

## CONCEPTUAL AND PRACTICAL DIMENSIONS. REORGANIZATION OF PUBLIC INSTITUTIONS AS MERGING BY ABSORPTION

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*Abstract: Developments in economic and social plan, the need to observe framework agreements with the European Commission and International Monetary Fund, and the need to support business led to the adoption and implementation of appropriate legislative framework on the reorganization of public institutions in Romania. This research is intended to be a model of theoretical and practical overview of the stages of the reorganization of public institutions as merging by absorption.*

*Keywords: public institutions, reorganization of public institutions, merger by absorption, disposal of assets, disposal of equity and liabilities.*

### ***1. Theoretical dimensions on the reorganization of public authorities and institutions. General aspects of the reorganization in the form of fusion by absorption of public institutions in Romania***

In Romania, the reorganization of public institutions regulated by the Law nr.329/2009 amended and supplemented, the Accounting Law No.82/1991 as amended and supplemented. Arrangements for business reorganization of public institutions are presented in Table 1.

Reorganization of public institutions in the form of fusion by absorption is achieved by dissolution without liquidation of the public institution absorbed outgoing and obtain their assets, equity and liabilities to a public institution acquiring the acquiring institution acquires all the assets, equity and liabilities the absorbed.

Stages of reorganization in the form of fusion by absorption are:

- is achieved inventory assets in equity and debt under OMPF No. 2861 / 09.10.2009 approving the rules on the organization and conduct inventory of assets, liabilities and equity;
- shall be accounted for during inventory differences (pluses and / or minuses quantitative found in inventory that value adjustments for fixed assets and current assets);
- financial statements are prepared for the closure of the public institution absorbed;
- publication of the act of reorganization and approval by the principal loan inventory, financial statements and contracts in progress at the time of fusion of the institution absorbed by absorption;
- delivery and reception of assets, equity and liabilities between the public body and the public body tissue absorbed in teaching the protocols pickup within 15 days of the date of entry into force of legislative acts governing the establishment or reorganization of public institutions. Also the handover protocol specified budget appropriations unused public institution absorbed the personnel and structures taken.

**Table no.1.** “Types of reorganization of public authorities and institutions in Romania”

| <b>Type reorganization</b>  | <b>Characterization</b>  |
|-----------------------------|--|
| Merger by absorption        | It has the effect of abolishing authority or institution and taking its business to another authority or institution existing or a newly established department in other public authority or institution   |
| Consolidation by merger     | Has the effect of dissolution without liquidation of two or more public institutions pooled their fusion activity, which ceases to exist and transmit the heritage of a newly established public institution. Newly established public institution acquires all assets, liabilities and equity of the institutions that have ceased to exist |
| Division                    | Has the effect of dissolution without liquidation of the public entity and the public institutions transfer its assets to other existing or new companies acquiring institution ceases business activity   |
| Reduce posts                | Have the effect of reducing the number of employees due to measures to reduce personnel costs in the budget  |
| Changing the funding regime | Has the effect of changing the source of financing, often with donor funding from the revenues of the budget to ensure that such conduct public institution  |

Source: developed by the author according to article 3 of Law nr.329/2009

**Table no. 2.** “Examples of newly established public institutions in Romania by abolishing institutions / existing structures as a result of merging by absorption”

|  |   |
|--|---|
| Institutions / structures cease to exist as a result of reorganization to merge by absorption                          | Authority or institution existing or newly established department that takes abolished the activity of the public authority or institution, through the pooling of absorption |
| Romanian Agency for Energy Conservation of the Ministry of Economy   | Consolidation - absorption and taking office by the National Regulatory Authority - ANRE  |
| National Institute of Administration (NIA) of the Ministry of Administration and Interior                              | Merger by absorption and takeover activity by a new direction within the National Agency of Civil Servants (NACS)   |
| Funded Social Inspection of the Ministry of Labour, Family and Social Protection                                       | Merger by absorption and takeover activity by the Labour Inspection   |
| Training and Innovation Centre for Development in the Carpathians in the Ministry of Agriculture and Rural Development | Merger by absorption, the taking over of the National Agency of Mountain Area   |
| Institute for Cultural Memory in the Ministry of Culture and National Heritage   | Merger by absorption with the Center for Professional Training in Culture will take over the European Cultural Centre “Sinaia”  |

|  |   |
|--|---|
| Institutions / structures cease to exist as a result of reorganization to merge by absorption              | Authority or institution existing or newly established department that takes abolished the activity of the public authority or institution, through the pooling of absorption |
| National Institute for Marine Research and Development “Grigore Antipas” of the Ministry of Environment    | Merger by absorption and takeover activity by the National Institute of Research and Development for Environmental Protection   |
| National Institute for Research and Development "Danube Delta" of the Ministry of Environment              | Merger by absorption and takeover activity by the National Institute of Research and Development for Environmental Protection   |
| National Institute of Research and Development for Environmental Protection of the Ministry of Environment | Merger by absorption and takeover activity by the National Institute of Research and Development for Environmental Protection   |
| Labour and Social Protection of the Ministry of Labour, Family and Social Protection                       | Merger by absorption with the National Agency for Social Benefits   |
| Consultancy Centre for European Cultural Programmes of the Ministry of Culture and National Heritage       | Merger by absorption with the Center for Research on Culture  |

Source: developed by the author as Annexes 1, 2 of the Law nr.329/2009

## **2. Case study on the reorganization of public institutions in the form merging by absorption**

Public institutions "X", Institute absorbed entirely financed from own, it will be taken by the public institution "Y" acquiring institution financed entirely from own, becoming a distinct compartment within the public institution "Y". Reorganization of two public institutions is in the form merging by absorption.

Following the inventory made at the public institution "X" under the OMFP No. 2861/2009 with subsequent amendments were noted against the following quantitative differences, and value are recorded in the accounts as follows:

1. Pluses found in inventory cashier where found cash worth 80 lei, for which the cashier has no justification:

|               |   |                                   |        |
|---------------|---|-----------------------------------|--------|
| 53101         | = | 44801                             | 80 lei |
| “Cashier lei” |   | “Other liabilities to the budget” |        |

2. Is found minus the last material inventory items in storage with a carrying amount of 800 lei, current value 1,000 lei. Manager submits to the cashier counter products damage the institution:

a. Out of stock records found missing from the inventory:

|  |   |  |         |
|--|---|--|---------|
| 603                                    | = | 30301                                    | 800 lei |
| “Expenditure on the inventory objects” |   | “Materials inventory objects in storage” |         |

b. Imputation in task manager guilty registration:

|   |   |  |                  |
|---|---|--|------------------|
| 4280102   | = | %  | <u>1,000 lei</u> |
| “Other claims related to staff in one year”   |   |  |                  |
|   |   | 791  | 800 lei          |
|   |   | “Revenues from the sale of assets belonging to the state”  |                  |
|   |   | 44801  | 200 lei          |
|   |   | “Other liabilities to the budget”  |                  |
| c. Submission by the manager of the consideration attributable to the cashier stock:  |   |  |                  |
| 53101   | = | 4280102  | 100 lei          |
| “Cashier lei”   |   | “Other claims related to staff in one year”  |                  |
| 3. Pluses auxiliary materials worth 50 lei:   |   |  |                  |
| 30201   | = | 60201  | 50 lei           |
| „Materiale auxiliare”   |   | „Cheltuieli cu materiale auxiliare”  |                  |
| 4. Registering value adjustments for impairment of auxiliary materials, as the book value of 200 lei and 150 lei inventory value: |   |  |                  |
| 6810401   | = | 39201  | 50 lei           |
| “Operational expenditure adjustments for depreciation of current assets / stock”  |   | “Obsolescence allowances on consumables”   |                  |
| 5. Recording depreciation on fixed assets and intangible assets owned before absorption:  |   |  |                  |
| a. Amortization of software:  |   |  |                  |
| 68101   | = | 28008  | 100 lei          |
| “Operational expenditure on depreciation of fixed assets”   |   | “Amortization of other intangible assets”  |                  |
| b. Depreciation of buildings:   |   |  |                  |
| 68101   | = | 28102  | 800 lei          |
| “Operational expenditure on depreciation of fixed assets”   |   | “Depreciation of buildings”  |                  |
| c. Depreciation of vehicles:  |   |  |                  |
| 68101   | = | 28103  | 500 lei          |
| “Operational expenditure on depreciation of fixed assets”   |   | “Depreciation of plant, vehicles, animals and plantations”   |                  |
| d. Amortization of computer:  |   |  |                  |
| 68101   | = | 28104  | 300 lei          |
| “Operational expenditure on depreciation of fixed assets”   |   | “Depreciation of furniture, office automation equipment, protective equipment and material human values and other tangible fixed assets” |                  |

6. In the public institutions registered accounts receivable 2,300 lei in connection with a client who went bankrupt, debt receivable remaining year of 1,300 lei, and the remaining 1,000 lei would be followed to yourself next year, which is impossible to achieve following the entry into bankruptcy of that client. Commission proposed inventory record an adjustment for depreciation.

a. Record uncertain clients maturing in 1 year:

|  |   |   |           |
|--|---|---|-----------|
| 4110108                                      | = | 4110101                                 | 1,300 lei |
| “Uncertain clients or disputed under 1 year” |   | “Customers with a maturity of one year” |           |

b. Record the value adjustment (depreciation) suitable:

|  |   |  |           |
|--|---|--|-----------|
| 6810402  | = | 49101  | 1,300 lei |
| “Operational expenditure adjustments for depreciation of current assets / receivables” |   | “Value adjustment for the depreciation receivables from customers in one year” |           |

c. Registration uncertain clients with maturity over 1 year:

|   |   |   |           |
|---|---|---|-----------|
| 4110208                                     | = | 4110201                                 | 1,000 lei |
| “Uncertain clients or disputed over 1 year” |   | “Customers with maturity over one year” |           |

d. Se înregistrează ajustarea de depreciere corespunzătoare:

|  |   |  |           |
|--|---|--|-----------|
| 6810402  | = | 49102  | 1,000 lei |
| “Operational expenditure adjustments for depreciation of current assets / receivables” |   | “Value adjustment for the depreciation receivables from customers over one year” |           |

7. Clearance of expenditure and revenue:

a. Clearance of expenditure:

|                          |   |         |              |
|--------------------------|---|---------|--------------|
| 121                      | = | %       | <u>4.800</u> |
| “The result patrimonial” |   |         |              |
|                          |   | 60201   | - 50         |
|                          |   | 603     | 800          |
|                          |   | 68101   | 1.700        |
|                          |   | 6810401 | 50           |
|                          |   | 6810402 | 2.300        |

b. Clearance of revenue:

|     |   |                          |     |
|-----|---|--------------------------|-----|
| 791 | = | 121                      | 800 |
|     |   | “The result patrimonial” |     |

Trial balance before and after inventory public institution "X" that is absorbed:

| Account Symbol | Account Name                                | Final balance before inventory |         | Final balance after inventory |         |
|----------------|---|--------------------------------|---------|-------------------------------|---------|
|                |   | D                              | C       | D                             | C       |
| 101            | Fund assets that make up the state's public |                                | 135,000 |                               | 135,000 |
| 10502          | Buildings revaluation reserve               |                                | 4,000   |                               | 4,000   |
| 117            | Reported result                             |                                | 7,000   |                               | 7,000   |
| 121            | The result patrimonial                      |                                | 5,000   |                               | 1,000   |
| 20801          | Software                                    | 5,000                          |         | 5,000                         |         |

| Account Symbol | Account Name   | Final balance before inventory |        | Final balance after inventory |        |
|----------------|--|--------------------------------|--------|-------------------------------|--------|
|                |  | D                              | C      | D                             | C      |
| 212            | Construction   | 48,000                         |        | 48,000                        |        |
| 21303          | Means of transport   | 10,000                         |        | 10,000                        |        |
| 214            | Furniture, office equipment, equipment for protection of human and material values and other intangible fixed assets                   | 12,000                         |        | 12,000                        |        |
| 28008          | Amortization of other intangible assets  |                                | 1,500  |                               | 1,600  |
| 28102          | Depreciation of buildings  |                                | 7,000  |                               | 7,800  |
| 28103          | Depreciation of plant, vehicles, animals and plantations   |                                | 5,000  |                               | 5,500  |
| 28104          | Depreciation of furniture, office automation equipment, protective equipment and material human values and other tangible fixed assets |                                | 2,500  |                               | 2,800  |
| 30201          | Auxiliary materials  | 1,000                          |        | 1,050                         |        |
| 30202          | Fuels  | 4,000                          |        | 4,000                         |        |
| 30301          | Materials inventory objects in storage   | 2,000                          |        | 1,200                         |        |
| 30302          | Materials inventory objects into use   | 4,000                          |        | 4,000                         |        |
| 39201          | Obsolescence allowances on consumables   |                                | 0      |                               | 50     |
| 40101          | Suppliers under 1 year   |                                | 10,000 |                               | 10,000 |
| 40102          | Suppliers over 1 year  |                                | 20,000 |                               | 20,000 |
| 4110101        | Customers with a maturity under one year   | 7,000                          |        | 5,700                         |        |
| 4110201        | Customers with a maturity over one year  | 8,000                          |        | 7,000                         |        |
| 4110108        | Uncertain clients or disputed under 1 year   |                                |        | 1,300                         |        |
| 4110208        | Uncertain clients or disputed over 1 year  |                                |        | 1,000                         |        |
| 4090101        | Suppliers borrowers for purchases of goods such as stocks  | 1,000                          |        | 1,000                         |        |
| 4090102        | Suppliers borrowers for services and performance of works  | 1,000                          |        | 1,000                         |        |
| 421            | Staff salaries, due  |                                | 10,000 |                               | 10,000 |
| 43101          | Employer contributions for social insurance  |                                | 900    |                               | 900    |
| 43102          | Insured for social security contributions  |                                | 300    |                               | 300    |
| 43103          | Employer contribution for health insurance   |                                | 500    |                               | 500    |
| 43104          | Contributions for health insurance policyholders   |                                | 500    |                               | 500    |
| 43105          | Employer contributions for work accidents and occupational diseases  |                                | 200    |                               | 200    |
| 43107          | Employers' contributions holidays and allowances   |                                | 100    |                               | 100    |
| 43701          | Employer contributions for unemployment insurance  |                                | 400    |                               | 400    |

| Account Symbol | Account Name  | Final balance before inventory |             | Final balance after inventory |             |
|----------------|---|--------------------------------|-------------|-------------------------------|-------------|
|                |   | D                              | C           | D                             | C           |
| 43702          | Insured for unemployment insurance contributions                                |                                | 400         |                               | 400         |
| 43703          | Employers' contributions to the fund for payment of wage claims                 |                                | 100         |                               | 100         |
| 444            | Tax on income from wages and other entitlements                                 |                                | 1,600       |                               | 1,600       |
| 44801          | Other liabilities to the budget   |                                | 0           |                               | 280         |
| 49101          | Value adjustment for the depreciation receivables from customers in one year    |                                |             |                               | 1,300       |
| 49102          | Value adjustment for the depreciation receivables from customers over one year” |                                |             |                               | 1,000       |
| 51201          | Treasury accounts and the credit institutions in lei                            | 55,000                         |             | 55,000                        |             |
| 53101          | Cashier in lei  | 5,000                          |             | 6,080                         |             |
| 53204          | For motor fuels vouchers  | 18,000                         |             | 18,000                        |             |
| 53206          | Vouchers Feed   | 7,000                          |             | 7,000                         |             |
| 560            | Available public institutions financed entirely from own                        | 24,000                         |             | 24,000                        |             |
| SUM            |   | 212,00<br>0                    | 212,00<br>0 | 212,33<br>0                   | 212,33<br>0 |

Balance compiled based on inventory trial balance prepared after the public institution "X" that is absorbed is as follows:

| curr<br>ent<br>Issu<br>e | INDICATORS  | row<br>code | balance<br>at end<br>of<br>period |
|--------------------------|---|-------------|-----------------------------------|
| A                        | B   | C           | 1                                 |
| <b>A.</b>                | <b>ACTIVE</b>   | <b>1</b>    |                                   |
|                          | <b>NON-CURRENT ASSETS</b>   | <b>2</b>    |                                   |
| 1.                       | Intangible fixed assets   | 3           | 3,400                             |
| 2.                       | Technical installations, vehicles, animals and plantations, furniture, office equipment and other tangible assets | 4           | 13,700                            |
| 3.                       | Land and buildings  | 5           | 40,200                            |
| 4.                       | Other non-financial assets  | 6           | 0                                 |
| 5.                       | Non-current financial assets (long term investment) over a year   | 7           | 0                                 |
|                          | Equity securities   | 8           | 0                                 |
| 6.                       | Non-current receivables - amounts to be recovered after more than one year  | 9           | 7,000                             |
|                          | Non-current trade receivables - amounts to be recovered after more  | 10          | 7,000                             |

| current Issue | INDICATORS  | row code  | balance at end of period |
|---------------|---|-----------|--------------------------|
|               | than one year   |           |                          |
| <b>7.</b>     | <b>TOTAL NON-CURRENT ASSETS (rows 03+04+05+06+07+09)</b>  | <b>15</b> | <b>64,300</b>            |
|               | <b>CURRENT ASSETS</b>   | <b>18</b> |                          |
| 1.            | Stocks  | 19        | 10,200                   |
| 2.            | Current receivables - amounts to be received within a period of less than one year - Total, of which: | 20        | 7,700                    |
|               | Commercial receivables and advances to:   | 21        | 7,700                    |
|               | Commercial receivables  | 22        | 5,700                    |
|               | Advances granted to   | 22.1      | 2,000                    |
|               | Claims budget of which:   | 23        | 0                        |
|               | General government claims   | 24        | 0                        |
|               | Claims of Community operations  | 25        | 0                        |
|               | Amounts received from the European Commission   | 26        | 0                        |
|               | Short-term loans granted  | 27        | 0                        |
|               | Total current receivables (rows 21 +23 +25 +27)   | 30        | 7,700                    |
| 3.            | Short-term investments  | 31        | 0                        |
| 4.            | Cash and bank deposits of which:  | 32        | 110,080                  |
|               | Accounts treasury, cash, other assets, cash advances  | 33        | 110,080                  |
|               | of which: deposits  | 34        | 0                        |
|               | Accounts credit institutions, home, cash advances   | 35        | 0                        |
|               | of which: deposits  | 36        | 0                        |
|               | Total disposable (rows 33+35)   | 40        | 110,080                  |
| 5.            | Deposits with the central treasury  | 41        | 0                        |
|               | Prepaid expenses  | 42        | 0                        |
|               | <b>TOTAL CURRENT ASSETS (rows 19+30+31+40+41+42)</b>  | <b>45</b> | <b>127,980</b>           |
|               | <b>TOTAL ASSETS (rows 15+45)</b>  | <b>46</b> | <b>192,280</b>           |
| <b>B.</b>     | <b>DEBTS</b>  | <b>50</b> |                          |
|               | <b>NON-CURRENT DEBTS - amounts to be paid within a period of less than one year</b>                   | <b>51</b> |                          |
| 1.            | Non-current amounts payable, including:   | 52        | 20,000                   |
|               | Commercial debts  | 53        | 20,000                   |
| 2.            | Long-term loans   | 54        | 0                        |
| 3.            | Provisions  | 55        | 0                        |
|               | <b>TOTAL NON-CURRENT DEBTS (rows 52+54+55)</b>  | <b>58</b> | <b>20,000</b>            |
|               | <b>CURRENT DEBTS - amounts to be paid within a period of up to one year - total of which:</b>         | <b>59</b> |                          |
| 1.            | Commercial debts and advances and other settlements, including:                                       | 60        | 10,280                   |
|               | Commercial debts  | 61        | 10,280                   |



| current Issue | INDICATORS  | row code  | balance at end of period |
|---------------|---|-----------|--------------------------|
|               | Advances received   | 61.1      |                          |
| 2.            | Debts to budget of which:   | 62        | 5,000                    |
|               | Debts to budgets of public institutions, including:   | 63        | 5,000                    |
|               | Social contributions  | 63.1      | 5,000                    |
|               | Amounts due from external grants  | 64        | 0                        |
| 3.            | Debts transactions in external grants and funds from the budget, other debts to international organizations | 65        | 0                        |
|               | of which amounts owed by the European Commission  | 66        | 0                        |
| 4.            | Short term borrowings - amounts to be paid within a period of up to one year                                | 70        | 0                        |
| 5.            | Long-term loans - amounts to be paid in current year  | 71        | 0                        |
| 6.            | Employee salaries and related contributions   | 72        | 15,000                   |
| 7.            | Other rights of other categories of people (pensions, unemployment benefits, grants)                        | 73        | 0                        |
|               | Pensions, unemployment benefits, scholarships   | 73.1      | 0                        |
| 8.            | Revenue in advance  | 74        | 0                        |
| 9.            | Provisions  | 75        | 0                        |
| <b>10.</b>    | <b>TOTAL CURRENT DEBTS (rows 60+62+65+70+71+72+73+74+75)</b>  | <b>78</b> | <b>25,280</b>            |
| <b>11.</b>    | <b>TOTAL DEBTS (rows 58+78)</b>   | <b>79</b> | <b>45,280</b>            |
| <b>12.</b>    | <b>NET ASSETS =TOTAL ASSETS NET ASSETS - TOTAL DEBTS = OWN CAPITALS (row 80=rows 46–79=row 90)</b>          | <b>80</b> | <b>147,000</b>           |
| <b>C.</b>     | <b>OWN CAPITALS</b>   | <b>83</b> |                          |
| 1.            | Reserve, funds  | 84        | 139,000                  |
| 2.            | Reported result (ct.117 - credit balance)   | 85        | 7,000                    |
| 3.            | Reported result (ct.117 - debit balance)  | 86        | -                        |
| 4.            | Patrimonial result for the year (ct.121 - credit balance)   | 87        | 1,000                    |
| 5.            | Patrimonial result for the year (ct.121 - credit balance)   | 88        | -                        |
| <b>6.</b>     | <b>TOTAL CAPITALS OWN (rows 84+85-86+87-88)</b>   | <b>90</b> | <b>147,000</b>           |

Disposal of assets, equity of public institution “X” absorbed by the public institution “Y”  
absorbent by the protocol transmission - reception:

|                         |   |       |                |   |   |                         |                |
|-------------------------|---|-------|----------------|---|---|-------------------------|----------------|
| 892                     | = | %     | <u>212,330</u> | % | = | 892                     | <u>212,330</u> |
| “Closing Balance Sheet” |   |       |                |   |   | “Closing Balance Sheet” |                |
|                         |   | 20801 | 5,000          |   |   | 101                     | 135,000        |
|                         |   | 212   | 48,000         |   |   | 10502                   | 4,000          |
|                         |   | 21303 | 10,000         |   |   | 117                     | 3,000          |
|                         |   | 214   | 12,000         |   |   | 121                     | 5,000          |
|                         |   | 30201 | 1,050          |   |   | 28008                   | 1,600          |

|         |        |       |        |
|---------|--------|-------|--------|
| 30202   | 4,000  | 28102 | 7,800  |
| 30301   | 1,200  | 28103 | 5,500  |
| 30302   | 4,000  | 28104 | 2,800  |
| 4110101 | 5,700  | 39201 | 50     |
| 4110201 | 7,000  | 40101 | 10,000 |
| 4110108 | 1,300  | 40102 | 20,000 |
| 4110208 | 1,000  | 421   | 10,000 |
| 4090101 | 1,000  | 43101 | 900    |
| 4090102 | 1,000  | 43102 | 300    |
| 51201   | 55,000 | 43103 | 500    |
| 53101   | 6,080  | 43104 | 500    |
| 53204   | 18,000 | 43105 | 200    |
| 53206   | 7,000  | 43107 | 100    |
| 560     | 24,000 | 43701 | 400    |
|         |        | 43702 | 400    |
|         |        | 43703 | 100    |
|         |        | 444   | 1,600  |
|         |        | 44801 | 280    |
|         |        | 49101 | 1,300  |
|         |        | 49102 | 1,000  |

Receipt of assets, liabilities and equity of the public institution "Y" that absorbs public institution "X" which is absorbed by the protocol transmission - reception:

| Assets received by the public institution "Y" |                   | Debts and equity received by the public institution "Y" |         |
|---|-------------------|---|---------|
| %   | = 891             | 891   | = %     |
|   | "Opening balance" | "Opening balance"                                       |         |
| 20801   | 5,000             | 101   | 135,000 |
| 212   | 48,000            | 10502   | 4,000   |
| 21303   | 10,000            | 117   | 3,000   |
| 214   | 12,000            | 121   | 5,000   |
| 30201   | 1,050             | 28008   | 1,600   |
| 30202   | 4,000             | 28102   | 7,800   |
| 30301   | 1,200             | 28103   | 5,500   |
| 30302   | 4,000             | 28104   | 2,800   |
| 4110101                                       | 5,700             | 39201   | 50      |
| 4110201                                       | 7,000             | 40101   | 10,000  |
| 4110108                                       | 1,300             | 40102   | 20,000  |
| 4110208                                       | 1,000             | 421   | 10,000  |
| 4090101                                       | 1,000             | 43101   | 900     |
| 4090102                                       | 1,000             | 43102   | 300     |
| 51201   | 55,000            | 43103   | 500     |
| 53101   | 6,080             | 43104   | 500     |

|       |        |       |       |
|-------|--------|-------|-------|
| 53204 | 18,000 | 43105 | 200   |
| 53206 | 7,000  | 43107 | 100   |
| 560   | 24,000 | 43701 | 400   |
|       |        | 43702 | 400   |
|       |        | 43703 | 100   |
|       |        | 444   | 1,600 |
|       |        | 44801 | 280   |
|       |        | 49101 | 1,300 |
|       |        | 49102 | 1,000 |

Trial balance public institution “Y” absorbent before and after merging by absorption with the public institution “X”:

| Account Symbol | Account Name   | Balance as before the merger by absorption |         | Balance as after merger by absorption |         |
|----------------|--|--|---------|---------------------------------------|---------|
|                |  | D  | C       | D                                     | C       |
| 101            | Fund assets that make up the state's public  |  | 132,500 |                                       | 267,500 |
| 1052           | Buildings revaluation reserve  |  |         |                                       | 4,000   |
| 117            | Reported result  |  | 2,000   |                                       | 9,000   |
| 121            | The result patrimonial   |  | 3,000   |                                       | 4,000   |
| 20801          | Software   | 2,000                                      |         | 7,000                                 |         |
| 212            | Construction   | 54,000                                     |         | 102,000                               |         |
| 21303          | Means of transport   |  |         | 10,000                                |         |
| 214            | Furniture, office equipment, equipment for protection of human and material values, other intangible fixed assets                      | 8,000                                      |         | 20,000                                |         |
| 28008          | Amortization of other intangible assets  |  | 1,000   |                                       | 2,600   |
| 28102          | Depreciation of buildings  |  | 5,000   |                                       | 12,800  |
| 28103          | Depreciation of plant, vehicles, animals and plantations   |  |         |                                       | 5,500   |
| 28104          | Depreciation of furniture, office automation equipment, protective equipment and material human values and other tangible fixed assets |  | 3,000   |                                       | 5,800   |
| 30201          | Auxiliary materials  |  |         | 1,050                                 |         |
| 30202          | Fuels  |  |         | 4,000                                 |         |
| 30208          | Other consumable materials   | 3,000                                      |         | 3,000                                 |         |
| 30301          | Materials inventory objects in storage   |  |         | 1,200                                 |         |
| 30302          | Materials inventory objects into use   |  |         | 4,000                                 |         |
| 39201          | Obsolescence allowances on consumables   |  | 500     |                                       | 550     |
| 40101          | Suppliers under 1 year   |  | 8,000   |                                       | 18,000  |
| 40102          | Suppliers over 1 year  |  | 22,000  |                                       | 42,000  |

| Account Symbol | Account Name  | Balance as before the merger by absorption |        | Balance as after merger by absorption |        |
|----------------|---|--|--------|---------------------------------------|--------|
|                |   | D  | C      | D                                     | C      |
| 4110101        | Customers with a maturity under one year  | 15,000                                     |        | 20,700                                |        |
| 4110201        | Customers with a maturity over one year   |  |        | 7,000                                 |        |
| 4110108        | Uncertain clients or disputed under 1 year                                      |  |        | 1,300                                 |        |
| 4110208        | Uncertain clients or disputed over 1 year                                       |  |        | 1,000                                 |        |
| 4090101        | Suppliers borrowers for purchases of goods such as stocks                       |  |        | 1,000                                 |        |
| 4090102        | Suppliers borrowers for services and performance of works                       |  |        | 1,000                                 |        |
| 421            | Staff salaries, due   |  | 20,000 |                                       | 30,000 |
| 43101          | Employer contributions for social insurance                                     |  | 1,800  |                                       | 2,700  |
| 43102          | Insured for social security contributions                                       |  | 600    |                                       | 900    |
| 43103          | Employer contribution for health insurance                                      |  | 1,000  |                                       | 1,500  |
| 43104          | Contributions for health insurance policyholders                                |  | 1,000  |                                       | 1,500  |
| 43105          | Employer contributions for work accidents and occupational diseases             |  | 400    |                                       | 600    |
| 43107          | Employers' contributions holidays and allowances                                |  | 200    |                                       | 300    |
| 43701          | Employer contributions for unemployment insurance                               |  | 800    |                                       | 1,200  |
| 43702          | Insured for unemployment insurance contributions                                |  | 800    |                                       | 1,200  |
| 43703          | Employers' contributions to the fund for payment of wage claims                 |  | 200    |                                       | 300    |
| 444            | Tax on income from wages and other entitlements                                 |  | 3,200  |                                       | 4,800  |
| 44801          | Other liabilities to the budget   |  |        |                                       | 280    |
| 49101          | Value adjustment for the depreciation receivables from customers in one year    |  |        |                                       | 1,300  |
| 49102          | Value adjustment for the depreciation receivables from customers over one year” |  |        |                                       | 1,000  |
| 51201          | Treasury accounts and the credit institutions in lei                            | 80,000                                     |        | 135,000                               |        |
| 53101          | Cashier in lei  | 10,000                                     |        | 16,080                                |        |
| 53204          | For motor fuels vouchers  |  |        | 18,000                                |        |
| 53206          | Vouchers Feed   |  |        | 7,000                                 |        |
| 560            | Available public institutions financed entirely from own                        | 35,000                                     |        | 59,000                                |        |
| SUM            |   | 207,00                                     | 207,00 | 419,33                                | 419,33 |

| Account Symbol | Account Name | Balance as before the merger by absorption |   | Balance as after merger by absorption |   |
|----------------|--------------|--|---|---------------------------------------|---|
|                |              | D  | C | D                                     | C |
|                |              | 0  | 0 | 0                                     | 0 |

### 3. Conclusions:

Business reorganization and reform in the public institutions in Romania by rethinking the entire institutional system was determined by several factors such as the need to streamline the activities of public institutions linked to the government's priorities for reform in public administration; stringency establish economic and financial measures in the public institutions to ensure the commitments by the Government during negotiations loan agreements with financial institutions and framework agreements with the European Commission, etc.

Institutional system must be characterized, among others, the flexibility and adaptability to rapid developments in global financial context. Failure reorganization of public institutions can prevent proper organization of activities and the impossibility of improving the institutional conditions of activities, both in terms of organization and operation, and in financial terms, in terms of framing the budget income and expenditure approved.

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