

NEWSLETTER no. 14/2017

14 December 2017

ROMANIA

Annual Inventory of Patrimony

REFERENCES: LAW 82/1991; OMF 2861/2009; OMF 2634/2015

OBLIGATIONS	<p>According to the Accounting Law 82/1991 and Order 2861/2009, all companies are required to perform general inventory of property at least once a year, usually at the end of the year.</p> <p>The companies with complex activities may carry out the inventory before closing the financial year, on the condition that the results of the inventory are included in the financial statements of that fiscal year.</p>
INVENTORY PROCEDURE	<p>The manager of the company is responsible for the good planning and supervising of inventory.</p> <p>The inventory is carried out by committees consisting of at least two persons appointed through a written decision issued by the administrator. In case of small companies, the inventory may be carried out by one person. Responsibles of the warehouses subjects of inventory, the accountants and the internal auditors cannot be members of the inventory committee, except for small companies.</p> <p>The inventory and valuation of assets, liabilities and equity may be performed by the employees or through service contracts concluded with legal entities or individuals with economic and/or technical training.</p> <p>Before starting the inventory, the warehouse responsible must provide a written statement regarding the goods handled.</p> <p>All goods subject to inventory shall be recorded in the inventory lists that have to be prepared by locations, by warehouses and by categories of goods. The inventory made by using the electronic identification methods (for example barcode reader) is allowed.</p> <p>Inventory lists will be signed on each page by members of the inventory committee and by the warehouse responsible.</p>
INVENTORY	<p>FIXED ASSETS</p> <p>Inventory of the intangible assets is done by determining their existence and confirming the company as their owner. For patents, licenses, trademarks and other intangible assets it is necessary to prove their existence by legal documents.</p> <p>Immovable property (buildings, land) is inventoried by identifying them based on property titles and their technical file.</p> <p>Fixed assets, which are outside of the entity premises in the period of the inventory, will be inventoried by written confirmation from the entity where they are located.</p>

	<p>STOCKS The inventory of physical stocks is made by counting, weighing, measuring or evaluation, as appropriate. If these processes cannot be used to identify them, the stocks may be inventoried based on technical calculations.</p> <p>Goods belonging to other companies (rented, leased, in consignment stock, in custody, for processing, etc) are inventoried and recorded in distinct lists that will be sent for confirmation to the owners of the goods.</p> <p>When evaluating the stocks, the inventory commission will have in mind to present an accurate view of the company property, with the purpose of establishing a true value of the goods.</p> <p>RECEIVABLES AND LIABILITIES Receivables and liabilities against third parties are subject to verification and confirmation, based on debtor and creditor extracts for receivables and payables accounts that have significant amounts. It is appropriate that, during the inventory procedure, the confirmation of balances to be made through letters sent with delivery receipt. Failure to follow procedure and refusal to confirm are deviations from these rules and are sanctioned by law. The tacit confirmations for receivables and liabilities are not accepted.</p> <p>LIQUID ASSETS The liquid assets of bank accounts must be inventoried comparing the balances of the bank statements, sent by the banks, and the balances registered in accountancy.</p> <p>The inventory of the liquid assets, in lei and in foreign currency, in petty cash, must be carried out in the last working day of the fiscal year, after the registration of all the receipt and payment operations of that fiscal year, confronting the balances of the cash register and the balances from the bookkeeping.</p>
<p>EVALUATION AND DEPRECIATION</p>	<p>During the inventory, the evaluation of assets and liabilities is made according to accountancy regulations as well as the provision of Order 2861/2009.</p> <p>Evaluation should be made observing the consistency principle: the company applies consistently the same rules and standards, ensuring the comparability over time of the accounting information presented.</p> <p>In calculating the inventory value of the goods, the prudence principle should be observed, by analyzing possible adjustments for depreciation or decreased values.</p>
<p>REVALUATION OF FIXED ASSETS</p>	<p>We remind you that companies may proceed at the end of the year to reevaluate the fixed assets in order to reflect their market value in the annual financial statements.</p> <p>The revaluation is made by qualified professionals, members of a professional specialised body.</p>
<p>FINAL REPORT</p>	<p>The results of the inventory should be recorded in the final report prepared by the inventory committee, after receiving the confirmation of the balances from the accountancy. The final report should include a summary of the inventory results for each warehouse, the committee's conclusions and advises regarding the surplus and losses as well as proposals for discarding small inventory objects or stocks.</p> <p>For assets for which depreciation has been observed, based on distinctive inventory lists, the committee makes suggestions for adjustments for depreciation or for loss of value.</p> <p>The inventory results should be booked in the accounting within 7 days from the date of administrator's approval of the final report.</p>

CONCLUSIONS	<p>We remind you that performing annual inventory is not an obligation of Boscolo&Partners office. We remain at your disposal for any clarifications and details regarding the inventory procedure.</p> <p>In order to apply the provisions of the Accounting Law 82/1991 and the related regulations, for preparing the annual financial statements we will need to receive the inventory results as soon as the final report is approved by the administrator, but not later than 31 January 2018.</p> <p>In the absence of the final report, our office cannot take responsibility for closing the annual financial statements.</p>
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