DİPLOM İŞİ

AN ANALYSİS OF LONG-LİVED ASSETS AND İTS İMPORTANCE İN İFRS

ALİYEVA ULKAR

ACCOUNTİNG AND AUDİT

2018

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

Table of Contents

ACKNOWLEGMENTS

At first, I might want to thank to my logical chief Ali Abbasov for his recommendation, consolation and patient direction. I am extraordinarily successful to have a director who thought such a great amount about my work and reacted my inquiries so immediately.

I additionally need to thank my family and friends for their help, support and tolerance adore which empowered me to finish this thesis.

ABSTRACT

The motivation behind this thesis is to explore the issue, which originates from long-lived assets influencing benefit and resource administration effectiveness. Tangible assets, intangible assets and money related resources are altogether incorporated into long-lived assets. The point of the exploration is to distinguish the effect of appraisals and valuation in representing non-current assets through a few goals, for instance, clarification of the impairment trial of these resources under IFRS. This study depended on joining the deductive approach with the quantitative examination approach, where the deductive approach was utilized logical interchanges and electronic articles distributed on the web. The consequences of the examination: The distinctions in the estimation of bookkeeping figures under IFRS may straightforwardly influence the numerator of proportion counts, their denominator, or both. In situations where the distinction in estimation influences just the numerator or just the denominator, the impact of the progressions is clear, simple to distinguish and to decipher. Recognizable proof and understanding are more subtle in instances of various separating consequences for ratios. The outcomes gave by this thesis have a commonsense incentive for planners and users of monetary articulations.

CHAPTER 1 : INTRODUCTION

1.1.Background of the study

Any company, regarding to salary, size and territory of socio - monetary condition in which they work, ought to consider lasting structure, effectiveness, recharging and depreciationof these assets. Along these lines, more productive utilization of assets permits the company to achieve a higher quantity of administration, along these lines having a positive reflection on the last outcomes of monetary action - to be specific the money related benefit.

Starting here of view, I characterize correspondence as a goal of deciding instructions to represent property, plant, particularly of those assets and related revelations in the financial statements.

In this way, I feature some current changes aspect for bookkeeping tangible. Initially, I take note of that the idea of property replaces the old term tangible assets.

From the content of tangible assets and fixed assets have a place. For them, the progress to new bookkeeping norms, a few changes were made, calling attention to here that indeed, even the meaning of fixed assets changed substance.

The consequences of the examination enabled us to distinguish particular issues what's more, designs in bookkeeping practice and also define controlling for further examine targeted on improving a bookkeeping strategy for bookkeeping estimation of long-term assets for kinds of organizations.

This thesis might be interest to administration and investors (existing/ potential) of the specific organization, controllers, financial statement users, norms setter and some organization’s analysts.

1.2.Motivation for the choice of research topic

The inspiration related to selecting this research topic is complicated. The possibility of an examination on the part and significance of a new appraisal of long-lived assets for reporting is determined, most importantly, from a long useful ordeal of the creator in the field of valuation.

I came to evaluate the significance of this examination theme and after serious and various trades of thoughts with the gatherings associated with the revaluation of tangible assets. This experience has indicated the need of an exploration that would examine and elucidate perspectives identified with valuation approach for these aspects, to recognize the most basic issues/debates and discover elective arrangements that can be considered by valuers planning such works.

The complication of this procedure has expanded lately, as valuation anxiety expanded with regards to the worldwide fiscal emergency. Other than the issues raised by financial reporting under fair value there is various particular issues identified with the valuation calling itself, concerning technique, accessibility of data, how to approach complex circumstances, the need to meet the particular prerequisites of the preparers of financial statements. Conclusion of this research is entirely identified with the necessities and prerequisites of the last mentioned.

This exploration expects to convey front to front the requests and prerequisites of all gatherings associated with the procedure of revaluation of fixed assets in the endeavor to acquire their cooperation. This would feature existing option approaches and give arrangements and directing components. I consider the inspirations of the gatherings required, for a superior comprehension of the association between the gatherings. I tried to distinguish the issues.

I trust that my thesis is helpful for both expert valuers and the preparers of financial statements and the addressees of budgetary explanations. Moreover, it might add to the production of models and valuation guides for dubious issues. Likewise, my exploration features the part of the authority valuer in this undertaking, the significance of utilizing its administrations. Furthermore, my exploration additionally serves to feature the requirement for significant bookkeeping learning engaged with such procedures.

1.3.Aim of research and research question

The objective behind this examination is to outline another administration procedure that will maintain dependable data. All the more particularly, it will service:

(a) Identify what are long-lived and fixed assets;

(b) Identify their situation and position;

(c) Determine where these assets are recognized;

(d) Determine the general cost;

(e) Assure that assets are enough guaranteed,

(f) Ensure that all assets are enrolled and labeled and,

(g) Assure that depreciation techniques are set up.

Major questions

1. What long-lived and fixed assets does have?

2. What is the condition or status of current long-term ?

3. Where all assets are recognized?

4. Are assets being registered?

5. What is the general cost?

1.4.Research Methodology

Since these assets are utilized to produce benefit for the organization additionally related deterioration/amortization costs to produce these incomes ought to be accounted. Outlining the hypothesis there are different techniques for figuring of depreciation/amortization- straight-line method, revaluation method, double declining balance method, sum of the year digit method of depreciation, working hour method, efficiency hours method and etc.

Based on the conclusions of the hypothetical study I inferred that the interests of outside analysts are mostly centered around the following exploration fields - hypotheses and different issues relating amortization, strategy of amortization, techniques for enduring, enactment and activity administration.

In light of hypothetical research I finish up the accompanying:

- ✓ there is no such a strategy – the best technique that could be connected in all organizations, in light of the fact that;
- ✓ there is no such a one fundamental or the most reasonable depreciation technique to be connected in all organizations; the technique powerful for one organization could be insufficient for the other one;
- ✓ there are a lot of elements affecting the viability of technique chose ;
- ✓ by the specific organization – measure of depreciation cost to different costs and wage, extent of the aggregate sum of advantages for be depreciated to add up to resources reflected in organization's accounting report;
- ✓ units in which the helpful existence of advantage for be deteriorated has been communicated;
- ✓ the main by utilization of which the helpful existence of benefits ought to be partitioned into bookkeeping periods;

1.5.Challenges and Limitations

Different long-lived assets administration process will require the endorsement and support of upper administration and their money related help for the full advancement of this procedure. Adjusting to change is a major confinement especially for new procedures. Getting workers to take after the new procedure and methods can likewise be a challenge. In conclusion, poor connection as criticism of data from the departments inside the company related long-term assets purchasing as a major aspect of the procedure may additionally be risky.

CHAPTER 2 : THEORETHICAL FRAMEWORK

2.1.LONG-LIVED ASSETS IN GENERAL VIEW

Inefficient utiliation of assets is one of the primary purposes behind the financial emergency and rising prices. Assets are methods for production, every natural resources which are claimed by the legislature and its regulatory focuses, and additionally by organizations, non-administrative associations, households and individuals. Resources are classified into material, human, financial and natural resources.

Types of production are machine tools, cars, instruments and buildings, equipment, offices, correspondence lines, methods for transport, stocks, and so on. Every one of these sorts of assets are called production funds.

Long-lived assets(long-term assets or fixed assets) are mechanical facilities which are included in the production procedure while holding their physical structure. They are planned for necessities of organization's main activities and ought to have useful life for over one year.

PP&E owned by the organization and utilized as a part of production procedure or for supply of products and services, and in addition for performing administrative functions. The expected useful life of these assets surpasses one year (or working cycle in the event that it doesn't surpass one year).

Property and machinery which an organization possesses and utilizes, however which the organization does not purchase or sell as a feature of its standard exchange including the organization's investments in shares of other organizations. Assets used to create or sell goods and services, it is also known as PP&E or plant assets.

These assets is the capital as buildings and machinery. The assets make up a large part of assets on most balance sheets, and they yield depreciation, frequently one of the biggest costs on income statements. The acquisition or building of asset is regularly belong to as a capital cost. Capital costs are frequently critical occasions since they affect success of an organization.

Long-lived assets are tangible or intangible assets. Intangible assets– resources of an intangible nature with a term of utilization longer than 1 year with a value surpassed a limit selected by an enterprise in agreeing with so called "common traditions".

These resources are that advantage business activities, as a rule need physical form and have questionable advantages, however controlled by the organization. Their value comes from the benefits and rights conceded to or held by the proprietor. Important rights, copyright, franchises, patents, trademarks can be specified as the examples of intangible assets.

Resources of an intangible nature with a term of use longer than 1 year however with a value which don't come as far as possible selected by the enterprise are charged as expenses instantly at the time of their acquirement.

Tangible assets- resources of a tangible nature with a term of use longer than 1 year with a value surpassed a limit selected by an enterprise in agreeing with so called "common traditions" and some different resources of a tangible nature (particularly buildings) related to their value. Buildings, cars, hardware, machinery, and etc are examples of this kind.

Long-lived financial assets – resources with a term of payment longer than 1 year regardless to their value.

For some organizations, fixed assets make the single biggest class of resources they possess. Fixed assets are separate from every other resource of the organization by two main characteristics, which ought to be viewed all in all. To begin with, fixed assets are utilized as a part of activities.

This makes them not quite the same as, for example, stock that is held for the sale and not utilized as a part of activities. The particular characteristic here is utilize, not kind of asset. This makes fixed assets unique in relation to the current assets, for example, supplies and inventories of the material that are typically expended in the short period of time after they are put being used.

It shapes its material and specialized basis. Increment in assets and their promoting result in high quality production and the expansion of the organization's competitiveness.

2.2.HISTORICAL IMPORTANCE AND DEVELOPMENT OF LONG-LIVED ASSETS

The principle goals of the assets accounting are:

-appropriate report execution and up to date recording of the asset obtaining in the accounting access, and in addition its development and disposal;

- dependable assurance of the sales and transfer results;

- finish appraisal of costs identified with maintenance (costs for registration, check-up, and all types of repairs;

- control of the security of assets and their profitability.

The particular component is that they are recoverable in the production procedure and hold their initial form during a long period of time. Because of the production procedure and condition they regularly depreciate and transmit their underlying expense on production expenditures for the period by depreciation charge.

The structure is framed of the connection of its internal parts. The development of assets is a acquisition, transfer, depreciation, change, increment or decrease of the funds. The specialized level of the production generally relies upon the basic changes. That is the reason structure and the development of fundamental capital should be viewed overall.

2.3.COMPONENTS OF LONG-LIVED ASSETS AND ITS IMPLEMENTATION

Long-lived assets classification is essential for their definition, composition and in addition their bookkeeping. For example,in the Russian Federation there is a single classification which they related to various economy branches; they are likewise separated by their working; normal and material composition; the level of their use. Subject to various types of exercises related to some specific branches (industry, agriculture, transport, development, exchange, telecommunication, material and specialized security, and so on.) as far as their functions assets are separated into production and nonproduction resources. The last ones don't associate with the assembling procedure. These are: staying houses, clubs, stadiums, hospitals, and so forth. In spite of the reality nonproduction resources don't influence the volume of production, the increment in labor profitability and in addition nonproduction fund extension are closely associated with material welfare of the enterprise specialists which at last impacts the output of the enterprise overall.

Every enterprise has fixed and circling (current) funds. They both shape so called production reserves. They partake in production procedure or giving services. Various types of machines, instruments and tools related to production reserves.

In their turn, they are associated with production procedure, for example, different hardware and equipment, instruments and in addition buildings, offices and others.

These are incorporated as follows:

-buildings (workshops, testing laboratories, and so on.);

- offices (construction designing offices, similar to trestles, streets, extensions, passages and others);

- intra-hierarchical streets;

- exchange units (control supply network, gas distribution network);

- machinery and offices; including:

1) load carrying vehicles and facilities (electric generators, electric engines, steam motors, turbines, and so on.)

2) working machines and facilities (machine apparatuses, shaping machines, electric heaters, and so on.)

3) estimating devices and control tools and devices, laboratory test facilities;

4) registering hardware;

5) programmed machines and facilities, various lines (programmed machine instruments, programmed mechanical production systems);

6) other machinery and facilities:

- methods for transport (wagons, autos, lift trucks, trolleys);

- instruments and apparatuses (cutting devices, turning devices, fitting devices;

- production actualizes and furniture (containers, beds, desks, and so on.)

- other assets (library stock, exhibition pieces, and so forth)

Talking about those assets it is additionally important to say capital investments into land recovery (water system, drainage and others); capital investments into leased things of these assets; ecological facilities (water, mineral sources and other assets) and land plots.

To announce a facility it is important to satisfy the next stipulations:

- the office is planned for using in the production procedure, execution of work or providing services and also for different administration needs;

- the facility is planned for long-term using, over a year or normal operating cycle giving it surpasses a year;

- the management does not expect to exchange the facility later on;

- the facility can get an arrival in the future.

Working machines and plant equipment include different items of equipment utilized as a part of the production procedure, i.e. pressing instruments, moving mills, lift trucks, excavators, lifting tools, and so forth. Here are likewise different PC machines and control devices.

A wide range of moveable vehicles (railroad, car transport and also truck vans, electric autos, motortrucks, lift trucks, railroad motors, and so on related to methods for transport.

The significance of every one of assets groups in the production procedure and the expansion in its proficiency is extraordinary. Those specifically influencing the level of mechanization are working machines, equipment, types of transport and tools of production. Their specialized quality and in addition their level of usage extraordinarily influence the volume of production and its effectiveness.

Different parts of assets take part in the production procedure indirectly as they make important conditions for it. The level of the material and specialized facilities of the plant depend to a great extent on both quality and amount of assets being used.

Other than previously mentioned types of assets , there are additionally fixed assets in task owned by the companies (which consist of likewise fixed assets standing prepared for use; under repair; and additionally fixed assets at the moment of realization); laid-up fixed assets and off-duty fixed assets (unreasonable and insufficient equipment which isn't utilized as a part of the production procedure for the distinctive reasons). Such stratification of assets is appeared getting data about fixed assets profitability and effectiveness of its use and the appropriate calculation of deterioration so as to cover it in the activity costs.

There is another types related to which assets are divided as long-term assets possessed by the organization under the appropriate of proprietorship (consist of those which are leased out); assets under administration and working control of the company; long-term assets agree to do lease.

2.4.UNDERSTANDING THE FINANCIAL STATEMENTS

RECORDING LONG-LIVED ASSETS

Long-lived assets have its initial (historical, acquisition) cost, substitution (introduce) cost and depreciation value. They are characterized in genuine terms and as far as cash. Every activity of their development must be executed through fixed essential source reports as indicated by the rundown of brought together record types of essential bookkeeping documentation.

Resource securing to the undertaking implies their coming into activity and capitalization of benefits. They are principally framed because of the realization of development and gathering tasks; their buy, non-repayable receipts; obtaining as commitment to the equity capital; exchange of proprietorship on finish of leasing period (if this exchange of possession isn't stipulated by the assention); distinguishing unaccounted facilities because of stock bookkeeping; resources procurement from government or municipal agencies if there should be an occurrence of unitary framework.

Business accounting assets unit is a stock thing. Fixed assets stock thing is a thing with every one of its fittings or devices or a different facility proposed for some particular reason or a complex of things speaking to a total unit. At the end of the day, this stock unit normally performs one and a similar particular function

Assets are incorporated for bookkeeping purposes at their obtaining cost. The last mentioned (the historical cost) is controlled by summing up real buy costs, development costs aside from the value included tax and other remunerated duties. The said costs are:

- amount of cash paid by contract made with provider or merchant and also amount of cash paid for providing of thing;

- amount of cash paid to companies for data and consulting services associated with resources obtaining;

- traditions obligations;

- amount of cash paid to organizations for the agreement for development work;

- non-recoverable duties, state obligation paid because of the reality of thing acquisition;

- some brokerage expense for resources thing obtaining;

- other expenses associated with resources obtaining, development, and so on.

General operational cost and some different costs are excluded into initial buy expenses or consumptions for thing development (unless they are straightforwardly associated with obtaining or development of assets)

Initial cost added to the authorized capital of the company is thought to be their fiscal valuation, endorsed by the originators of the company.

Initial cost acquired by the company through bonus contract (free of charges) is thought to be their present market value dated the section of bookkeeping reason as investments.

Initial cost got by the agreement giving satisfaction of obligations through non-money related resources is an estimation of benefits conveyed by association. Estimation of these benefits is characterized based on the value, which is paid by the association in practically identical circumstances.

The assets controlled by at least two associations, are reflected by every one of the associations in a possessed share. It is utilized by the organizations in the accounting section.

Valuation of similar kinds which are procured and obtained in various timeframes could have not at all like initial expenses. As a matter of first importance it relies upon the changes of equipment costs and the expenses of establishment and development works on account of the specialized advance.

This makes hard to decide the actual proficiency use in the distinctive enterprises of the similar section , and also to analyze the benefit and assessment of its development. The cost of the assets which is recorded in the accounting passage isn't at risk to variety aside from as generally particularly accommodated by the laws of the country. The adjustment in the cost of long-lived asset is conceivable in instances of modernization, finish; reproduction, specialized redesigning and revaluation.

Modernization assumes works caused by the difference in technological and supporting motivation behind the depreciated assets, and also expanded load and other gained characteristics.

Reconstruction is the procedure of things adjustment identified with the production procedure change and the expansion in its specialized and monetary activity. This alteration is completed inside the system of the task of the remaking with the point of limit increment, quality change and moves in items blend.

The specialized promoting is a bundle of measures taken to build the specialized and monetary markers based on high-advancements execution, motorization and robotization of production, modernization and substitution of worn-out equipment for more profitable one.

On realization development works, their full preparing or recreation, costs represented for the investments either increment starting expenses and are composed off the money related record or go to an extraordinary record . In this way, recreation costs are excluded into prime cost but rather are identified with their original cost increment. Their underlying expense can increment because of remaking at the cost of capital investments or decline at the cost of their fractional disassembling or value diminishment.

Business association can revalue assets at current cost within one year. Revaluation is periodical clearing up substitution cost for carry them into consistence with the market costs level. Revaluation is controlled by recalculation of its obtaining or substitution cost and the collected depreciation at the time of the thing usage.

Replacement cost is reproduction costs. As well as, it is an amount of cash paid at current market costs if there should be replacement of the thing for another one. To decide a thing current cost it is important to determine its acquistion cost through its revaluation.

Revaluation surplus equivalent to diminishes in the value of assets directed in the past timeframes and recognized the revealed loss account gets into a revealed loss account. Declines in the value of the assets get to the decrease of additional capital supported with the thing revaluation surplus directed in the past reporting years. The surplus of the declines of the value of the thing during its revaluation surplus put on the association included capital because of revaluation gets into revealed loss account. What's more, this ought to be uncovered in the financial statements.

2.5.CLASSIFICATION OF ACTIVITY,LIQUIDITY,SOLVENCY AND PROFITABILITY RATIOS

The theory affects working assessment of the company .It implies assess how well the organization works .The primary point is accomplished through ratio analysis . Various financial ratios are assessed such liquidity ratios, asset management ratios, profitability ratios, market value ratios, debt management ratios and lastly scope perfect working .The numerical computation was set up for ratio analysis .It is most critical variables for working assessment .The graphical studying and comparability are assigned between organizations for estimation of a wide range of analysis. Liquidity ratio is carrying on the capacity to pay back short-term creditors. It decides activity of short-term creditors of organizations under the three classes, for example, current ratio, quick ratio and cash ratio. Asset management ratio is estimation how to effectually an organization to utilize and managed its assets. Its additionally measure into seven classifications, for example, account receivable turnover, average collection period, inventory turnover, account payable turnover ,account payable turnover in days ,fixed asset turnover ,total asset turnover..Profitability proportion is assess how well an organization is working by considering and how benefit was earned in respect to sales, total assets and net worth. Debt coverage ratio is playing out that the property inadequate to gather their contract for organizations and market esteem is play out the investor to examination of the stock exchange. General examinations are estimation the best one between organizations.

Working assessment of an organization is typically identified with how well an organization can utilize it resources, shareholder equity and obligation, income and costs. Financial ratio analysis is outstanding amongst other apparatuses of working assessment of any organization. To decide the financial position of the organization and to make a judgment of how well the organization effectiveness, its activity and administration and how well the organization has possessed the capacity to use its benefits and acquire benefit.

We utilized ratio analysis for effectively estimation of liquidity condition, asset management position, efficiency and market value and obligation scope circumstance of the organization for working assessment. It evaluates the organization utilization of its benefits and management of its costs. It decides the more analysis and it additionally calculate capacity to pay organization month to month contract payment from the money generate. It determine organization general proficiency and activity. It decides of offer economic situation of organization. It additionally utilized to examination the organization previous financial performance and to build up the future trend of money related position.

There is some restriction of our proposition. When we utilized the fundamental strategies for analysis of an organization .We can confront various types of issue. With a specific end goal to accomplish the benefit of working assessments we have to select a ratio that is reasonable .This implies information must be right, generally figure of proportion might be incorrect. At some point we can’t discover the things to examination, weight average outstanding of number of share, market value of share, book value of share, interest charged and so on as result we can’t finish ratio analysis and furthermore can’t look at among the two organizations.

-LIQUDITY RATIO

Liquidity ratio refers to the capacity of an organization to associate its assets that is most promptly changed over into money. Assets are changed over into money in a short time that are worries to liquidity position. Be that as it may, the ratio made the connection amongst cash and current liability.

The Liquidity ratio we can fulfill on the three proportions, including:

1) Current ratio

2) Quick ratio or acid test

3) Cash Ratio

The current ratio is calculated by dividing current assets by current liabilities. Generally current asset are satisfactory of short term loan for any organization.

The formula is appeared;

Current Ratio = Current resources/Current liabilities

Quick ratio or acid test ratio is effectively changed over into money at swing to their book values and it additionally demonstrates the capacity of an organization to utilize its near cash.

The equation of quick ratio or acid test ratio are as below;

Quick ratio = (Current asset- inventories)/Current liabilities

The cash ratio is the most well known asset for understand the liquidity position of any organization. For the most part we realize that current ratio and quick ratio isn't great approach to examination the liquidity position for an organization since it relate of account receivable and stock, which set aside opportunity to change over to cash. At last we can pointed that the cash ratio gives a superior outcome.

The equation of current asset is following;

Cash Ratio = Cash / Current Liabilities

-ASSET MANAGEMENT RATIO

Asset management ratio are most outstanding proportion of the monetary proportions analysis. It determines how successfully an organization utilizes and manages its advantages. It is examination how an organization immediately changed over to money or deal on their assets. It shows the advantage changed over or turnover into deals. At long last, we can perceive the organization can simply estimation their benefit since this ratio made up amongst resources and deals.

Next are talked about seven kinds of asset management ratio:

- ✓ Accounts receivable turnover
- ✓ Average collection period
- ✓ Inventory turnover
- ✓ Accounts Payable turnover
- ✓ Accounts Payable turnover in days
- ✓ Fixed asset turnover
- ✓ Total asset turnover

The Accounts receivable turnover is correlation of the capacity of the organization deals and uncollected bills from clients. On the off chance that any organization is hard to gather cash so it has extensive account receivable and furthermore demonstrates the low proportion. Rather than, if any organization forceful accumulation cash so it has low receivable and furthermore high proportion. This proportion measure the circumstances are gathered.

This type’s calculation is;

Accounts receivable turnover = Sales / Accounts receivable

Average collection period formula is as follow:

Average collection period = 360 days / Accounts receivable turnover

The inventory turnover ratio measures the number of times on average the inventory was sold during the period .

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

The accounts payable turnover ratio is computed by account payable to sales. It determines the trend of an organization credit strategy whether broaden creditor liability or not.

This ratio is computed as:

Accounts Payable turnover = Sales / Accounts Payable

Accounts Payable turnover in days is speak to that the quantity of days of an organization to pay their obligation to their loan creditor. On the off chance that any organization number of days is all the more then the organization is extending creditor liability.

Accounts Payable turnover in days = 360 days / Accounts Payable turnover

Fixed asset turnover ratio is the deals to the estimation of assets of the organization. It decide the adequacy in creating net deals income from interests in net property and plant once again into the organization assesses just the investments.

Fixed asset turnover = Sales / Net fixed asset

The total asset turnover ratio measures the capacity of an organization to utilize its advantages for create deals. It considers all benefits including PP&E, capital working in process, inventories, exchange account holders, advances, store and prepayment, interest in advertise securities and so forth. In these criteria a high proportion implies the organization is accomplishing more benefit.

It is computed as follows:

Total asset turnover = Sales / Total asset

-PROFITABILITY RATIO

Profitability ratios assign an organization's general proficiency and activity. It quantifies the organization how to utilization of its benefits and management of its costs to create a satisfactory rate of return. It likewise used to inspect how well the organization is working or how well current activity looks at to past records of organizations.

There are five essential profitability ratios that:

- ✓ Net Profit Margin
- ✓ Gross Profit Margin
- ✓ Return on Asset
- ✓ Return on Equity
- ✓ Operating profit margin

The net profit margin is resolved of net profit after tax to net sales. It contends that the amount of sales are changeover after all cost .The greater net profit margins are good for organization.

Net Profit margin = Net profit after tax/sales*100

Gross margin shows of the organization proficiency of labor and raw material amid the working procedure .If any organization greater gross profit margin the organization more productivity to manages their labor and raw material. So it is most imperative for execution assessment of organization. It can be doled out to particular items or a whole organization. It decides the gross profit to divide by net sales.

The equation is as follow:

Gross profit margin ratio= Gross profit/sales*100

The Return on Assets ratio discovers the capacity of the organization to use their advantages and furthermore measure of effectiveness of the organization in creating benefits.

Return on Total Assets = Net profits after taxes / total assets*100

Return on Equity exhibits how an organization to create income development for utilizing speculation support.
Return on common stock equity = Net income / Common stockholders’ equity*100

The operating profit margin perceive of the level of sales to trade into all expense and costs after remaining sales. A great OPM is favored.

Operating Profit Margin = Operating profits / Sales

-DEBT COVARAGE RATIO

Debt Coverage Ratio measures the level of the aggregate resource gave by lender. On the off chance that any organization has understand their obligation scope proportion under 1 then the organization comprehend their pay more prominent by a property is inadequate to gather their home loan. So more than is 1 is best for any organization.

Debt coverage ratio we can fulfill on the three proportions:

1. Debt ratio.

2. Time interest earned.

3. Book value per share.

Debt Ratio refers the level of an organization total asset the change into total debt. It is the most imperative financial proportion for execution assessment of any organization.

The proportion is ascertained as takes after:

Debt Ratio =Total liabilities / Total assets*100

The time interest earned ratio demonstrates the organization's capacity to meet interest payment. It has validated that the organization ready to pay its yearly cost since this proportion signify the yearly intrigue charged for any organization.

Time interest earned = Earnings before interest tax / Interest charged

Book value per share is the sum each offer would get. In the event that the organization were liquidity based on sum provided details regarding the accounting report.

Book value per share = Common stockholder’s equity / Outstanding shares

-MARKET VALUE RATIOS

The last proportions are the market value ratio. It alluded to the investor in considering present and future interest in an organization. In this proportion the investors are interested to specific factors influence the estimation of their property. With a specific end goal to the investor can estimate the possible future market value. Two proportions are created under this proportion. They are as per the following:

- ✓ Earnings per Share (EPS) ratio
- ✓ Market/Book ratio

Earnings per share asset are a little variety of proprietorship proportion. It is most critical for deflecting of offer cost.

Earnings per share ratio: Net income /weighted average number of share outstanding

The Market/Book Ratio allude to the organization market value per share to its book value per share. It shows administration accomplishment in making an incentive for its investors.

Market/Book ratio: Market price per share/Book value per share

CHAPTER 3

3.1.INVENTORY VALUATION METHODS

Inventory valuation is the cost related with an entity's inventory toward the finish of a reporting period. It frames a key piece of the value of outputs sold computation, and can likewise be utilized as guarantee for advances. This valuation shows up as a current asset on the entity's balance sheet. The inventory valuation depends on the expenses caused by the entity to get the stock, change over it into a condition that makes it prepared available to be purchased, and have it transported into the best possible place available to be purchased. You are not permitted to include any authoritative or selling expenses to the cost of stock. The costs that can be incorporated into a inventory valuation are:

-Direct labor

-Direct materials

-Factory overhead

-Handling

-import duties

-Freight

These methods are utilized to figure the value of outputs sold and cost of ending inventory. Following are the most generally utilized these methods:

I. The Specific Identification Method
II. First-In, First-Out Method
III. Last-In, First-Out Method
IV. Average Cost Method

The Specific Identification Method

The best exact strategy for following the cost of stock is the specific identification method, under which a cost is doled out to every individual unit of stock. This method is typically just conceivable if every unit can be extraordinarily distinguished, which isn't possible for products sold in mass.

For instance, an art gallery offering a bronze throwing by a specific craftsman can rapidly distinguish the amount it cost to initially buy the throwing by looking at that specific receipt from the craftsman. So if the exhibition paid the craftsman $500, when the item is sold, the accounting department debits COGS for $500 and credits stock for a similar amount — diminishing ending inventory by $500.

First-In, First-Out Method (FIFO)

This is the most broadly utilized strategy for stock valuation. FIFO technique is nearer to real physical stream of goods since organizations typically offer products all together in which they are acquired or delivered. FIFO relies upon the decide that the principal unit to enter stock is the first sold. FIFO brings about the most astounding consummation stock, the least cost of products sold, and the most astounding net wage. This is in light of the fact that the most established and least expenses are apportioned to cost of products sold. Ending stock is regarded with the most noteworthy and freshest cost; which most accurately approximates substitution cost. Net pay will augment in light of the way that the most decreased costs were used; which isn't a correct impression of current cost to current wage. Another outstanding component FIFO offers, is the ability to have comparable sums for completion stock and cost of merchandise sold.

Last-In, Last-Out Method (LIFO)

Refers LIFO method, the last unit to enter stock is the first sold, which suggests that the most recent costs appointed to stock are the initial ones to be charged to cost when things are sold. In the event that costs are rising, this implies the rest of the stock will have a generally low value, which implies that the cost of stock charged to cost is high, which makes the littlest measure of taxable income.

In this manner, utilizing the LIFO technique is favored in a time of rising prices in the event that you are endeavoring to maintain a strategic distance from taxable income. This technique for stock valuation is precisely inverse to FIFO strategy.

There are a few imperative things to note before utilizing LIFO. To begin with, LIFO is susceptible to causing obsolete stock. Second, if LIFO is utilized in tax reporting, at that point LIFO is required to be utilized for statement preparation under US GAAP. At last, IFRS restrict the utilization of LIFO. Every one of these variables ought to be considered before embracing LIFO.

Average Cost Method (AVCO)

Regarding to this method, weighted average cost per unit is computed for the whole stock on hand by which is utilized to account COGS. Weighted average cost per unit is computed as follows:

$$\text{Weighted Average Cost Per Unit} = \frac{\text{Total Cost of Goods in Inventory}}{\text{Total Units in Inventory}}$$

3.2.EFFECTS OF INFLATION AND DEFLATION OF INVENTORY COSTS ON FINANCIAL STATEMENTS

Rising stock costs (inflation) or declining stock costs (deflation) can significantly affect an organization's financial statements, depend upon the stock valuation strategy that is utilized.

Contrasts in the valuation technique chose can, along these lines, influence similarity between organizations.

Whatever stock unit costs are declining and stock amounts are steady or expanding, FIFO will apportion a higher measure of the aggregate cost of products accessible to be purchased to cost of offers on the salary explanation and a low measure to ending inventory on the annual report. An organization's gross benefit, working benefit, and pay before charges, in this manner, be lower.

Whatever stock unit costs are rising and stock amounts are steady or expanding, FIFO will allot a lower measure of the aggregate cost of products accessible to be purchased to cost of offers on the salary explanation and a higher measure to ending inventory on the annual report. An organization's gross benefit, working benefit, and wage before charges, in this manner, be higher.

The measure of the ending stock under FIFO will all the more intently reflect current substitution esteems since inventories are accepted to comprise of the most as of late acquired things.

The cost of offers under LIFO will all the more intently reflect current substitution esteems.

The LIFO finishing stock sums are normally not reflective of current substitution esteem because the ending inventory is thought to be the oldest stock and expenses are allocated in like manner.

CHAPTER 4:ELEMENTS OF LONG-LIVED ASSETS AND ITS BENEFITS

4.1.DIFFERENCES BETWEEN COSTS THAT ARE CAPITALIZED AND EXPENSES

Entrepreneurs need to settle on numerous huge bookkeeping choices and what the organization does with costs is among the greatest of these choices. At the point when organizations burn through cash, they are frequently ready to either record to the expenses as a cost or to capitalize the cost. The choice will affect the organization's accounting report.

This guide will take a gander at what capitalizing versus expensing is about, and dig further into the circumstances when organizations ought to capitalize and when to expense. That model in the same way will take a gander at the impact it has on the financial statements and the restrictions of either technique. At long last, you'll additionally find out about the improper utilization of the framework and how to guarantee your business' bookkeeping strategies are inside the legitimate structure.

Capitalizing and expensing are pivotal bookkeeping terms to know. In short, it alludes to how a cost is dealt with on the company's financial statements. This implies organizations have two choices while addition to a cost to their financial statement. They can refer to both capitalize it or expense it.

In the event that the company selects to expense the cost, it is recognized on the income statement and subtracted from the company's income to decide the benefit.

Then again, when a business capitalizes a cost, it will check towards capital expenses. This implies on the balance sheet it will be represented as an asset. For this situation, the income statement will just component the proper deterioration of the asset.

There are presently just rules to enable organizations to choose which costs could be expensed and which could be capitalized. No required guidelines exist, in spite of the fact that there are some legitimate provisos to know about. Along these lines, each organization has some leeway into choosing what it needs to expense and to capitalize.

As I'll talk about later in the guide, this absence of an arrangement of records has the two points of interest and detriments to a business. Expensing versus capitalizing contributes organizations with chances to impact the organization's benefits, straightforwardly affecting over the income statement.

There have been a few examples where organizations have utilized expensing versus capitalizing against the regular bookkeeping methods. While this may impact the short-term benefits of the organization, it can likewise do harm to the organization's accounts.

While there is no compulsory guide, numerous nations have created certain bookkeeping rules for organizations to utilize. For instance, in the US, the Generally Accepted Accounting Principles (GAAP) should be trailed by openly exchanging organizations.

Here's a speedy case of expensing versus capitalizing in real life. The illustration will give you a thought how the choice can affect an organization's financial statements.

Organization A has perceived $4,000 in income and $3,000 in costs amid a budgetary year. The organization has likewise brought about $500 in repair and maintenance costs for its devices, however it hasn't yet chosen whether to expense or capitalize this sum.

In the event that the organization chooses to cost the $500, it will be added to the organization's aggregate costs. This will mean the organization's income will diminish for the year by $500. Expensing the cost will likewise mean aggregate resources and the investor's value will be lower.

Then again, the organization could likewise capitalize the $500. This implies it won't be perceived as a cost in that monetary year, expanding the net income by $500. Be that as it may, the $500 will be perceived in the statement in the accompanying couple of years as deterioration cost. This implies it will bring down the future net income of the organization.

As should be obvious, organizations frequently need to say something regarding the upsides and downsides of expensing versus capitalizing. The following area will take a gander at these circumstances in more detail and give you a thought with reference to when cost ought to be expensed and when capitalized.

4.2.TYPES OF DEPRECIATION PPE AND ITS CALCULATION

Every assets without land arrive are subjected to physical devaluation and disuse, for example, at the point when influenced by physical powers and additionally monetary and innovation factors they regularly give up their properties and end up unfit for utilize. Physical devaluation can be reestablished by repair or redesigning capital resources however at long last they are getting to be unfit for utilize. Truth be told physical devaluation happens both while their being worked and amid their non-working. Limited physical devaluation can be returned through repair and full – by substitution by new capital resources. Disuse shows up when capital resources in their outline, proficiency and working expenses are behind cutting edge developments yet what's more vital they are not ready to create high-quality production in the amount you can get utilizing progressive hardware. It needs the substitution of old things by further developed ones.

Depreciation value– obtaining (replacement) costs less accumulated devaluation. The causes for obtaining of new resources can be gotten from the purchases of the organization's production. Fractional recovery is incorporated into the last cost of the production.

Depreciation is an element of expense resulting from the use of long-lived assets or fixed assets. It is conventionally measured by allocating the expected net cost of using the asset (original cost less estimated salvage value) over its estimated useful life in a systematic and rational manner. The objective of depreciation is to charge each accounting period for the estimated loss in economic value of the depreciable assets used during the period (Peterson, 2002).

The period of time that an asset is expected to help produce revenues is called its useful life. Determining the helpful existence of an advantage has a significant impact on the period expenses.

Shortening the life can expansion costs at the times. In evaluating the financial helpful existence of an advantage, thought must be given to:

a. The physical condition in which the benefit is to be utilized (hot, chilly, dry, wet, and so on.)

b. The physical qualities of utilization (consistent, irregular, settled or compact, steady or exchanging) and the working positions of weight, power and erosion to be experienced.

c. Physical flexibility or capacity to maintain full utilization and incentive with minor constant support, instead of material dynamic depreciation with utilize, regardless of proceeding with upkeep.

d. Old potential-helplessness to financial loss of significant worth as a result of mechanical, form, or different changes that diminish an asset's relative monetary reasonableness for its expected objectives.

It can be defined as the segment of a benefit's cost that is recoverable toward the finish of its administration life less any disposal costs.

To assess the possible salvage value of a specific resource, judgements must be made as to:

-Possible for advertise gratefulness in the second hand market. For instance, certain models of business machines are credited to have specific working attributes that are viewed as better than those in later models, and hence they stay in demand at a high second hand value while other later models regularly deteriorate in value rapidly after the underlying deal.

-Possible for exchange utilizes through redesign and modifying.

Devaluation is the procedure of slow change of asset value to the last items and the collection of the money for the substitution of obsolete resources. Balance depreciation is done regardless to the activity benefit of the organization in the bookkeeping timeframe.

Hypothetically, a depreciation strategy ought to be chosen that accomplishes the most reasonable impression of the loss in monetary value of the assets being utilized or, for taken cost bookkeeping reasons, that assigns a sensible part of the cost of a resource for the income delivered.

In business activities each organization is allowed to choose the most appropriate depreciation technique for their benefits. In generally, there are four essential types of depreciation strategies for allocating the cost. These are following:

-straight-line method;

-double-declining balance;

-units of production;

-sum-of-years-digits.

Each depreciation method is different from one another. So, every company can use different depreciation method for them. Let’s explain these methods and differencies between types.

1.Straight-line method

This devaluation strategy is relevant where the monetary advantage getting from a benefit is relied upon to be acknowledged evenly finished its useful life. Between all depreciation types, straight-line technique is the most straightforward devaluation method. Because its calculation is simple and there is few outcomes in computation mistakes.

The steps utilized as a part of figuring of this technique are following:

- calculate the original expense of the advantage that has been perceived as a long-term assets;

- substract the estimated salvage value of the asset from the sum at which it is recorded on the books;

- calculate the assessed valuable existence of the benefit;

-divide the estimate useful life (in years) into 1 to arrive at the straight-line depreciation rate;

-multiply the depreciation rate by the asset cost.

Typically, the devaluation cost is recorded at the bookkeeping records as a debit to the depreciation cost account and a credit to the accumulated depreciation account.

So, the recipe utilized as a part of the figuring of the straight-line devaluation strategy is following:

Annual Depreciation Expense=(Cost of the Asset-Salvage Value)/Useful Life of the asset

Additionally, straight-line depreciation rate can be utilized as a part of the calculation. It can be computed as takes after:

Straight-Line Depreciation Rate=Annual Depreciation Expense/(Cost of the Asset-Salvage Value)

Let’s explain this method with the following example:

Example

An organization buys an equipment for \$80,000 with an estimated salvage value of \$30,000 and a useful life of 5 years.

This method for the equipment would be computed:

Cost of the asset=\$80,000

Total depreciable cost=Cost of the asset-Estimated salvage value=\$80,000-\$30,000=\$50,000

Useful life of the asset=5 years

Annual depreciation amount=\$50,000/5 years=\$10,000

Therefore, Company would depreciate the equipment at the measure of \$10,000 every year for 5 years.

The depreciation rate can likewise be figure as the yearly depreciation sum/total depreciable cost.In this case,the depreciable rate can be as per the following: Straight-line depreciation rate=\$10,000/\$50,000=20%

YEAR	BOOK VALUE(BEGINNING OF YEAR)	DEPRECIATION	BOOK VALUE(END OF YEAR)
1	\$80,000	\$10,000	\$70,000
2	\$70,000	\$10,000	\$60,000
3	\$60,000	\$10,000	\$50,000
4	\$50,000	\$10,000	\$40,000
5	\$40,000	\$10,0000	\$30,000

Table 1.

2.Double-declining balance

The double-declining balance is another approach of the all methods. It is a kind of the accelerated depreciation method. During the initial years, this method is recognized.

In this technique for depreciation, it calculated a higher depreciation expense than another type of depreciation method.

It is acceptable under following two cases:

-When the utility of asset is being expanded at a more fast rate during the early part of the asset's useful life;

- When the purpose is to recognize more expense now, through shifting profit recognition addition into the future.

Nevertheless, the computation of this technique is more difficult than straight-line depreciation expense. As well as, during helpful existence of assets, almost long-lived asset are applying at a consistent rate. It haven't impact on the fast rate of depreciation regards to the method. This approach of depreciation resulst in altering of profitability results into future periods.

The calculation under this method :multiply the book value of the asset toward the start of the fiscal year by multiple of a straight-line rate. So regarding to this method, depreciation cost can be computed as takes after:

2 x Straight-line depreciation rate x Book value at the beginning of the year,

where the book value=estimated salvage value.

EXAMPLE

XYZ Company purchases an equipment for $100,000.It has an estimated salvage value of $10,000 and useful life of 5 years. The double-declining balance depreciation calculation is:

Annual depreciation expense=(Cost of the Asset-Salvage Value)/Useful Life of the Asset=($100,000-$10,000)/5 years=$18,000

Straight-line rate=Annual Depreciation Expense/(Cost of the Asset-Salvage Value)=$18,000/($100,000-$10,000)=0,2

Double-declining balance=2 x Straight-line rate x Beginning book value=2 x 0.2 x $100,000=$40,000

YEAR	NBV BEGINNING OF THE YEAR	DOUBLE-DECLINING BALANCE DEPRECIATION	NBV END OF THE YEAR
1	$100,000	$40,000	$60,000
2	$60,000	$24,000	$36,000
3	$36,000	$14,400	$21,600
4	$21,600	$8,640	$12,960
5	$12,960	$2,960	
TOTAL		$90,000	

Table 2.

3.Units of production

This method is different from the methods we talk about before. In this technique for depreciation, the measure of the devaluation is charged to the actual usage of the asset. Under the units of production method, ,higher devaluation is charged when there is more resource use and less devaluation is charged when there is less asset usage. This strategy best tracks the wear and tear of the hardware.

The following formula is using in the calculation:

Depreciation per unit=(Cost-Residual value)/Total units of production(throughout life)

Depreciation expense=Depreciation per unit x Number of units produced in the period

Let’s explain for understanding of this approach with an example:

EXAMPLE

ABC Company purchased hardware March 3,2010, for $15,000.The hardware was required to stay in benefit 4 years and to perform 3,000 fry jobs. At the finish of the gear's useful life, ABC Company assesses that its residual value will be $3,000.The hardware performed 300 jobs the initial year,900 the 2nd year,1,200 the 3rd , and 600 the 4th year. Prepare a calendar of deterioration cost every year for the gear under the Units of production strategy.

COST PER UNIT/JOB=($15,000-$3,000)3,000 jobs=$4 per job

YEAR	DEPR EXP FOR YEAR	TOTAL ACCUM DEPR	YEAR-END BOOK VALUE
2010	300 jobs x $4=$1,200	$1,200	$13,800
2011	900 jobs x $4=$3,600	$4,800	$10,200

2012	1,200 jobs x $4=$4,800	$9,600	$5,400
2013	600 jobs x $4=$2,400	$12,000	$3,000

Table 3.

4.Sum-of-years-digits

Sometimes sum-of-years-digits is called SYD.It is a form of accelerated depreciation techniques.In this method of depreciation,the connection is below:

Higher depreciation $\Rightarrow$ early years

Lower depreciation $\Rightarrow$ later years

The following formula is available to calculate it:

SYD=n(n+1)/2

where n=estimated useful life.

Applicable percentage=Number of years of estimated life remaining at the beginning of the year/SYD

EXAMPLE

ZERO Company purchases an equipment for $80,000.It has an estimated salvage value of $8,000 and a useful life of five years. This depreciation cost is computed: SYD=5(5+1)/2=15

This formula yields the sum of each year of the estimated useful life:

1+2+3+4+5=15

YEAR	Remaining estimated useful life at beginning of year	SYD	Applicable percentage
1	5	5:15	33,33%
2	4	4:15	26,67
3	3	3:15	20
4	2	2:15	13,33
5	1	1:15	6,67

Table 4.

4.3.EXPLANATION OF LEASING

Leasing bookkeeping isn't only for bookkeepers and analysts. The inquiry regardless of whether a leasing arrangement is an operate lease or a finance lease is of essential significance for the adjust of the renting contract. Clearing up this inquiry must happen toward the start of the leasing term, from which takes after that no changes can be made all things considered. For clearing up which type of leasing is introduce, IAS utilizes the financial perspective ("substance over shape"), while with US GAAP the formal course of action of the renting relationship is the center of consideration.

The two IAS and US-GAAP call the accompanying markers, which prompt a arrangement as financing leasing:

I. exchange of proprietorship/title goes toward the finish of the rent term
II. nearness of a great buy alternative from perspective of the lessee
III. The term of the renting contract determines the dominant or major some portion of the monetary administration life of the renting resource. In US-GAAP the overwhelming or real part is determined with 75% or more prominent of the asset's evaluated financial administration life.

IV. The present value of the minimal renting payments settled at the start of the renting contract basically compares to the market value of the leased asset. In US-GAAP the present value of the minimal leasing payments must be equivalent to at minimum 90% of the market value.

V. Special renting, whereby the leased asset can be utilized just by the lessee, without generous changes are made. US-GAAP does not perceive this run the show.

VI. Notwithstanding those criteria specified above, it takes some more focuses into thought while grouping a lease as a finance lease.

OPERATING LEASE

An operating lease is a consent to acquire the administrations of a benefit for a period that normally shows just a little piece of the asset's useful life. At the finish of this time the lease might be expanded. This implies the substantive financial esteem will stay with the lessor toward the finish of the lease term.

Net assets from an operating leasing are to be accounted for by the lessor in tangible assets and be devalued over the monetary administration life. Lease payments or rentals are seized direct finished the renting term and are recorded as lease income on the lessor's income statement. Since net resources are to be recorded just from the lessor and reason for the lessee perceives no advantage or risk, this financing is in this way for the lessee "off balance sheet".

FINANCE LEASE

In a finance lease the rent arrangement expands over a large portion of the asset's useful life. This implies a finance lease is what might as well be called buying the benefit from the lessor on credit terms. From this it takes after further that financing renting depicts those renting contracts, which have an expansion of the leased asset for the lessee's accounting report and in outcome accordingly this is an "on balance sheet" financing.

The lessor needs to adjust a renting receivable valued of the measure of net money. This is characterized as whole of the aggregate future least renting payments less not yet acknowledged intrigue yields. The receipts of installment from the venture are isolated in such a way into reclamation and an offer of intrigue that consistent occasional intrigue charges are acquired. The use of the net money strategy is to be utilized compellingly.

5.CONCLUSION

As expressed commonly before along this record, long-lived assets are the foundation of a company's everyday tasks. Also, these things are of high expenses and require to be overseen as proficiently as could be expected under the circumstances. Despite the fact that this is a fundamental administration territory for organizations, much of the time it is done wastefully.

The present section gave clear clarifications about the insufficiently long-lived assets administration any company has completed its ineffective works on with respect to long-lived assets administration are an immediate outcome of lack of planning and the nonappearance of clear approaches, strategies as well as controls. The stock and capacity, and also the reporting and recording of long-lived assets transactions, may be some of company's significant shortcomings in respects to the administration of its property, to the indicate that there is couple of none data in such manner. Besides, the absence of a support and repair module, alongside clear definitions and methodology of what constitute the disposition of harmed, obsolete or unneeded long-lived assets, speaks to another territory that necessities major upgrades and additionally rebuild.

Taking everything into account, all procedures, strategies and controls with respect to the administration of long-lived assets have been ineffective accordingly, any company does not have long-lived assets administration process that can give exact, progressive, reliable and quick data about the organization's property. Besides, the company does not realize what are its long-lived assets, their present condition, or how well these things are kept up.

6.RECOMMENDATION

After discoveries gave in this exploration and the examination grid displayed previously, it is currently valuable to give a few suggestions for measures to set up and exercises to be completed. These proposals will permit the company enhance the administration of its long-lived assets and decrease concealed expenses related with the ineffective administration that has been completed so far.

1. Rethink all strategies, standards, systems and controls identified with long-lived assets administration, in view of best practices, and the requirements of the organization.

2. Arranging ought to be founded on dependable, up-to-date and compact data in request to upgrade the basic leadership process.

3. Make a long-lived assets administration manual with all data in regards to the administration of long-lived assets.

4. Give training about the diverse long-lived assets administration procedures in which different divisions are included.

5. Constant checking and assessment of every single long-lived assets administration procedures to be actualized, with the motivation behind empowering constant change along all stages.

BIBLIOGRAPHY

- Andreea-Ioana, C., & Pali-Pista, S. F. (2013). Harmonization of Financial Regulation and International Financial Reporting Standards – Particular Case of Non-current Assets. Annals of the University Of Oradea, Economic Science Series
- Barth, M.E, Landsman, W.R & Lang, M.H.(2008) "International accounting standards and accounting quality"
- Barth , M.E., & Schipper (2008)."Financial reporting transparency "
- Peterson, R. (2002). Accounting for Fixed Assets (2nd Edition). New York: John Wiley and Sons.
- Clausen, James. (2009). "Accounting 101 – Financial Statement Analysis in Accounting: Liquidity Ratio Analysis Balance Sheet Assets and Liabilities"", Journal of financial statement.
- Clausen, James. (2009), "Basic Accounting 101- Asset Turnover Ratio: Inventory, Cash, Equipment and Accounts Receivable Analysis"", Journal of asset turnover ratio.
- Hutchinson, James (2010), "Long Term Debt to Equity Ratio of a Business: Understand a Company's Value to its Investors and Owners"", Journal of long term debt to equity ratio.
- Mtetwa, Munya. (2010). "Fixed Assets: Capital Expenditure "", Journal of fixed assets in accounting.
- Thachappilly, Gopinathan. (2009). "Profitability Ratios Measure Margins and Returns: Profit Ratios Work with Gross, Operating, Pretax and Net Profits". Journal of profitability ratio measure margin and return.
- Weygandt, J. J, Kieso, D. E., & D, Warfield Terry (2001). "Intermediate Accounting: Time interest earned ratio". (10^{th} ed.). Bearcat Company
- Weygandt, J. J, Kieso, D. E., & D, Warfield Terry (2001). "Intermediate Accounting: Return on equity ratio". (10^{th} ed.). Bearcat Company

- Weygandt, J. J, Kieso, D. E., & D ,Warfield Terry (2001). "Intermediate Accounting: Book value per share". (10th edition).
- Weygandt, J. J, Kieso, D. E., & D, Warfield Terry (2001). "Intermediate Accounting: Earning per share". (10th edition.).
- Baxter, W. T. and Davidson, Sidney, ed. Studies in Accounting Theory. Illinois; Homewood, 1962
- Simons, Harry. Intermediate Accounting. Cincinnati: Southwestern Publishing Company, 1972.
- Brealy, R.A., Myers, S. C., and Marcus, A. J. (2007), "Fundamentals of Corporate Finance", 5th Edition, McGraw-Hill/Irwin, New-York
- Berk, J., and DeMarzo, P. (2007), "Corporate Finance", Pearson Education Inc.