Summary. The role of the reliable evaluation of assets in the bankruptcy lawsuit is enormous huge. It is serving for taking the right decisions by the court, the official receiver as well as creditors. It is enabling choice of the best mode of bankruptcy its possible switch to arrangement. It lets control action of the manager of the entity, it is a necessary condition of rational action. Methods of evaluation of assets result from different regulations of the law and are demonstrating very much level of disharmony. The same elements of assets are repeatedly priced but resulting value is different and differences are substantial . One can see it very well in the research findings section where three companies' evaluation of assets were characterized. The price of property is the best example of the lack of reality of some evaluations of net prices, not higher than purchasing the price or manufacturing the cost with respect to property. The real worth of property is often many times higher than established in this way. The financial report created this way cannot realize the superior principle of the faithful, reliable image. In conclusion there is so much needed separate regulation concerning the evaluation of a bankrupt's estate. If data from balance answered to economic reality, establishing value of the estate by corrections of balance sheet value by way of excluding elements which cannot be included in the bankrupt's estate would be possible .

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M. Kamieniecka
Maria Curie-Skłodowska University in Lublin
Department of Accounting

RECOGNITION AND VALUATION OF REVENUES ACCORDING TO THE POLISH ACCOUNTANCY ACT AND IAS/IFRS – COMPARATIVE APPROACH

The article is devoted to recognition and valuation of revenues in financial report as an important economic category in every enterprise. Differences between principles applying in IAS/IFRS and the Polish Accountancy Act were addressed.

The article is devoted to recognition and valuation of revenues in financial report as an important economic category in every enterprise. Differences between principles applying in IAS/IFRS and the Polish Accountancy Act were addressed.

Introduction. Individuals acting in Republic of Poland, keeping records and making out financial reports obligated to follow the provisions of the Polish laws. Pursuant the Polish Constitution the present system of the hierarchy of sources of law in the Republic of Poland is as follows:

– Constitution is a superior legal document in the Republic of Poland,

– international agreements ratified with the statutory permission and law of European Union are being taken into consideration,

– acts of law,

– finally: ratified international agreements, directives and acts of local law.

Till end 2004 r. Accountancy Act was a legal document adjusting issues of the financial reporting of firms of 29th September 1994 and executive directives issued for its legal enforcement. Upon becoming a member state of EU forced introducing a regulation the European Parliament and No. 1606/2002 of 19th July 2002 r. on the matter of applying international standards of accounting. Acting on power of this directive and amended Accountancy Act of 1st January 2005 firms issuers of securities in the public turnover of any membership state of the EU and banks must announce consolidated financial reports based on regulation of international standards of the financial reporting (IAS/IFRS).

In spite of the fact that Polish Accountancy Act is in fundamental issues quite similar to international standards (particularly after so-called big amendment which came into force as of 1st January 2002), there are considerable differences. International standards contain more meticulous regulation.

The relation concerns also recognizing and the valuation of revenues achieved by economic units.

Revenues in the Accountancy Act. In harmony with the Accountancy Act through revenues and profits one should understand coming into existence in the reporting period lent credence economic benefits, whose value is credibly determined, in the form of appreciation of assets or depreciation of liabilities which will lead to rise in own capital or make capital deficit smaller other than by paying in by shareholders or proprietors.[1]

Through appreciation of assets there are typical events causing economic benefits: getting financial means or receivables from sale of products and goods, profits from non-cash and financial sales of elements of assets, the increase in the rate of foreign currency of receivables. Instances of economic benefits of depreciating liabilities as a result of remittance of liabilities, freeing provisions reserves, depreciation of foreign currency, in which liabilities are denominated.[2]

However the statutory definition of revenues is to be found in IAS 18 Revenue[3]. Polish balance regulations aren't determining precisely the moment, in which revenues arise[4]. They are only widely pointing that in account books and financial result of entity one should present all achieved, falling under this category revenues concerning the given rotational year, irrespective of the time of their settlement[5].

The definition of revenues and profits contained in the Accountancy Act states when revenues arise but isn't answering the question, in what way to recognize them. So whether a result of the current period (in profit and loss account) only indirectly influencing the value of own capital or whether it will go directly to own capital so and won't have influence on the result of the current period, it is depending on the source of the coming into existence of revenues. In Poland until the end 2001 first way of presenting revenues (and costs) was used, and diminishing capital was an effect of the decision of the owner of capital. From 2002 one should take hold of effects of some events directly in own capital (omitting the profit and loss account).[6]

[1] The Accounting Act, dated 29 September 1994 (polish: Ustawa o rachunkowości), Journal of Laws from 2009 yr, No. 152, item. 1223, as amended, Art. of 3 sec. 1, pt 30. Some authors are paying attention for imprecise determining the notion income: "inasmuch as the profit causes the rise in the equity, the income can, but must not increase the equity, since it depends on the comparison result with costs", cf.: K.Sawicki, Zmiany w zakresie przychodów, kosztów i wyniku finansowego od 2002 roku, (in:) Rachunkowość w zarządzaniu jednostkami gospodarczymi, Materials for an US and AR scientific conference, Szczecin 2001, p. 245.

[2] Sprawozdanie finansowe bez tajemnic, pod red. G.K.Świderskiej, Difin, Warszawa 2003, p. 2-23.

[3] J.Gierusz, Koszty i przychody w świetle nadrzędnych zasad rachunkowości (pojęcia, klasyfikacja, zakres ujawnień), ODDiK, Gdańsk 2010, p. 55.

[4] Międzynarodowe Regulacje Rachunkowości. Wpływ na rozwiązania krajowe, pod red. A.A.Jarugi, Wydawnictwo C.H.Beck, Warszawa 2002, p. 121.

[5] It is matching with the memorial principle applicable in accounting: the moment of reaching the income has to be appointed with moment of receiving payment; cf. also: : G.K.Świderska, Ustawa o rachunkowości po nowelizacji a Międzynarodowe Standardy Rachunkowości, (in:) „Rachunkowość", 2001, zeszyt specjalny – Znowelizowana ustawa o rachunkowości. Komentarze – Wyjaśnienia – Ujednolicony tekst ustawy, p. 14.

[6] Zasady wyceny bilansowej i ustalania wyniku, pod red., E.Walińskiej, Centrum Controllingu i Analiz Ekonomicznych, Łódź 2002, p. 54, 97-100.

From this point of view, revenues passage of time which are included in the but from perspective of the definition of revenues they are difficult for interpretation. On the one hand, for preserving conditions of the definition, revenues should be debited in own capital account, rather than in the group of liabilities (where they are presently recognized). On the other hand, in next periods they are changing their character becoming revenues of the current period. Recognizing operations of unpaid received fixed asset is interesting: according to A-Act for the day of receiving is recognized in balance as revenues for accounting in passage of time, and later on as time goes by it is being recognized among revenues of the current period (it is changing its character), however it doesn't influence financial result since due to it being written off in same amount because of wear and tear (depreciation). The problem with accounted revenues in passage of the time wasn't explicitly addressed in IAS.

As far as classification of revenues in accounting is concerned, it is serving above all getting the information across about the profitability of various areas of activity of an economic unit. In accordance with the act, they are being presented in books and the financial report in the division on: revenues of basic operating activity, revenues from remained operating activity, revenues from financial transactions and extraordinary revenues.

Received or due revenues are revenues of basic operating activity of sale of products, goods and materials, expressed in real prices of the sale without the tax the VAT and, reduced for rebates, discounts and other increases or decreases.

Recognition of revenues of sales is coming in the moment of the sale, which is in harmony with the memorial principle. A moment of sale is giving away goods (providing a service), because, if parties didn't agree differently, with this moment burdens and benefits are transferred to buyer as well as the risk of accidental loss or damage. Regulation is taken from the Civil Code in the part concerning sale of goods[7]. Exception to this rule is recognizing revenues from realization of long-term contracts (resulting e.g. from agreements for construction, renovation, consulting services) which are being recognized in the profit and loss account during but prior to the completion of a contract (appropriately to the state of advancement of works for the balance day[8]. However in case of export sale revenues are usually recognized at the date of crossing the border, resulting from customs documentation, although an agreement can contain provisions obliging to recognize the different moment of recognition of revenues[9].

In harmony with the principle of periodisation one need to assign outcomes of business activity to this period when they occur. Taking it account periodisation and memorial principles requires accounting for time factor with respect to sales revenues which manifest themselves in accruals. The need for accounting for revenues in the time is resulting from the fact that charging or recording revenues in the books from contractors agrees in time with the period, in which services are rendered. If the period of charging or recording revenues in the books comes before rendering services a need for capitalization of these sales revenues is necessary so that revenues will be able to sail to the financial result. This way accruals of revenues (presented in balance sheet in the group of liabilities), of coming from sales one should include payments received from contractors in the reporting period for future services (received advance payments, advance payments and deposits on supplies and services). Accruals of revenues are not recognized as revenues of the current period.[10]

Remained operating revenues are a next group of revenues of an economic unit. In respect to them a principle of the carefulness is being emphasized strongly: in the financial result one should recognize exclusively undoubted remained operational revenues.[11] Accountancy Act isn't specifying closed catalogue of events causing arising remained operating revenues but is only giving examples of such situations.[12]

[7] The Civil Code, dated 23 April 1964 (polish: Ustawa kodeks cywilny), Journal of Laws from 1964 yr, No. 16, item. 93, as amended, Art of 535.

[8] Ways of fixing an amount of sales revenue of such construction contracts works for the balance sheet day are specific in the Accounting Act and they are coinciding to a considerable degree with IAS 18 IAS 11.

[9] B.Micherda, Rachunek kosztów i wyników jednostek gospodarczych w świetle znowelizowanego prawa o rachunkowości, Wydawnictwo AE w Krakowie, Kraków 2003, p. 83.

[10] T.Peche, Zarys ogólnej teorii rachunkowości, PWE, Warszawa 1963, p. 66-68; B.Micherda, Rachunek kosztów i wyników…, p. 84-85; Ustawa o rachunkowości…, Art. 41 ust. 1 pkt 1.

[11] Ustawa o rachunkowości…, Art. 7 ust. 1 pkt 3.

[12] Ibidem ,Art. 3 ust. 1 pkt 32.

Moment of the registering of remained operating revenues and the way of their measurement are the same as for revenues from basic operating activity.

Appearing of financial revenues is tied with transferring ownerships or entitlements in the scope of financial assets, in it of financial and capital instruments as well as monetary assets (of domestic means of payment, currencies and foreign currencies) and with investing own capital in activity of other entities. One should emphasize that in harmony with the memorial principle, financial revenues are which not yet due because a time their payment didn't materialize but they are falling under the given period (e.g. interest on loans).

Extraordinary revenues are the last group of revenues called extraordinary profits. The scope of extraordinary profits is at present considerably is reduced. Profits coming into existence as a result of difficult to predict events outside operational activity of the entity and disconnect from risk from normal activity of the entity. Extraordinary profits can come in effects of random incidents e.g. from the compensation from insurers from the title of random losses, revenues from the selling to remains from random losses and other, not connected with normal activity of the individual, not qualified as remained operating revenues or financial revenues. In addition, this second group, after the amendment to Accountancy Act, effect as of 2002, unusually rarely appears. In IAS 8 prior to the amendment (before 2005) two examples of events which could cause arise of extraordinary profit were given: earth quake and other disasters caused by forces of nature. In harmony with the principle of the carefulness exclusively undoubted extraordinary profits are recognized.

To sum up one should state that the Polish balance law is only in general sense regulating definitions of both principle of recognizing revenues and profits.[13]

Revenues according to IAS

Regulations concerning revenues are present in IAS 18 Revenue[14]. According to pt. 7 of this standard, revenue were defined the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an entity (such as sales of goods, sales of services, interest, royalties, and dividends).

IAS 18 contains arrangements concerning the moment of presenting ensuing revenues as a result of the transaction:

a) of sale of the estate manufactured or purchased by the unit with aim of the resale, as well as land, property for sale,

b) rendering services . of executing objectives on the basis of the agreement by the determined period of time,

c) utilizing other assets of a company, bringing:

– interest i.e. payments for using financial means or their equivalents,

– payments for using long-term assets e.g. of patents, copyright laws, commercial signs, computer programs,

– profits between owners of capital investments, proportionally to share of ownership.

The standard address revenues achieved by economic units because a share of them is regulated is separate standards:

- leases (IAS 17),
- construction contracts (IAS 11),
- investments in associates and joint ventures(IAS 28),
- underwriting contracts embraced IFRS 4,
- insurance contracts (IFRS 4),

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[13] In matters not regulated in the act entities can apply DAS (Domestic Accounting Standards), and in case of their lack in IAS. One should notice that this regulation is inaccurate and perhaps be in a way getting mixed up: "it is possible" doesn't mean "it is necessary", this way the reader of the financial statement of the given entity isn't sure whether provisions of DAS or IAS/IFRS were applied.

[14] Where there is no relevant source note, the text was drawn up based on IAS 18 Revenue, (in:) Międzynarodowe Standardy Sprawozdawczości Finansowej (MSSF) obejmujące Międzynarodowe Standardy Rachunkowości (MSR) oraz Interpretacje według stanu na dzień 01 stycznia 2007 r., IASCF, tłumaczenie SKwP, Londyn 2007, p. 655 – 668.

- changes in fair value of assets and liabilities and their de recognition(IAS 39)
- agricultural activity (IAS 41),
- exploration for and evaluation of mineral resources (IFRS 6).

As for value in which revenues should be recognized IAS 18 provides that the received or due payment is recognized in fair value received or due. Value is fair if in the amount for which in market conditions the element of assets could be exchanged, provided agreement was signed between interested and well informed parties.

When valuing of revenues discounts must be counted in. However, amounts collected on behalf of the third party aren't revenues (customs, tariffs, VAT) because benefits aren't generated by an economic unit and they aren't increasing own capital.

IAS 18 is treating the way of establishing the amount of revenues depending on the way of the completion of the payment which is most often done with financial means or their equivalents but also in form of barter exchange.

In the first case revenues are consistent for amount of received or due payment, but if, the payment is postponed, it can happen that the denomination of received money is higher than fair value of the payment (when e.g. the seller gives interest-free credit or accepts bill of exchange with interest lower than market rate of interest). Then fair value of the payment is being established discounting future receipts based on the calculating interest rate which is being established on the level:

a) of dominating interest rate used for similar financial instrument issued by the issuer with similar credit credibility, or

b) of interest rate discounting the face value of the financial instrument to the current, cash price of the sale of goods and services.

Differences between fair and nominal value are recognized as revenues from interest[15].

If, however, the transaction is realized as the exchange of goods or services of different kind or value (in accordance with IAS 18, if these goods/services are similar transaction isn't causing arising of revenues), fair value worth of received good/services corrected for amounts of received money is recognized as revenues. In case of lack of possibility of evaluating fair value of received goods, revenues is determined on the basis of dispatched goods .

Special regulation concerns an interchange of advertising services. The are contained in Interpretation of the Regular Committee SIC 31 revenues – barter transactions embracing advertising services, revenues being priced, provided services aren't similar, relating to sold advertising services s the – similar like in the case of barter exchange, – rendered often for different firms, for which the firm is receiving financial means or the different method of payment for which it is possible to credibly price fair value (equity).

In international standards a need of the being of the probability to get economic benefits by an economic unit is emphasized strongly tied with the transaction carried out, e.g.: when getting a permit from state issued by authorities for transferring the received payment is essential as a result of the sale fulfilled in this state; in such a situation one should recognize that the uncertainty is disappearing only after giving such a permit. In some cases getting the benefit isn't probable all the way to the moment of receiving payment or disappearing uncertainties. We can say that principle of carefulness gives ground to memorial principle.

If uncertainty concerning the collection of revenues recognized earlier one should recognize them as amount as costs (rather than of amount as originally recognized in revenues).

IAS 18 is underlining adequateness – one should take hold of revenues and costs concerning the same transaction parallel (e.g. guarantees), from here it isn't possible to recognize revenues if credible valuation of costs isn't possible.

If the price of maintenance and repair is separable from sale price and the amount of revenues concerning maintenance services last through the period in which service services are rendered. It is serving to reflect the essence of the separation transaction. However, if effects of commercial transactions

[15] Above measurement principles are affecting the measurement of trade receivables, of which the preliminary estimate is exactly an effect of the determination amounts of the income, cf.: E.Walińska, A.Wencel. A.Jurewicz, J.Gad, Sprawozdanie finansowe według MSSF, Oficyna a Wolers Kluwer business, Warszawa 2011, p. 249.

are be clear as wholes, one should keep to it (e.g. sale of the good with simultaneous promising the repurchase at a later date (such transactions are being accounted jointly).

One should emphasize provisions present in Annex supplementing IAS 18 in which examples were given of transaction for sale of goods and other titles for revenues. Moreover Interpretations of the Committee have essential meaning for interpretation ISFR (IFRIC 13, IFRIC 15, IFRIC 18.

To finish characterization of principles of recognizing revenues one should note heralded amendment to IAS 18 which was published in December 1993 (IAS 18 replaced Recognizing revenues of 1982) and came into effect as of 01.01.1995 r. The amendment is placing emphasis on revenues from contracts with customers which are in the present form treated laconically, but the role of which is increasing. Moreover, the amendment to IAS 18, with substitute IAS 11 and accompanying interpretations.

Final conclusions. Regulations of the Polish Accountancy Act are much less precise and detailed than IAS 18 Revenue in that:

– they aren't determining precisely the moment, in which one should recognize revenues achieved

– they are only widely pointing that in an accounting books and the financial result of entity one should present all achieved in the given rotational year, independently of the time of their payment – what is in accordance with the memorial principle.

In this regard IAS 18 contains more accurate recommendations, whose principles of the register and the moment of recognition of ensuing revenues as a result of the transaction of sale of goods or rendered services for utilization of some assets of a company, from inflow of interest, from copyright and dividend.

Enumerated requirements for recognizing revenues are in accordance with principles of superiority of content over the form, the adequateness of revenues and costs, the carefulness, the memorial.

Non-execution of even one is causing that revenues should be recognised in the given moment. Above principles are present in Accountancy Act abut not expressed so clearly in relation to revenue.

More substantial differences between the Accountancy Act and IAS relate to evaluating amounts of revenues. Entities creating report according to the Polish law use nominal amount, whereas IAS/IFRS revenues from sales of goods and services with postponed payment allows discounting the amount of revenues and corresponding values are recognized in the segment of financial revenue.

1. Gierusz J., Koszty i przychody w świetle nadrzędnych zasad rachunkowości (pojęcia, klasyfikacja, zakres ujawnień), ODDiK, Gdańsk, 2010. 2. Micherda B., Rachunek kosztów i wyników jednostek gospodarczych w świetle znowelizowanego prawa o rachunkowości, Wydawnictwo AE w Krakowie, Kraków, 2003. 3. Międzynarodowe Regulacje Rachunkowości. Wpływ na rozwiązania krajowe, pod red. A.A.Jarugi, Wydawnictwo C.H.Beck, Warszawa, 2002. 4. Peche T., Zarys ogólnej teorii rachunkowości, PWE, Warszawa 1963. 5. Sawicki K., Zmiany w zakresie przychodów, kosztów i wyniku finansowego od 2002 roku, (in:) Rachunkowość w zarządzaniu jednostkami gospodarczymi, Materials for an US and AR scientific conference, Szczecin 2001. 6. Sprawozdanie finansowe bez tajemnic, pod red. G.K.Świderskiej, Difin, Warszawa, 2003. 7. Standardy Sprawozdawczości Finansowej (MSSF) obejmujące Międzynarodowe Standardy Rachunkowości (MSR) oraz Interpretacje według stanu na dzień 01 stycznia 2007 r., IASCF, tłumaczenie SKwP, Londyn, 2007. 8. Świderska G.K., Ustawa o rachunkowości po nowelizacji a Międzynarodowe Standardy Rachunkowości, (in:) „Rachunkowość", 2001, zeszyt specjalny – Znowelizowana ustawa o rachunkowości. Komentarze – Wyjaśnienia – Ujednolicony tekst ustawy. 9. Walińska E., Wencel A.. Jurewicz A., Gad J., Sprawozdanie finansowe według MSSF, Oficyna a Wolers Kluwer business, Warszawa, 2011. 10. Zasady wyceny bilansowej i ustalania wyniku, pod red., E.Walińskiej, Centrum Controllingu i Analiz Ekonomicznych, Łódź, 2002.11. The Civil Code, dated 23 April 1964 (polish: Ustawa kodeks cywilny), Journal of Laws from 1964 yr, No. 16, item. 93, as amended. 12. The Accounting Act, dated 29 September 1994 (polish: Ustawa o rachunkowości), Journal of Laws from 2009 yr, No. 152, item. 1223, as amended.