

ON SOME IDEAS FOR IMPROVEMENT OF IDENTIFICATION AND RECORDING GAINS/LOSSES

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ABSTRACT

The aim of paper is to analyze the definitions and recording process of revenues and gains. The authors of current paper have worked out some suggestions for improving the reporting process taking into account the definitions of income, revenue, gains, losses and profit. Analyzing the inconsistency in two pairs of opposite terms (Profit and Loss and Gain and Loss) the authors came to conclusion that the amount named gain/loss in disposal of property, plant and equipment is rather correction or adjustment of previous miscalculation of depreciation expense due to the formula. To make aforementioned adjustments and show them separately a Contra depreciation expense account or Depreciation adjunct account is recommended.

Keywords: income, gain, loss, profit, transaction approach