

PARTICULARITIES OF THE ACCOUNTANCY FOR THE OWN CAPITALS CONCERNING THE DISSOLUTION AND THE LIQUIDATION

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Summary: The presented theme is approached from the perspective of the accentuated extension of the operations concerning the dissolution and liquidation activities, which care allow some accounting and fiscal treatments and some specific insurance measures. We have considered that it is useful to debate the following significant problems: the competences to adopt the decisions concerning the operations of this nature; their realization flow; the managerial implications; the specificity for the inventory and for the evaluation of the tangible and intangible elements. A special attention has also been given to the presentation of the accountancy methodology for the economic and financial operations that the dissolution and the liquidation generate, by realizing the accounting registrations under the form of a case study.

Key words: accounting information, own capitals, dissolution liquidation.

Concerning the theme in debate we consider as being justified a short **introduction** within which we retain as a first aspect the fact that the operations which are realized in connection with the cessation of the activity by dissolution and liquidation need some accounting, fiscal and treatment and some specific insurance measures. So, within the dissolution operation we should take into consideration, first of all, the structure and the form of property for the capital. The dissolution and the liquidation, in the case of the private capital, is an act of decision of the own shareholders, based on a decision of the majority taken in the general meeting. The situation changes in the case of the companies with a mainly or integrally state capital where the dissolution and the liquidation are decided by the state structures with competences in the capitalization of its assets.

Without taking into consideration the decisional competence, the dissolution and the liquidation of the entities suppose the realization of many **specific operations** and more exactly:

- The inventory and the evaluation of the tangible and intangible elements of the entities that will cease their existence by dissolution and by liquidation, followed by the registration of the results;
- The elaboration of the financial situations according to the applicable accountancy norms;
- The settlement in the general meeting of the shareholders of the operations that will be realized by the liquidator in the name of the entities;
- The capitalization of the asset elements, the cashing of the debits, of the financial investments on a short term, etc.;
- The payment of the debts towards the state budget, the budget of the state social insurances, as well as the payment of the other social obligations towards other funds, employees and other third parties;
- The settlement of the result for the liquidation (profit or loss);
- The calculation, the retention and the payment of the tax for the profit and of the tax for the dividends corresponding to the action of dissolution/liquidation;
- The elaboration of the partition balance, according to the accounting norms in force;

- The realization of the partition concerning the own capital (net asset), resulted from liquidation, depending on the provisions of the statute, the decision taken by the general meeting of the shareholders, as well as depending on the participation quota in the social capital.

There are some situations when the entities, as a consequence of some unpleasant events or of some decisions of the jurisdiction organs, for the cessation of the activity are introduced in a juridical reorganization procedure, which supposes, besides the operations described above, some the obligatory measures such as:

- The sealing and the conservation of the goods which make part of the entities' fortune;
- The sale of the perishable goods or of the goods subjected to an imminent depreciation;
- The sale of the important goods from the debtor's fortune (lands, factories, installations) in then most advantageous and rapid conditions, by the previous agreement from the part of the creditors;
- The bank deposition, in the debtor's account, of the sums realised from the sale of the goods;
- The settlement, according to the law, of the intangible elements of the mass;
- The distribution of the sums realised from liquidation, according to the distribution plan between the creditors, in the order mentioned by the legal norms;
- The elaboration and the approval of the final report;
- The elaboration of the final financial situation, in the case when the liquidation ends in the current exercise. If the liquidation is prolonged over the duration of a financial exercise, the liquidators are obliged to elaborate the annual financial situations.

The realization of the operations of dissolution and liquidation, as well the ones from the juridical reorganization and bankruptcy presents some contexts and situations with a certain difficulty degree generated, as a rule, by the commercial relations, by the legal obligations of the entities towards their partners and also by the own shareholders.

The management of such an operation supposes that the general meeting should also settle the realization way of the activities that are obligatorily and which will comprise the organisational structures, the functional processes and the allocated human resources and the responsibility.

Depending on the fact if the management elements have been settled, that we consider essential in the realization of the operations of cessation of the entity's activity, at the date settled by the general meeting, there will be started **the inventory and the evaluation of the tangible and intangible elements of the company**. Within this framework, both the inventory, and also the evaluation have to be structured on categories of assets, as far as possible, as they are presented in the financial situations. The inventory is realized by observing the procedures which correspond to the accounting norms, and the evaluation is done by observing the standards and the use of the adequate values.

The resulted of the inventory are registered in the accountancy, and depending on their nature, they will be recognized in the profit and loss account, and the ones with fiscal implications (the perishable ones) will follow the fiscal procedure. The results of the evaluation are registered in the accountancy based on the recognition principle and they are taken into consideration for the settlement of the entity's global value and they will finally affect, the result of the dissolution and liquidation process.

Further on, we consider that there is a justification to exemplify the **accounting methodology for the main operations** appeared with the occasion of the dissolution and of the liquidation, inclusively concerning the elements of own capitals, related to which we appreciate that it is not suggestive to treat them separately.

The financial situation presented by the entity that has entered in the dissolution and liquidation process, decided by the general meeting of the shareholders, contains the following essential elements concerning the determination of the final result:

Item	Indicators	Details and determinations	Balance (thousand lei)
1.	Immobilized assets		800,00
	Corporal immobilizations (ct. 212 - 2812)	2.000.000 – 1.200.000	800,00
2.	Circulating assets		500,00
	Stocks (ct. 301-391)	200.000 – 40.000	160,00
	Debits (ct. 4111 + 4118 - 491)	The sums will be cashed after a period bigger than one year and they are separately presented 250.000+50.000-20.000	280,00
	Cash register and the accounts in the banks (ct. 5121)		60,00
3.	Debts (ct.404)	which should be paid in a period of up to one year	600,00
4.	Assets – Debts	Rd. (1+2-3)	700,00
5.	Provisions (ct 151)		100,00
6.	Own capital		600,00
	Subscribed and paid capital (ct. 1012)	500.000 shares x 1,0 lei/share	500,00
	Reserves from revaluation (ct.105)		
	Legal reserves (ct. 1061)	The legal reserve has been deduced with the occasion of the constitution	100,00

Situation concerning the tangible and intangible elements belonging to an entity that is dissolved and that will be liquidated

The general meeting of the shareholders has mandated the liquidator to capitalize the immobilizations and the stocks by sale, as far as possible, by the auction procedure, which has been considered to be advantageous for the entity.

In the same time, it has offered details concerning the clients and especially concerning the uncertain clients, as well as concerning the suppliers.

Based on this, the liquidator has sold the buildings over their net value presented in the balance sheet, with the sum of 100.000 lei, and in the case of the raw materials under the value from the balance sheet, with the sum of 16.000 lei. The sum corresponding to the sure clients has been received with a value of 250.000 lei with a discount in sum of 5.000 lei, and from the uncertain clients there has been received the sum of 24.000 lei from the sum of 50.000 and an adjustment of 20.000 lei has been constituted in this sense. The suppliers have been paid before the fixed term with the sum of 600.000 lei, and in this case the liquidator has gotten a discount of 20.000 lei. For the realization of the activity, the liquidator has registered expenses in sum of 52.000 lei.

All the operations are registered in the accountancy as they are presented below:

1. The capitalization of the corporal immobilizations:

a) Sale of the buildings by an auction:

461	=	%	1.071.000 lei
		7583	900.000 lei

		4427	171.000 lei
b) Cashing of the value for the buildings:			
5121	=	461	1.071.000 lei
c) Subtraction from the evidence of the sold buildings:			
%	=	456	<u>2.000.000 lei</u>
281			1.200.000 lei
6583			800.000 lei
d) Closing of the account for incomes:			
7583	=	121	900.000 lei
e) Closing of the account for expenses:			
121	=	6583	800.000 lei
2. Sale of the stocks of raw materials:			
a) Sale of the raw materials:			
411	=	%	<u>171.360 lei</u>
		707	144.000 lei
		4427	27.360 lei
b) The registration of the goods as raw materials and their subtraction from the administration:			
371	=	301	200.000 lei
607	=	371	200.000 lei
c) Annulment of adjustments:			
391	=	7814	40.000 lei
d) Closing of the account for expenses:			
121	=	607	200.000 lei
e) Closing of the account for incomes:			
%	=	121	<u>184.000 lei</u>
707			144.000 lei
7814			40.000 lei
f) Cashing of the value for the sold goods:			
5121	=	411	171.360 lei
3. Cashing of the debits:			
a) Partial cashing from the uncertain clients:			
5121	=	4118	24.000 lei
b) Passage on expenses of the uncertain clients:			
6588	=	4118	26.000 lei
c) Annulment of adjustments:			
491	=	7814	20.000 lei
d) Closing of the sure clients:			

	5121	=	411	245.000 lei
e)	Allowance of the discounts:			
	667	=	411	5.000 lei
f)	Closing of the account for expenses:			
121		=	%	<u>31.000 lei</u>
			667	5.000 lei
			6588	26.000 lei
g)	Closing of the account for incomes:			
	7814	=	121	20.000 lei
4.	Payment of the debts:			
a)	Payment of the suppliers of immobilizations:			
	404	=	5121	580.000 lei
b)	Discount received as a consequence of the payment before the due date:			
	404	=	767	20.000 lei
c)	Closing of the account for incomes:			
	767	=	121	20.000 lei
5.	Registration of the expenses from liquidation:			
a)	Expenses realized by the liquidator:			
	628	=	5121	52.000 lei
b)	Closing of the account for expenses:			
	121	=	628	52.000 lei
6.	Annulment of the provisions for the clients:			
a)	Annulment of the provisions for the risks and for the expenses:			
	151	=	7812	100.000 lei
b)	Closing of the account for incomes:			
	7812	=	121	100.000 lei
7.	Adjustment of the value added tax:			
a)	Registration of the tax which should be paid:			
	4427	=	4423	198.360 lei
b)	Payment of the VAT:			
	4423	=	5121	198.360 lei
8.	Settlement and payment of the tax for the profit resulted from the liquidation			
a)	From the registrations in the account 121 „Profit and loss” we observe that we have a credit footing of 1.224.000 and a debit footing of 1.083.000, resulting that the profit before the tax of 141.000 lei, which means that the tax for the profit is of 23.040 lei (1.224.000 x 16%) fact which also implies the realization of the registration:			
	691	=	441	23.040 lei
b)	Closing of the account for the profit tax:			
	121	=	691	23.040 lei

c) Payment of the profit tax:

441 = 5121 23.040 lei

After the validation of the registrations in the accountancy we realize the works for the elaboration of the financial situations, that, in the previous example are represented by a balance sheet known under the name of **partition balance**. The partition consists in the division of the own capital (net asset), resulted from the liquidation, between the shareholders of the dissolved and liquidated trade company, which allow the usual accounting registrations. Mainly, they refer to the taxation of the legal reserves and the registration of the gotten net value, together with the realized profit, as dividends to be paid, the taxation of the dividends resulted from the profit, the disconnection of the sums due towards the budget and towards the shareholders and the closing of the account for the subscribed and paid capital.

As a conclusion, we appreciate that the present work brings a modest contribution concerning the clarification and the profound study of some essential aspects related to the accounting information corresponding to the dissolution and liquidation operations of the economic entities, which brings a benefit to the quality of the generated accounting information.

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