolution of the ways of entering the tangible assets:This category includes:

- purchases for consideration;
- purchases obtained from own production;

• donations for free;

1. Acquisition for consideration: The Company acquired a MAN transport vehicle on 13.05.2016, according to the invoice XY1660359912 (Annex no. 1), with the price of EUR 86,990, at a foreign exchange rate of 4,4957 LEI / euro of 391,080.94 lei. The invoice does not have VAT because it is an intra-Community acquisition, this means of transport being purchased from Austria, and payment of the invoice was made by bank transfer. The normal use time of this means of transport is 4 years and the damping regime chosen is the linear one. The accounting records for this acquisition were as follows:

Annual amortization - 391,080,943: 4 = 97,770.24 lei

Monthly amortization - 97,770.24: 12 = 8,147.52 lei

Table no. 5.Journal Register no1.

No.	Date	Document	Explications	Symbol		The amount	
				D	C	D	C
1.	30.12.2011	Invoice	Recording the purchase of the means of transport	2133	404	391.080,943	391.080,943
2.	30.12.2011	Invoice	Record payment of the related invoice purchase	404	5121	391.080,943	391.080,943
3.	30.12.2011	Depreciation plan	Registration depreciation in the first year	6811	2813	97.770,24	97.770,24
4.	30.12.2011	Depreciation plan	Registration amortization in the second year	6811	2813	97.770,24	97.770,24

It should be noted that the depreciation value is constant for each year, the normal running time being 4 years and the amortization rate is 100%. The inventory value of this means of transport is 385,415.78 lei and has a monthly amortization of 8,029.50 lei. Remaining depreciation of 5,675 lei.

This trailer will be fully depreciated in December 2019, recovering the value invested through its purchase.

2. Purchasesobtained from own production: This category includes buildings that have been built with their own forces, as well as landscaping necessary (land enclosure, access ways). Total construction costs were 90,000 lei. The normal use time is 20 years, the depreciation regime is linear and the annual amortization is 4,500 lei. The construction value is 90,000 lei. The value of the annual depreciation remains constant until the complete damping of the constructions. The accounting was done as follows:

Annual depreciation is calculated as follows: 90,000: 20 = 4,500 lei

Monthly depreciation is calculated as follows: 4.500: 12 = 375 lei

Table no. 6.Journal Register no 2.

No.	Date	Document	Explication	Symbol		The amount	
				D	C	D	C
1.	30.12.2011	Project of execution	Registering the building with your own forces	212	722	90.000	90.000
2.	30.12.2011	Depreciation plan	Registration depreciation in the first year	6811	2813	4.500	4.500

3. Free donations: SC Alfa Trans SRLreceived a free computer, valued at 6,000 lei.

Table no. 7 Journal Register no. 3

No.	Date	Document	Explication	Symbol		The amount	
				D	C	D	C
1.	**30.12.2011**	**Project of execution**	**Receiving the donation**	**214**	**7582**	**4.000**	**4.000**

Besides the construction, the company also made the land enclosure, consisting of its fencing and paving the access ways. The costs of these works were 18,500 and are amortized. The normal use of landscaping is 20 years, amortized by the linear regime. The value of the annual

depreciation remains constant until the complete depreciation of land plots. In accounting, they were recorded as follows:

Annual depreciation - 18,500: 20 = 925 lei

Monthly Depreciation - 925: 12 = 77.08 lei

Table no. 8.Journal Register no. 4 .

No.	Date	Document	Explication	Symbol		The amount	
				D	C	D	C
1.	30.12.2011	Project of execution	Registering the building with your own forces	212	722	18.500	18.500
2.	30.12.2011	Depreciation plan	Registration depreciation in the first year	6811	2813	925	925

For the maintenance of the means of transport and for their proper functioning, the company supplies with professional spare parts, as well as engine oil, fuel, paints and many other auxiliary materials needed. A strong point is that all these repairs and work are done by the company's staff, thus saving extra costs from other partners. To highlight this more clearly, I will present some operations regarding the purchase of automotive parts, fuel, auxiliary materials and related work by its own specialized personnel.

The company purchased spare parts (filter cabin, filter lion, cartridge) from ICT Truck, with the price of 600 euro, at a exchange rate of 4.50 lei / euro. The invoice does not include VAT as the supplier is from Belgium and submits the reverse charge operation. The invoice is paid by bank transfer, after which the company's personnel performs the works for the Man tractormaker.

Table no. 9.Journal Register no. 5.

No.	Date	Document	Explicație	Symbol		The amount	
				D	C	D	C
1.	30.12.2011	Invoice	Registration the purchase of spare parts	3024	401	2.700	2.700
2.	30.12.2011	Invoice	Registering invoice payment	401	5121	2.700	2.700
3.	30.12.2011	consumer bill	Dare in consumption	6024	3024	2.700	2.700

Evolution of modalities for the removal of tangible assets

Exit from tangible assets management is done in the following ways:

a) scrapping (disposing of);

b) sale; (Failure)

c) donation

d) Natural calamities

e) leasing

a)"Canceling refers to those assets that exist in the management but are no longer usable. Dismantling involves the physical destruction of the unusable equipment, differing in this respect from the removal from the accounting records followed by recovery." In 2012, for the excavation and leveling of the land, the company acquired a bulldozer. It has been used for various fitting and maintenance work. Its normal service life was 4 years (48 months) and the linear damping regime. After 4 years of good use, the bulldozer has failed to be repaired, which is why it was canceled.The value of this immobilization was 25,000 lei, the annual amortization of 6,250 lei. Due to the fact that this fixed asset was fully depreciated, it helped to resolve it. Its value was fully recovered, so the company did not have to incur additional costs because its value was totally recovered.

The accounting for the scrapping operation is as follows:

Table no. 10.Journal Register no. 6

No.	Date	Document	Explication	Symbol		The amount	
				D	C	D	C
1.	30.12.2011	Invoice	Registration of the bulldozer	2813	213	25.000	25.000

b) "Selling is the phenomenon of disposing of a fixed asset, the consideration being the price. The price is usually negotiated." The price must, however, cover the unrendered value of the fixed asset and, moreover, bring profit.

c) "Donation consists in the transfer of a fixed asset by a physical or juridical person, without any other consideration and definitive." The fixed means received by the donation already has a certain "age" and therefore a certain degree of wear. but the fixed asset will be recorded at its real value.

The company concluded a donation act consisting of a lathe registered at the book value of 30,000 lei with a cumulative depreciation of 24,000 lei. Their accounting is as follows:

Table no. 11.Journal Register no. 7.

Nr. crt	Date	Document	Explicație	Symbol		The amount	
				D	C	D	C
1.	30.12.2011	P.V of removal	Removing the donated lathe from the management	% 2813 6582	2131	 24.000 6.000	30.000
2.	30.12.2011	Invoice	The inclusion in VAT non-deductible expenses of the remaining value	635	4427	1.400	1.400

d) Natural disasters

Due to a flood, the company suffered the destruction of a deposit with an accounting value of 60,000 lei and a useful life of 20 years, with the cumulative depreciation of 20,000 lei. This deposit was removed from the company's management by the following accounting note:

Table no. 12.Journal Register no. 8.

No.	Date	Document	Explicație	Symbol		The amount	
				D	C	D	C
1.	30.12.2011	P.V of removal	Removal from the warehouse management	% 2812 671	212	 20.000 40.000	60.000

Conclusions

We find that disposing of tangible assets is not a benefit, except for sale. According to this reason, it is necessary to carry out the activity with care and sense of responsibility, as the profitability of the company is pursued, and the leaving out of tangible assets by means of scrapping operations or from calamities and accidents does not bring any benefit.

For a lower stress level, it would be wise for entities to dispose of the means of transport at the end of normal use. Conversely, the costs of repairs will be higher because they will be older. Another useful thing for the business to continue and thrive is to purchase new means of transport in exchange for those damaged. By respecting these things and beyond, the company will have a high profit and will be able to achieve its goal.

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