

Accounting policies used by Mongolian enterprises in the calculation of depreciation of non-current assets and their impact on financial statements: A Survey and A Case Study

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Abstract- This study aims to evaluate the prevailing depreciation policies concerning non-current assets within enterprises and organizations in Mongolia. The investigation is bifurcated into two primary components: a comprehensive questionnaire survey and an in-depth case study. The survey, encompassing 35 enterprises, discerns a prevalent practice of computing depreciation and amortization for non-current assets in accordance with the provisions of the Corporate Income Tax Law, rather than adhering to the requirements of the International Financial Reporting Standards. This practice engenders apprehensions regarding the veracity of information presented within financial statements, a concern attributed to the dearth of resources allocated for the preparation of the "Report on differences between financial and tax statements (ST-30)" (The State Great Hural /Parliament/ Of Mongolia, 2020) and the nascent state of non-current asset accounting practices. Concomitantly, the case study selects a single organization from the surveyed cohort. Herein, a meticulous revision of its 180 units of non-current asset are executed in consultation with pertinent authorities, encompassing considerations of useful life, residual value, and depreciation methods, all mandatorily aligned with IFRSs (IFRAC, 2022). Remarkable disparities emerge between the updated depreciation costs for the past three years and the antecedent reports, thereby accentuating inquiries regarding the precision of information encompassed within the organization's financial statements. Such uncertainties further extend to the plausible influence on decision-making processes undertaken by the recipients of said financial information.

Keywords: Non-Current Assets, Depreciation, IFRS, Corporate Income Tax Law, Financial statements, Financial information quality, True and Fair reporting

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1. INTRODUCTION

According to the True and Fair view theory, financial information should be presented in a manner that provides a comprehensive and reliable perspective on the financial health and performance of the entity to investors, creditors, and other stakeholders. In accordance with fundamental principles of accounting, non-current assets are acknowledged as depreciation expenditures through a process of amortizing the initial cost over their expected useful life subsequent to their initial acquisition. This approach holds particular significance for enterprises possessing a substantial inventory of non-current assets, as it significantly influences both the net assets and overall profitability.

This study marks a pioneering endeavor in Mongolia, aimed at assessing the prevailing implementation status of IFRS. Employing a combination of questionnaires and case studies, and assumes an innovative and consequential role.

Despite concerted efforts to integrate IFRS into Mongolia's financial reporting landscape, preceding research, notably by PhD. Gantulga G. (Gantulga, 2018), PhD. Chimedsuren Ch. (Chimedsuren, 2018), and the Foundation for the Development of Accounting, underscores a deficiency in the quality of financial reports (Accounting Development Foundation, 2015). However, what remains lacking is an exhaustive inquiry into the realm of non-current assets, with a specific focus on the requirements defined by IFRS.

The objective of this study is to ascertain the prevailing accounting methodologies adopted by enterprises and organizations within Mongolia in the computation of depreciation and amortization pertaining to non-current assets, and to discern the resultant impact of these methodologies on their Financial Statements. To achieve the objective, an investigation into the accounting policies adhered to by enterprises and organizations was undertaken via a survey methodology. The primary aim of this investigation was to assess the alignment of these policies with the conceptual framework and stipulated requisites of the International Financial Reporting Standards (IFRS). Furthermore, within the scope of a case study, the implications of altering and implementing the accounting policy in accordance with IFRS mandates were quantitatively analyzed to ascertain their impact on key elements of the financial statements. The case study focuses on the elements required to calculate the depreciation and amortization of non-current assets, including the useful life of the asset, residual value, and the choice of depreciation method, by the cost model defined in IAS 16 (IFRAC, 2022) and IAS 38 (IFRAC, 2022).

The scope of this study is delimited to an investigation into the constituent components essential for the computation of non-current asset depreciation and amortization. These components encompass the determination of the asset's useful life, residual value, and the selection of an appropriate depreciation method. The analysis is grounded within the framework of the cost model as stipulated by IAS 16 (IFRAC, 2022) and IAS 38 (IFRAC, 2022).

The subsequent segments of the study encompass the Theoretical Background [2], Methodology [3] Results and Data Analysis [4], Conclusion [5], and Future research [6] sections. Due to the relatively limited number of enterprises and organizations considered in this study, there exists a potential limitation in terms of generalizing the findings to the broader original population.

2. THEORETICAL BACKGROUND

The nature of 'reality' in the context of financial reporting is, at best, a generally agreed, inter-subjective human construction. According to the True and Fair view theory, financial information should be presented in a way that offers investors, creditors, and other stakeholders a comprehensive and dependable insight into the financial health and performance of the entity. Derived from the True and Fair view principle, the International Accounting Standards Board (IASB) continually develops and revises International Financial Reporting Standards. (IFRSs). (David Alexander, 2006) Across all scenarios, accounting standards hold substantial significance as a wellspring for accounting estimates. Notably, International Financial Reporting Standards (IFRS), serving as globally accepted accounting standards with applicability in over 140 countries, and further, due to the convergence of numerous national accounting standards with IFRS, are regarded within this paper as the preeminent regulatory framework governing accounting estimates. (Ivana Mamic Sacera, 2016) Financial statements serve as a significant reservoir of information, offering insights into a company's financial standing and facilitating the assessment of its operational performance. (Ivana Mamic Sacera, 2016) Accounting standards give practicing accountants only incomplete direction, necessitating the application of professional judgment. (Grant A. Brown, 1992) The concept of estimates in exercising prudence principle can be the criterion for the categorization of accounting into conservative and neutral accounting. (Cooper, 2015) In certain circumstances, irrespective of the relative proportion of assets, accounting estimates can exert a substantial influence on financial statements. (Ivana Mamic Sacera, 2016) It was discovered that implicit obligations existing between firms and stakeholders possess noteworthy explanatory influence concerning the decisions made in accounting policy choices related to inventory and depreciation methods. This explanatory power is particularly pronounced when these implicit claims are analyzed in conjunction with factors such as taxation, bonus plans, debt structure, and leverage. (Robert M Bowen, 1995) Due to the fact that non-current assets constitute an integral part of the assets held by the majority of business entities, they represent a primary concern within these accounting systems. In order to establish appropriate accounting policies, the initial step involves the identification of sources that expound upon the matters related to non-current assets within the framework of the IAS/IFRS and the IFRS for SMEs. This aspect is emphasized by (Hinke Jana, 2014). In other words, when implementing financial reporting and financial accounting, it is recommended not to prioritize corporate income tax requirements.

Likewise, in accordance with the Accounting Law of Mongolia, every enterprise or organization is obliged to adhere to the stipulations of the International Financial Reporting Standards (IFRS) and the International Financial Reporting Standards for Small and Medium Enterprises and Organizations (SME's), contingent upon their legal entity's structure, size, and public accountability. Furthermore, it is specified that the application of either IFRS or the International Public Sector Accounting Standard (IPSAS) is mandatory within the realm of accounting. (The State Great Hural /Parliament/ of Mongolia, 2015)

On the other hand, CIT law refers to the legal rules governing Corporate Income Tax (CIT) for businesses. It covers how businesses calculate their taxable income, the tax rates they pay,

deductions allowed, reporting requirements, and penalties for non-compliance. The CIT law ensure businesses pay taxes based on their profits while following legal guidelines. (The State Great Hural /Parliament/ Of Mongolia, 2020)

The main purpose of the Corporate Income Tax Law, which applies to IFRS and the Tax Package Law of Mongolia, is to:

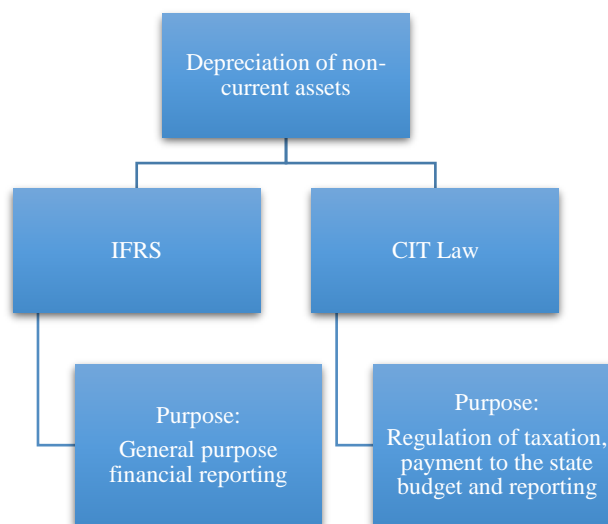


Fig 1. Non-current asset depreciation difference between IFRS and CIT law

(IFRAC, 2022) (The State Great Hural /Parliament/ Of Mongolia, 2020)

Differences between IFRS and CIT law requirements for depreciation of non-current assets

- **Depreciation method:** In accordance with the International Financial Reporting Standards (IFRS), several methodologies, including the straight-line method, the diminishing balance method, and the units of production method, are employed for calculating depreciation. The selection of a depreciation method is contingent upon the anticipated consumption pattern of an asset's future economic benefits by the entity. However, it is noteworthy that the Corporate Income Tax (CIT) Act prescribes exclusive adherence to the straight-line method as the permissible approach for computation.
- **Useful Life:** As delineated by the IFRS framework, the term 'useful life' of a non-current asset refers to the duration during which an asset is anticipated to remain available for utilization within an entity's operational activities. Alternatively, it can also connote the quantity of production or similar units expected to be derived from the asset. The responsibility lies with the entity to ascertain the duration of an asset's utility. Nevertheless, the CIT legislation specifies distinct applicable useful lives for each group of assets, as outlined below:

Table 1. Depreciating /useful life/ period, according to CIT legislation

№	A group of non-current assets	Useful life /years/	
1	Property and landscaping	40	25
2	Vehicle, mechanisms, industrial equipment	10	
3	Computers, peripherals, and software	2	
4	Intangible assets with a definite useful life /This includes special licenses for mineral exploration and exploitation/	For defined useful life	
5	Other non-current assets	10	

- **Residual Value:** As articulated by the International Financial Reporting Standards (IFRS), the residual value attributed to an asset conveys the estimated monetary quantum that an entity would presently realize from the prospective divestiture of said asset. This determination is contingent upon the subtraction of anticipated disposal costs, under the stipulation that the asset in question has already reached the age and condition projected upon the culmination of its utilitarian lifecycle. In essence, the responsibility of assessing and establishing the residual value rests with the entity. It is pertinent to note that the guidelines outlined by the Corporate Income Tax (CIT) law do not furnish explicit elucidation regarding the procedural methodologies underlying the computation of residual expenses.

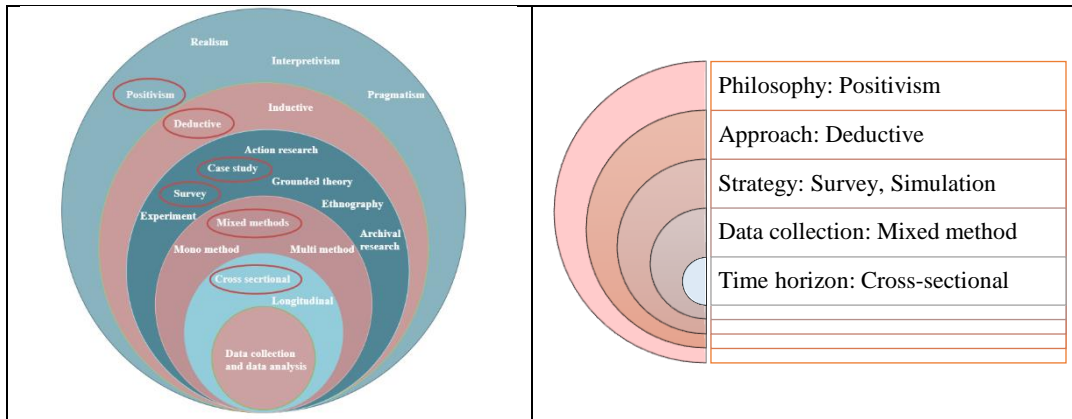
The IAS 12 Income Tax standard offers comprehensive directives pertaining to the appropriate manner in which to disclose the ramifications of tax regulations within financial statements. In adherence to this standard, the recognition of a deferred tax asset or liability within the financial statements becomes imperative in scenarios where any constituent element of the financial statements is subjected to measurement and valuation aligned with Tax Laws, diverging from the principles of the International Financial Reporting Standards (IFRS) (IFRAC, 2022). This principle is further echoed within the ambit of the Corporate Income Tax (CIT) Act, mandating the formulation of a dedicated return, specifically denoted as “the Report on differences between financial and tax statements (ST-30)”, designed to facilitate the meticulous delineation of deferred tax assets or liabilities as thus recognized (The State Great Hural /Parliament/ Of Mongolia, 2020).

3. METHODOLOGY

1.1. THE RESEARCH UNION FRAMEWORK

This study is grounded in the philosophical underpinning of positivism and situated within the paradigm of a deductive inquiry. Using a survey and a case study strategy, adopts a mixed-method approach for cross-sectional data aggregation.

Fig 2. The Research Onion Framework of the Study



1.2. RESEARCH DESIGN AND METHODOLOGY

The analysis of the study encompasses two primary components.

Firstly, a structured survey consisting of 16 questions was conducted among enterprises, with data collection conducted through random sampling.

Secondly, one organization was selected from the surveyed enterprises, and an evaluation of the depreciation and amortization of its non-current assets was undertaken in alignment with IFRS guidelines. The collection of data was facilitated through document analysis and interviews.

Result: Based on the research findings, draw conclusions that answer the research questions. Use the conclusions to develop recommendations for companies and policymakers to improve the financial information quality.

4. RESULTS AND DATA ANALYSIS

1.1. THE SURVEY RESULTS

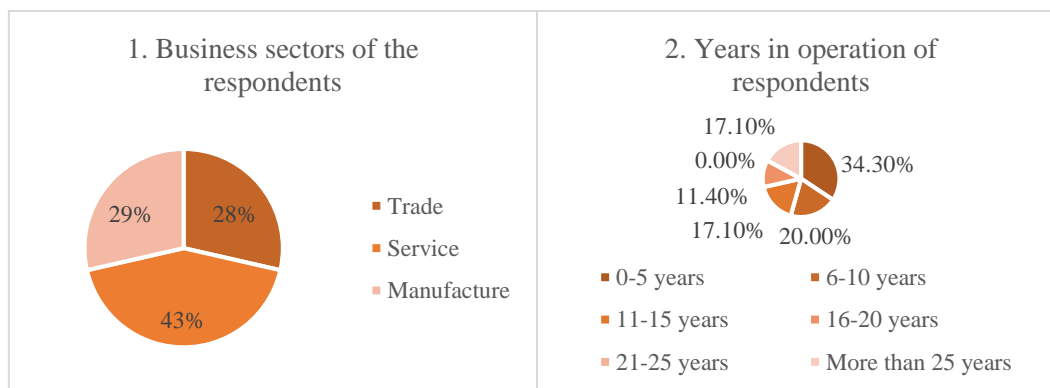


Fig 3. Result of the Survey AQ1, AQ2

Table 2. Result of the Survey BQ1.1-1.5

Asset class	Specifications	According to IFRS	According to the CIT Law
Property and landscaping	Useful life	34%	66%
	Depreciation method	26%	74%
	Residual value	37%	63%
Vehicle, mechanisms, industrial equipment	Useful life	34%	66%
	Depreciation method	26%	74%
	Residual value	37%	63%
Computers, peripherals, and software	Useful life	40%	60%
	Depreciation method	29%	71%
	Residual value	31%	69%
Intangible assets	Useful life	43%	57%
	Depreciation method	31%	69%
	Residual value	34%	66%
Other types of assets	Useful life	31%	69%
	Depreciation method	20%	80%
	Residual value	26%	74%

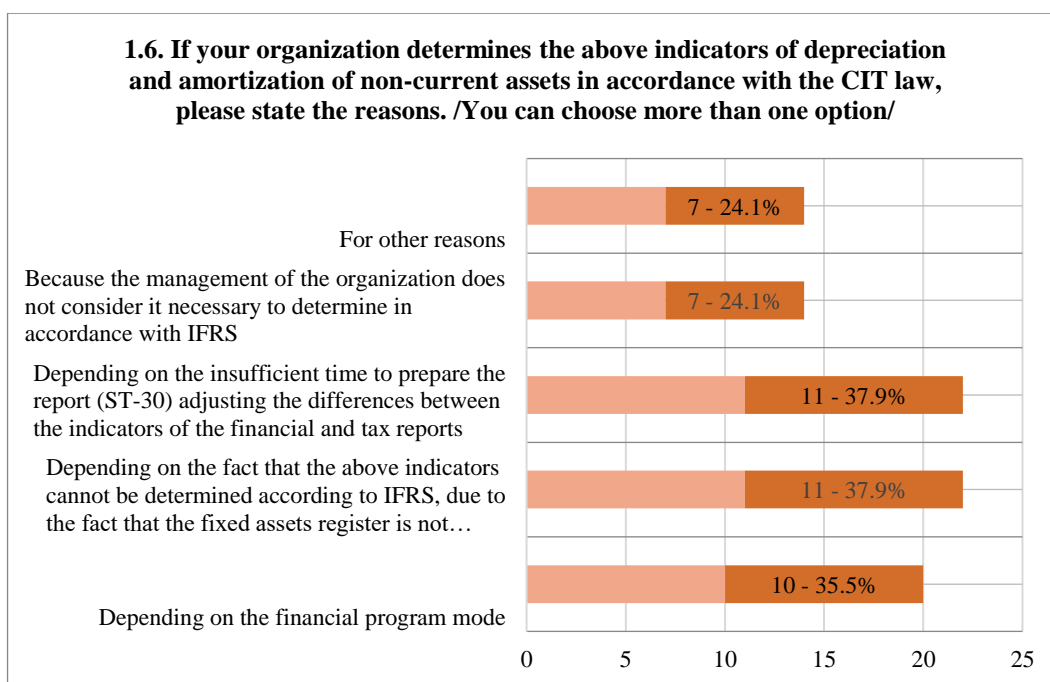


Fig 4. Result of the Survey BQ1.6

Based on the above research, it was determined that the useful life of non-current assets is 60-69%, 69-74% according to the depreciation method, and 63-74% according to the residual value according to the CIT Tax Law. It can be seen that more than 60% of the surveyed organizations determine their indicators according to the CIT Law. A corresponding 37.9% of participants expounded that this inclination is contingent upon inadequate temporal resources

allocated to the preparation of the requisite "ST-30" report, aimed at reconciling disparities between indicators within the financial and tax-oriented reports.

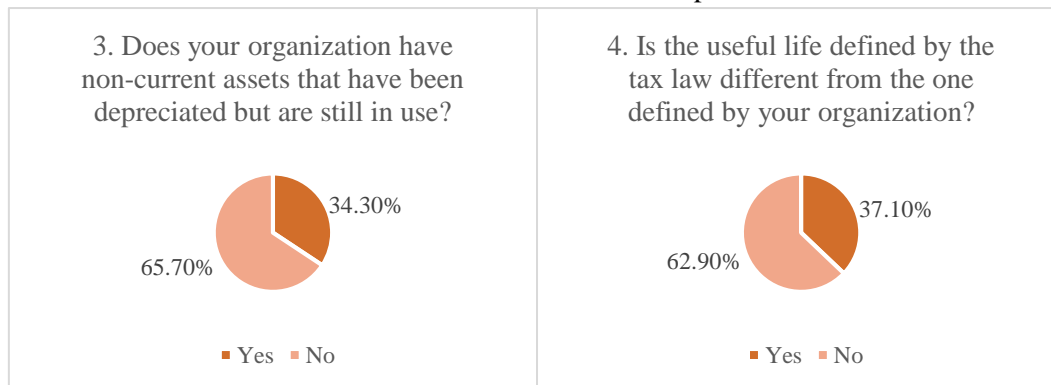


Fig 5. Result of the Survey BQ3, BQ4

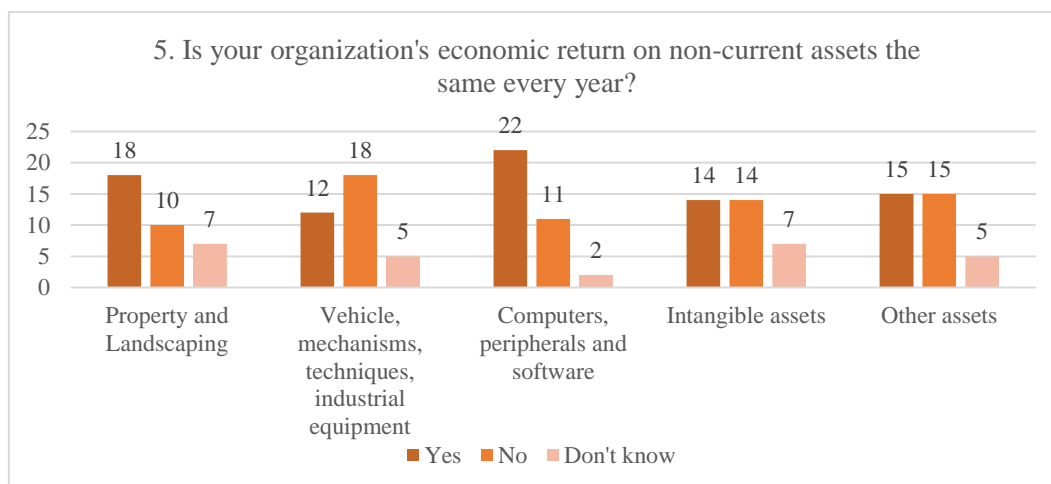


Fig 6. Result of the Survey BQ5

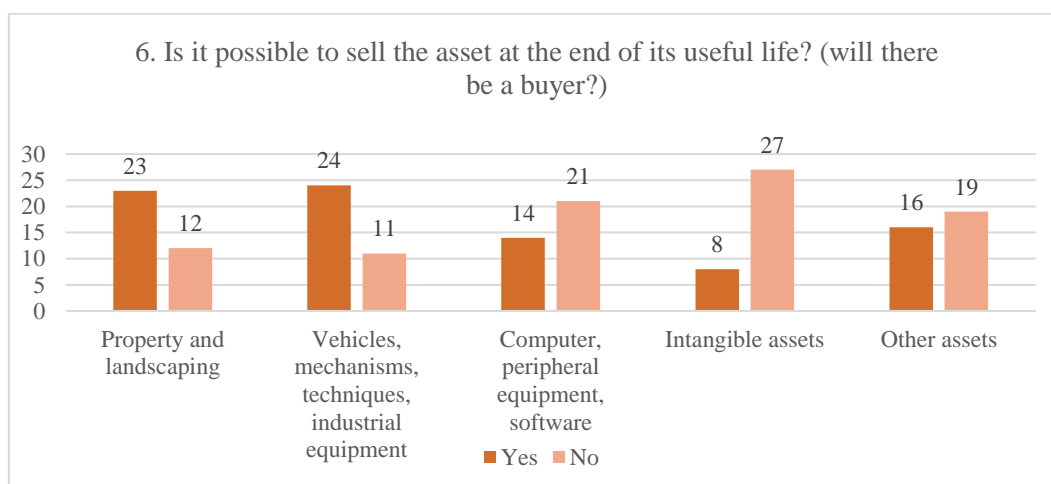


Fig 7. Result of the Survey BQ6

1.2. THE CASE STUDY RESULTS

Background of the Company A

The object of the case study, Company A, was established in the year 1994. The dataset from the survey is as follows:

- Activities of enterprises and organizations: Production
- Form of legal entity: LLC
- The total period of activity of enterprises and organizations: more than 25 years
- Number of employees / approx.: 100

Table 3. Company A's depreciation policy

Asset class	Specifications	According to IFRS	According to the CIT Law
Property and landscaping	Useful life		+
	Depreciation method		+
	Residual value	+	
Vehicles, mechanisms, industrial equipment	Useful life		+
	Depreciation method		+
	Residual value	+	
Computers, peripherals, and software	Useful life		+
	Depreciation method		+
	Residual value		+
Intangible assets	Useful life		+
	Depreciation method		+
	Residual value		+
Other types of assets	Useful life		+
	Depreciation method		+
	Residual value		+

- If determined under the CIT Law, please state the reason. /You can choose more than one version/
 - Depending on the fact that the above indicators cannot be determined according to IFRS because the accounting of the non-current assets is not mature enough
- 30-40% of the book value of non-current assets in total assets
- Percentage of depreciation expenses in sales revenue /as of 2021-2022/ 1-2%
- There are non-current assets that have been depreciated but are still in use.
- The period of use specified in the tax law differs from the period defined by the organization.
- The economic returns from non-current assets are not the same every year.
- At the end of the useful life, it is considered possible to sell assets other than equipment.

The structure of non-current assets of Company A is as follows.

Table 4. The structure of non-current assets of the Company

No	Assets	Initial cost The year 2022	Account value The year 2022	Percentage of assets that have been depreciated but are in use / At an original cost in 2022/
1	Property and landscaping	12%	5%	0%
2	Equipment	83%	87%	15%
3	Vehicle	1%	1%	0%
4	Furniture	3%	5%	1%
5	Computer Accessories	1%	1%	36%
6	Intangible asset-Program Supply	1%	1%	0%
Percentage of total assets			41%	5.3%

Table 5. Depreciation expense as per percentage of net profit

No	Assets	Total Depreciation Cost /2020-2022 average/	Percentage of depreciation expense to net profit /2020-2022 average/
1	Property and Landscaping	8.7%	10.4%
2	Equipment	82.2%	98.9%
3	Vehicle	0.3%	0.4%
4	Furniture	3.1%	3.7%
5	Computer Accessories	4.3%	5.1%
6	Intangible asset-Program Supply	1.4%	1.7%
Total depreciation expense as a percentage of net profit			120.3%

Analysis – Changes in non-current asset depreciation and amortization policies and related recalculations

After meticulously examining a comprehensive total of 180 non-current assets documented within the detailed account of Company A's non-current assets, and subsequently conducting interviews with key personnel, including the company's chief accountant, factory accountant, factory director, technologist, and warehouse treasurer, it became evident that a redetermination of the useful life, depreciation method, and residual value was necessary. The resulting changes are as follows:

Table 6. Changes to the Depreciation Elements of Non-Current Assets in Company A

Depreciation Elements	Quantity of assets that have changed	Quantity of unchanged assets	Reasons for change	Changes made
Depreciation method	87 /48%	93 /52%	The depreciation amount of the asset did not accurately reflect the economic return generated by the asset.	Computers, Peripherals, and Vehicles – Accelerated Method Production Equipment – Methods of Operation
Residual value	77 /43%	103 /57%	Certain assets were evaluated as potentially marketable at the conclusion of their useful life, with an estimated value ranging from 5% to 15% of their initial cost.	Assets with an initial cost of less than 500,000¥ – 5% Capital with an initial cost of 500,000¥-10,000,000¥ – 10% Assets with initial cost over 10,000,000¥ – 15% It was considered that the production equipment has no separate cost because it is inseparable from the property.
Useful Life	179 /99%	1/1%	Out of the total non-current assets, 70 units, or 39%, have been fully depreciated but are still in operation. Additionally, 109 units, which constitute 59%, are required to have an extended useful life.	The useful life for each assets has been extended by a range of 50-150%. But, the useful life of the Operation license, remains aligned with its legal term.

As an outcome, which has been informed by the recommendations of pertinent organizational authorities, the re-estimation of depreciation and amortization costs related to non-current assets. Subsequently, a comparative assessment was conducted of the amounts presented within the financial statements of Company A, as elucidated below.

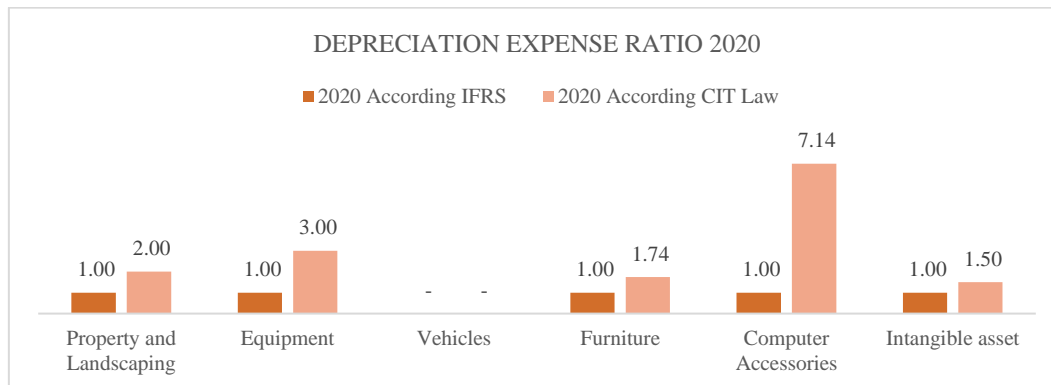


Fig 8. Result of the Case Study - Depreciation expense ratio 2020

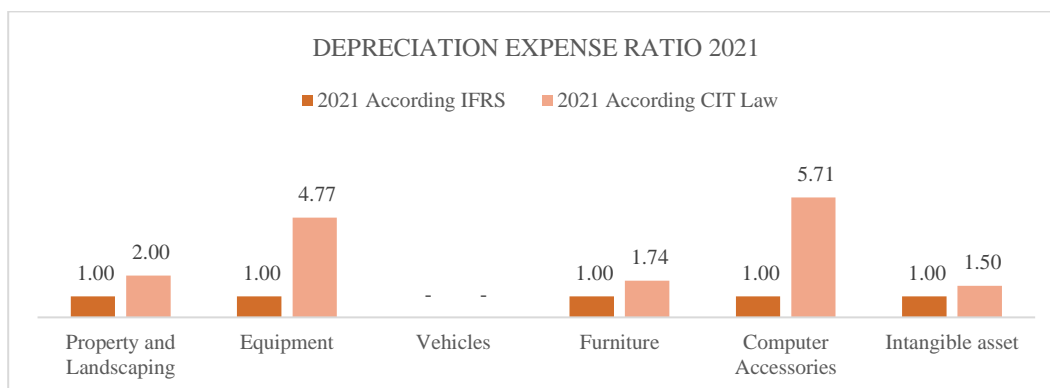


Fig 9. Result of the Case Study - Depreciation expense ratio 2021

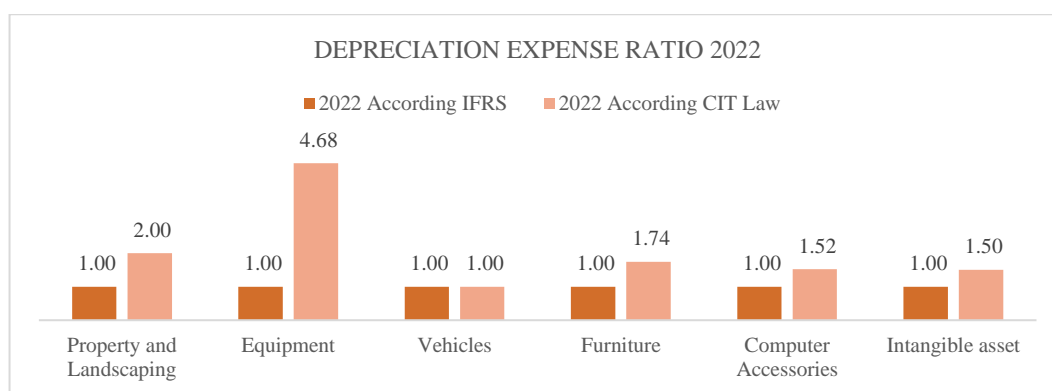


Fig 10. Result of the Case Study - Depreciation expense ratio 2022

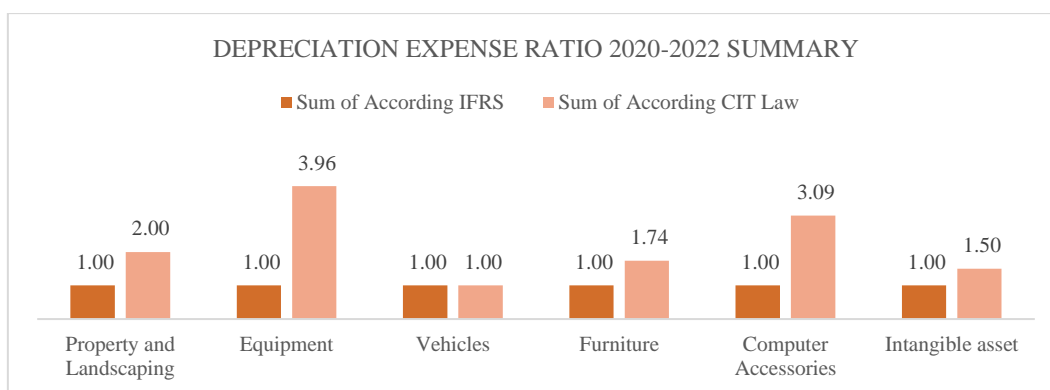


Fig 11. Result of the Case Study - Depreciation expense ratio 2020-2022 summary

In other words, according to the data of 2020-2022 or the past 3 years, company A reported the amount of depreciation and amortization of non-current assets in its financial statements by the CIT law, which is 1.5-3.9 times higher than the appropriate amount if it is reflected by IFRS (Vehicles except). Here's a look at the numbers against some financial metrics:

Table 7. Percentage of depreciation expense to net profit

	2020	2021	2022	Average
Depreciation Expenses as Reported by Company A (As per VAT Law)	142.6%	112%	111%	120.3%
Appropriate Reported Amount (As per IFRS)	50.1%	28.3%	31.4%	35.5%
Difference	92.5%	84.2%	79.6%	84.8%

Table 8. Difference of Total Assets (cumulative)

	2020	2021	2022
The percentage of the total assets of the book value of the Non-current assets reported by company A /According to the VAT law/	33.2%	40.7%	34.0%
The percentage of the total assets of the book value of the Non-current assets company A /According to IFRS/	37.4%	48.5%	44.5%
Difference	4.2%	7.8%	10.5%

In the past 3 years alone, Company A has:

- The net profit was underestimated by a range of 79.6% to 92.5%. In other words, the net profit that should be reported according to IFRS is approximately 1.8 to 1.9 times higher than the net profit actually reported.
- Total assets are understated by 10.5 percent based on a 3-year cumulative amount.

1.3. DISCUSSION

As a result of this research, the following findings are submitted. It includes:

- All non-current assets are depreciated and reflected in the Financial Statements 6 the requirements of the CIT Law.
- Although it was answered in the survey that the residual value of some assets is determined according to IFRS, the analysis of detailed records of non-current assets determined the residual value of all assets as "0".
- Assets that have been depreciated but are still receiving economic returns account for 39% of the total (70 assets). It accounts for 5.3% of the total assets at initial cost, and the equipment purchased relatively early (2000-2005) constitutes the majority.
- More than 60 percent of the surveyed organizations do not comply with the requirements of IFRS when depreciating and amortizing non-current assets and define their policy by the CIT Law. Assuming that the sample can represent the original population, it is likely that the implementation of IFRS of non-current assets by enterprises and organizations of MU is insufficient.
- As declared in the Accounting Law and the Concept of IFRS, Financial Statements are general purpose and require the preparation of sufficient and appropriate information for the decision-making of information users. However, when companies and organizations determine the depreciation and amortization policy of non-current assets included in the financial statements, they are determined by the requirements of the CIT Law, which is a guideline for the preparation of reports for special purposes, and not IFRS, which creates the risk of not being able to meet the main purpose of preparing the financial statements. In other

words, it creates conditions to doubt the reliability of the quality of financial reporting information.

- An example of company A selected as a case study object: The amount of net profit reported by the organization for the last 3 years and the amount reflected in the financial position statement are significantly different from the amount determined according to IFRS, which means that the quality of the information in the financial statements of the organization does not reach a sufficient level. leading to do.
- In total, 65.7% of respondents said that they continue to use their depreciated non-current assets, and 62.9% said that they differ from the useful life specified in the tax law. Also, it is said that the economic return from non-current assets is 34.3% different for vehicle and equipment, and at the end of the useful life, the possibility of selling property, landscaping, vehicle, machinery, and industrial equipment is 66-69%.

5. CONCLUSION

In summary of various analysis, it is evident that enterprises establish their accounting policies for crafting general-purpose financial reports based on the specifications outlined for CIT reports, which serve specific purposes. This practice introduces a potential risk, wherein the quality of information contained within financial reports may fall short of providing the standards set forth by IFRS.

To adhere to the stipulations of tax legislation while concurrently satisfying the standards set forth by the International Financial Reporting Standards (IFRS), it is conceivable that the adoption of divergent accounting methodologies right from the inception may become imperative. Despite the desirability of circumventing such intricacies in accounting practices, it is incumbent to recognize the potential for ensuing complexities. This necessitates the mindful consideration that the bedrock principles of accounting could potentially be contravened, leading to a distortion in the integrity of financial statement information. Consequently, the implications are such that investors, creditors, and other pertinent stakeholders, reliant upon said information, might inadvertently arrive at erroneous decisions.

In order to avoid this serious risk, as required by IFRS, it is advisable to check whether the accounting policy is capable of representing the financial health and financial situation of the organization in a "true and fair" manner.

FUTURE RESEARCH

To further improve this research work, it is believed that the following things can be expanded in scope. It includes:

- Increase the scope of the survey and increase the representativeness of the original population;
- In the process of conducting a case study, re-estimation is undertaken starting from the inception of the enterprises' operations, encompassing the cumulative impact in its entirety;
- Undertake research on entities employing the revaluation model for subsequent assessments of non-current assets;
- ST30 Investigate the effects of differences between financial and tax reporting indicators on regulatory reporting;

- Informed by comprehensive research findings, formulate suggestions and approaches aimed at improving non-current asset policies for the broader public benefit;

Appendix

Appendix 1. Link of the Survey

<https://docs.google.com/forms/d/e/1FAIpQLSexnYOddq7-VCFg3Dc2VdGg7ejtHNgcE9G8ZvWhUISXNLK7Q/viewform>

Appendix 2. The survey questions.

Part A. Application

1. Activities of enterprises and organizations (AQ1)
 - a) Trade
 - b) Service
 - c) Manufacture
2. Form of legal entity (AQ2)
 - a) PLC
 - b) LLC
 - c) NGO
 - d) Partnerships and cooperatives.
 - e) Others
3. The total period of operation of enterprises and organizations (AQ3)
 - a) 0-5 years
 - b) 6-10 years
 - c) 11-15 years
 - d) 16-20 years
 - e) 21-25 years
 - f) More than 25 years
4. Number of employees /approx./

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Part B. Accounting policies for the calculation of depreciation and amortization of non-current assets

- 1.1. How are the indicators of depreciation of property and landscaping determined? (BQ1.1)

	According to IFRS	According to the CIT Law
Useful life	<input type="radio"/>	<input type="radio"/>
Depreciation method	<input type="radio"/>	<input type="radio"/>
Residual value	<input type="radio"/>	<input type="radio"/>

- 1.2. Depreciation of vehicle, mechanisms, machinery, and industrial equipment * How are the calculation parameters determined? (BQ1.2)

	According to IFRS	According to the CIT Law
Useful life	<input type="radio"/>	<input type="radio"/>
Depreciation method	<input type="radio"/>	<input type="radio"/>
Residual value	<input type="radio"/>	<input type="radio"/>

- 1.3. How are depreciation rates for computers, peripherals, and software determined? (BQ1.3)

	According to IFRS	According to the CIT Law
Useful life	<input type="radio"/>	<input type="radio"/>
Depreciation method	<input type="radio"/>	<input type="radio"/>
Residual value	<input type="radio"/>	<input type="radio"/>

1.4. How are the parameters for the amortization of intangible assets determined? (BQ1.4)

	According to IFRS	According to the CIT Law
Useful life	<input type="radio"/>	<input type="radio"/>
Depreciation method	<input type="radio"/>	<input type="radio"/>
Residual value	<input type="radio"/>	<input type="radio"/>

1.5. How are the indicators of depreciation and amortization of other types of assets not mentioned above determined? (BQ1.5)

	According to IFRS	According to the CIT Law
Useful life	<input type="radio"/>	<input type="radio"/>
Depreciation method	<input type="radio"/>	<input type="radio"/>
Residual value	<input type="radio"/>	<input type="radio"/>

1.6. If your organization determines the above indicators of depreciation and amortization of non-current assets by the CIT law, please state the reasons. /You can choose more than one version/ (BQ1.6)

- a) Depending on the mode of the financial application
- b) Depending on the fact that the above indicators cannot be determined according to IFRS, because the non-current assets accounting is not mature enough
- c) Depending on the insufficient time to prepare the report (ST-30) adjusting the differences between the indicators of the financial and tax reports
- d) Because the management of the organization does not consider it necessary to determine by IFRS
- e) For other reasons

2.1. Percentage of the book value of non-current assets in total assets (BQ2.1):

- a) 0-10%
- b) 10-20%
- c) 20-30%
- d) 30-40%
- e) 40-50%
- f) More than 50%

2.2. Depreciation expenses as a percentage of sales revenue /2021-2022/ (BQ2.2):

- a) 0-1%
- b) 1-2%
- c) 2-3%
- d) 3-4%
- e) 4-5%
- f) 5-6%
- g) 6-7%
- h) 7-8%
- i) 8-9%
- j) 9-10%

3. Does your organization have non-current assets that have been depreciated but are still in use? (BQ3)
 - a) Yes
 - b) No
4. Does the period of use specified in the tax law differ from the period defined by your organization? (BQ4)
 - a) Yes
 - b) No
5. Is your organization's economic return on non-current assets the same every year? (BQ5)

Asset groups	Yes	No	Don't know
Property and Landscaping	o	o	o
Vehicle, mechanisms, techniques, industrial equipment	o	o	o
Computers, peripherals, and software	o	o	o
Intangible asset	o	o	o
Other asset	o	o	o

6. Is it possible to sell the asset at the end of the useful life? /Can a buyer be found?/ (BQ6)

Asset groups	Yes	No
Property and Landscaping	o	o
Vehicle, mechanisms, techniques, industrial equipment	o	o
Computers, peripherals, and software	o	o
Intangible asset	o	o
Other asset	o	o

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AUTHOR'S INTRODUCTION

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