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## INVESTIGATION OF AMORTIZATION AND REPAIR POLITICS OF THE FIRMS AS FACTORS FOR STEADY AND SURE DEVELOPMENT OF THE BUSINESS IN PLOVDIV REGION

**M. Georgiev\***

ET "Marin Georgiev", Plovdiv, Bulgaria

### ABSTRACT

For the achievement of steady and sure development of the Firms it is followed to realize purposeful and balanced amortization politics, which is an obligatory element in the accounting politics. The annual financial reports of the firms juridical people are accepted

In the "Registry Agency" with applied active for the period accounting politics. The investigation includes the period 2008 - 2011 year, as in this period crisis phenomena in economics arose, financial difficulties were created in a part of the firms for their paying off the duties towards the state and the banks.

The mortgage of long-lasting assets in balance value has determined as a basic lever for guaranties. The real balance value of the assets is formed with the correct applying of the formulations of the National standards for financial reports.

In the investigation, general for the Region and with single examples from active firms, are determined the directions for perfection of the amortization and repair politics with the applying of the relevant factors.

**Key words:** amortization and repair politics of the firms

### INTRODUCTION

The Amortization policy and the repair policy are mutually connected as the expenses for repair are compared to the gathered sums from the amortization accounts in kinds of assets. The development of the amortization plans of the firms is an obligatory element in the accounting policy, which is an application in the annual financial accounts, which are presented to the institutions in the Republic of Bulgaria.

### I – A FORMULATION OF THE QUESTIONS

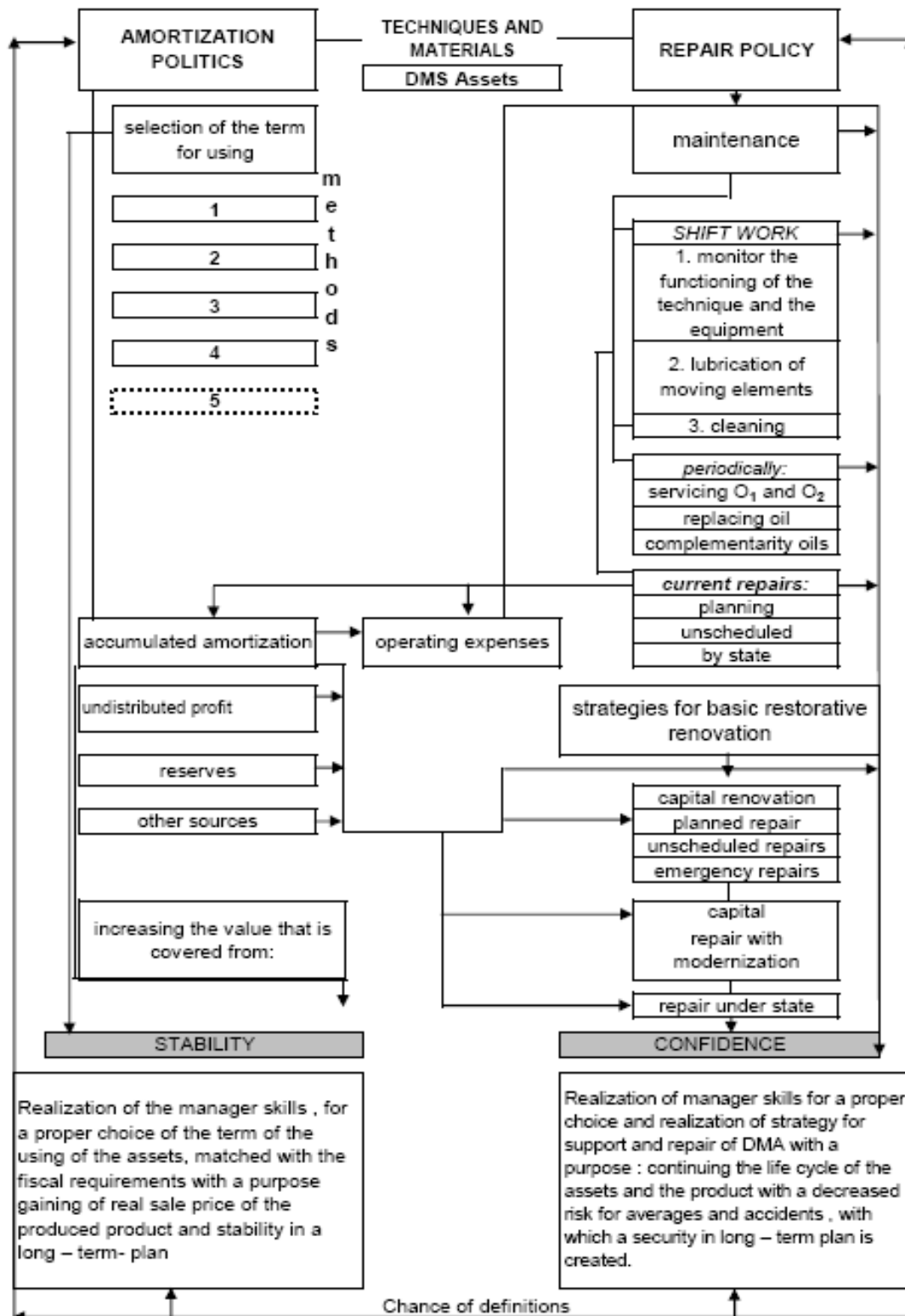
In the conditions of the market economy and the arisen crisis phenomena the deficit of the amortizations of the archives and the accomplishing of repairs gain even a bigger

actuality. With a decree N : 46 of MC of R. of Bulgaria from 21 March 2015 published in State newspaper number 30, from 07.04.2005 are adopted national standards for financial accounts for small and average enterprises. For account of the amortizations the standard is CC – 4. In this standard are used definitions with the following meaning: Amortizations – an expense acknowledged for the period under review, received in the result of the extinction of the amortization value of given assets, during its presumed term of stability; Amortization assets – long-lasting material or immaterial; a term of suitability – a period in which it is supposed that the amortization assets will be used from the enterprise or the quantity of production (services), which the enterprise expects to receive for the using of the amortization assets. The amortization and the repair policy are structurally shown in **Table 1**.

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\*Correspondence to: *Marin Hristov Georgiev*  
Manager, ET "Marin Georgiev"  
Plovdiv – 4003, Str. "Sarnena gora" № 2  
tel. 0888276630, e-mail: [zenitza@abv.bg](mailto:zenitza@abv.bg)

Table 1.



The amortization policy is expressed more in:  
The correct determination of the terms for suitability of the assets.

Using of the assets in 1,2, and 3 shifts or continuously in one day and night.

Deficit of the amortizations according to the produced production.

Expense for the amortizations of 5,7 % for the day.

What kind of amortization should be accepted – tax, accounting , accelerated, normal or long?

What residual value have the assets?

The amortization accounts to be heaped in a gathering accounts for a future renovating of DMA and for repair and modernization.

The expenses for a current repair as a rule cannot exceed the heaped amortization kinds of assets.

In practice it is accepted the expense bigger than 700.00 levs should be accepted for a basic repair and thus to increase the value of the assets.

In practice it is initiated the concept that for a major repair are considered assets in which a basic element is shift.

The optimum decision of the presented formulations leads to stability of the firm, which can be expressed by a Coefficient of stability, and exactly: balance value| a value under review. At index till 0.6 the stability should be account for normal. At index from 0.7 to 1.0 for unsatisfactory.

**II - RESEARCH AND ANALYSIS:**

DMA in the Plovdiv region are seen in **Table 2.**

**Table 2.**

TANGIBLE FIXED ASSETS AND INCOME FOR THE PERIOD 2008 - 2011 z. ECONOMIC ACTIVITY near Plovdiv

**I. 2008 year**

No of order	Economic activities (A21)	Number of companies	Income from operations	Expenses for activities	Profit	DMA	Earning 100 lev DMA	Profit of 100 lev DMA
1	2	3	4	5	6	7	8	9
	<b>TOTAL:</b>	<b>29480</b>	<b>17202683</b>	<b>16546940</b>	<b>1078984</b>	<b>6651250</b>	<b>259</b>	<b>16</b>
1.	Agriculture, forestry and fishing	705	342940	304714	49893	219913	156	22
2.	Mining and quarrying	30	55501	51298	5487	18809	63	19
3.	Manufacturing	3656	5467952	5419042	273395	2329634	235	12
4.	Production and distribution of electricity, heat and gaseous fuels	24	1070521	1049474	-	-	-	-
5.	Water supply, sewerage, waste management and recovery.	55	80165	79143	-	40696	194	-
6.	construction	1830	1631803	1488767	147796	684266	238	21
7.	Trade, repair of motor vehicles and motorcycles	12954	6908832	6607740	309301	962475	718	32
8.	Transportation and storage	1112	477515	459114	28944	265532	180	11
9.	Hotels and restaurants	1858	244101	230034	23265	294091	83	8
10.	Creation and distribution of information and creative products; Telecommunications	449	74396	67334	11600	19662	371	6
11.	Real Estate	1075	202667	179504	61793	775156	39	8
12.	Professional, scientific and technical activities	2392	180784	144164	51324	69678	260	7
13.	Administrative and support service activities	575	159992	140047	20839	173566	91	12
14.	education	184	19765	13921	6128	-	-	-
15.	Health and social work	1077	232714	227828	13605	113635	205	12
16.	Arts, entertainment and recreation	280	94822	61093	32161	16520	57	194
17.	other activities	1226	28263	23723	5843	13199	115	44

**II. 2009 year**

№ of order	Economic activities (A21)	Number of companies	Income from operations	Expenses for activities	Profit	DMA	Earning 100 lev DMA	Profit of 100 lev DMA
1	2	3	4	5	6	7	8	9
	<b>TOTAL:</b>	<b>34376</b>	<b>15887495</b>	<b>15249250</b>	<b>1014406</b>	<b>7190819</b>	<b>220</b>	<b>14</b>
1.	Agriculture, forestry and fishing	856	320887	284813	46618	231134	138	20
2.	Mining and quarrying	38	46313	44313	-	19360	238	-
3.	Manufacturing	4052	4745780	4656595	269295	2393569	198	11
4.	Production and distribution of electricity, heat and gaseous fuels	49	1156392	1109399	-	-	-	-
5.	Water supply, sewerage, waste management and recovery.	59	82474	82264	3237	52144	158	6
6.	construction	2023	1525681	1418764	129281	764684	199	16
7.	Trade, repair of motor vehicles and motorcycles	14866	6171380	6014681	226875	937547	658	24
8.	Transportation and storage	1251	451204	446642	23866	288896	156	8
9.	Hotels and restaurants	2283	251585	258593	10807	365293	63	29
10.	Creation and distribution of information and creative products; Telecommunications	512	76917	68545	12670	24692	311	51
11.	Real Estate	1340	289946	206283	103154	917139	315	9
12.	Professional, scientific and technical activities	2965	194759	148574	56309	107139	130	52
13.	Administrative and support service activities	671	169803	158561	17214	217510	78	79
14.	education	196	11744	7930	4021	-	-	-
15.	Health and social work	1275	273346	256809	22067	131894	21	17
16.	Arts, entertainment and recreation	334	87283	59226	26720	13867	63	192
17.	other activities	1606	32001	28158	5526	21803	152	25

**III. 2010 year**

№ of order	Economic activities (A21)	Number of companies	Income from operations	Expenses for activities	Profit	DMA	Earning 100 lev DMA	Profit of 100 lev DMA
1	2	3	4	5	6	7	8	9
	<b>TOTAL:</b>	<b>34230</b>	<b>16506232</b>	<b>15916964</b>	<b>979540</b>	<b>7336539</b>	<b>224</b>	<b>13</b>
1.	Agriculture, forestry and fishing	964	353719	322314	43715	286218	124	15
2.	Mining and quarrying	32	49847	46709	3200	18094	277	17
3.	Manufacturing	3823	5050472	4871595	281096	2363053	213	12
4.	Production and distribution of electricity, heat and gaseous fuels	91	1067179	1021796	51799	791097	134	7
5.	Water supply, sewerage, waste management and recovery.	60	90571	90665	4816	-	-	-
6.	construction	1842	1043599	1000670	100886	595096	175	17
7.	Trade, repair of motor vehicles and motorcycles	14781	6954167	6817530	237844	995391	698	23
8.	Transportation and storage	1261	565869	551048	31927	256921	220	12
9.	Hotels and restaurants	2363	304456	298470	33095	432310	70	8
10.	Creation and distribution of information and creative	513	86202	72789	15851	24017	36	7

	products; Telecommunications							
11.	Real Estate	1365	177186	178864	40376	1016098	174	4
12.	Professional, scientific and technical activities	3039	183258	135072	53272	93655	99	6
13.	Administrative and support service activities	669	151132	148295	13714	185446	81	8
14.	education	189	14712	9108	5683	-	-	-
15.	Health and social work	1279	287788	254442	32888	107625	26	31
16.	Arts, entertainment and recreation	327	83127	62828	19068	16726	49	118
17.	other activities	1632	42948	34769	10310	95220	45	11

**IV. 2011 year**

№ of order	Economic activities (A21)	Number of companies	Income from operations	Expenses for activities	Profit	DMA	Earning 100 lev DMA	Profit of 100 lev DMA
1	2	3	4	5	6	7	8	9
	<b>TOTAL:</b>	<b>34215</b>	<b>17868246</b>	<b>17151354</b>	<b>1106911</b>	<b>7954300</b>	<b>224</b>	<b>13</b>

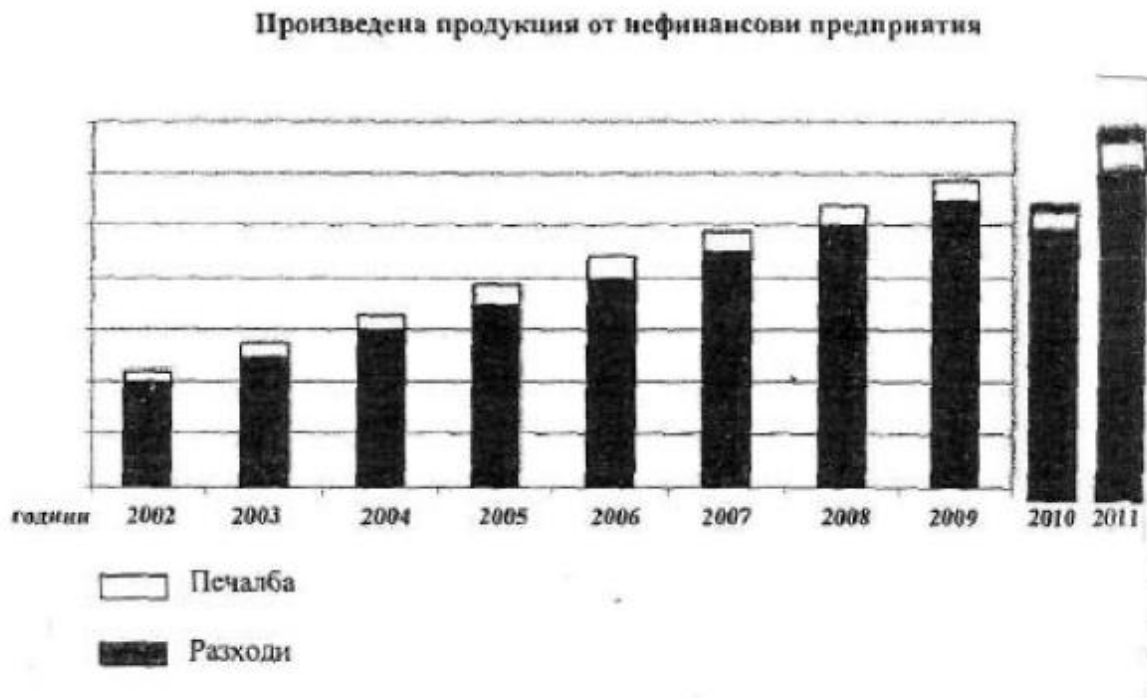
Chart 1 shows that for the last 2011 the volume of revenue from operations exceeds the amount of income from operations for 2009, which

proves that the crisis phenomena, albeit with difficulties to overcome.

**Chart 1**

*output of non-financial corporations*

**Графика №1**



## **CONCLUSIONS AND RECOMMENDATIONS**

For the last years the produced production and the incomes from the activities at 100.00 levs long material assets increase.

The profit of 100.00 levs long term material assets varies from 10 to 16 %, which is positive and presumes that the effectiveness is bigger than that: the sums to be deposited with a bank. The correct account of the amortizations gives real balance value, which is a factor where arises the necessity of mortgage at banks and other institutions. The practice of particular firms shows that the formal accounts and accepting of

*GEORGIEV M.*

amortization norms leads to the following : For 3 years the assets at value are used up with balanced value 0.00 and with the same it is continued to work. These balances and accounts cannot serve for getting a real notion about the activity of the firms.

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