
Accounting policies and practices applicable for the impairment of assets that generate income other than cash flows

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Abstract

Starting with 2005, at an European level, the European Commission alongside the International Federation of Accountants (IFAC) promoted the implementation of accrual accounting within the public sector and, by default, the shift from cash accounting to accrual accounting, as well as the development of financial statements based on the International Public Sector Accounting Standards (IPSAS). IPSAS' starting point were the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The requests of the IPSAS Standard 21 "Impairment of Non-Cash-Generating Assets" were drawn up in accordance with this policy. The differentiated practices that can be applied to the public sector in relation to the private sector have led us to the analysis of the solutions suggested by IPSAS 21 precisely to understand and further study the concepts and mechanisms of the depreciation of assets that generate income other than cash flows. Without neglecting the reality of the Romanian accounting practice within the public sector, we will gradually go through the steps of measuring and recognizing the depreciation losses associated with the assets that generate income other than cash flows, owned by the public entities.

Keywords: Public sector, non-cash-generating assets, depreciation loss, recoverable value.

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