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**REVALUATION OF TANGIBLE AND INTANGIBLE ASSETS –
ACCOUNTING AND TAX IMPLICATIONS IN CROATIA**

**REVALORIZACIJA DUGOTRAJNE NEMATERIJALNE I
MATERIJALNE IMOVINE – RAČUNOVODSTVENE I POREZNE
IMPLIKACIJE U REPUBLICI HRVATSKOJ**

ABSTRACT

The aim of this paper was to research revaluation of tangible and intangible assets with special emphasis on accounting and tax treatment in the Republic of Croatia. Authors have done literature review and they investigated relevant accounting standards that regulate this area. According to that, this paper describes two different accounting models for recognition of revaluation gains and losses in case of tangible and intangible assets. Furthermore, this paper presents tax implications for revaluation of assets in the Republic of Croatia for the last twenty years. Moreover, authors have investigated application of fair value model for Croatian companies on a sample of 54 companies using simple random selection procedure and those results were compared with similar survey that the European Commission has done. Obtained data have indicated that most of Croatian companies is still using cost model for subsequent measure of tangible and intangible assets and the situation is the same in the European Union. The contribution of this paper is in the research of accounting and tax implications for revalued tangible and intangible assets as well as in the research of application of fair value model for mentioned types of assets.

Keywords: *Revaluation, tangible assets, intangible assets, International Accounting Standards, cost model*

SAŽETAK

Cilj ovog rada je bio istražiti revalorizaciju dugotrajne nematerijalne i materijalne imovine s posebnim naglaskom na računovodstvenom i poreznom tretmanu iste u Republici Hrvatskoj. Autori su napravili pregled literature, te su istražili relevantne računovodstvene standarde koji reguliraju ovo područje. Shodno navedenom, kroz ovaj rad se opisuju dva različita računovodstvena modela za priznavanje dobitaka i gubitaka proizašlih iz revalorizacije dugotrajne nematerijalne i materijalne imovine. Nadalje, u radu su prezentirane porezne implikacije revalorizacije imovine u Republici Hrvatskoj za proteklih 20 godina. Pored navedenog autori su istražili primjenu koncepta fer vrijednosti u hrvatskim poduzećima na primjeru 54 poduzeća koristeći proceduru slučajnog uzorka, te su dobiveni rezultati komparirani sa sličnim istraživanjima koje je provela Europska komisija. Dobiveni podaci ukazuju na činjenicu da se u hrvatskim poduzećima i dalje prvenstveno koristi model troška za naknadno vrednovanje dugotrajne nematerijalne i materijalne imovine, a takva praksa postoji i u zemljama Europske unije. Stoga se doprinos ovoga rada ogleda u istraživanju računovodstvenih i poreznih implikacija revalorizacije dugotrajne nematerijalne i materijalne imovine, te u istraživanju primjene modela fer vrijednosti za istu imovinu.

Ključne riječi: revalorizacija, materijalna imovine, nematerijalna imovina, Međunarodni standardi financijskog izvještavanja, model troška

1. Introduction

Measurement of assets has a big impact on financial position of every company. Even though, most of companies are still mainly using cost model for measurement of assets, in recent times this model is more often replaced with revaluation model. Revaluation model is model that can be used for subsequent measurement of assets and is determined as a current market value of asset. In this paper focus is put just on tangible and intangible assets in order to investigate in detail measurement model for these types of assets. First of all, this paper deals with accounting treatment related to the revaluation of tangible and intangible assets. The aim is to investigate accounting effects of revaluation of tangible and intangible assets in the subsequent process of valuing assets using the revaluation model and in the process of impairment. Furthermore, authors present tax implication of revalued tangible and intangible assets in the Republic of Croatia. The main research question is “*Do companies in Croatia use revaluation model for subsequent measurement of tangible and intangible assets?*” The answer on this question is provided through survey that is conducted on the sample of 54 Croatian companies using simple random selection procedure. Those results were compared with the similar research that was conducted in the European Union in order to reveal how Croatian companies follow the European trends in measurement of assets.

2. Background and literature review

In the balance sheet fixed assets appear in four types: tangible assets, intangible assets, financial assets and receivables. In this paper focus is put just on tangible and intangible assets that can be also divided on: property, plant and equipment and investment property as tangible assets and intangible assets (such as computer software, patents, copyrights, licenses, franchises, marketing rights, etc.). Accounting treatment for before mentioned assets for big companies in the Republic of Croatia is regulated by following standards: International Accounting Standards (further in the paper abbreviation IAS will be used) 38 Intangible assets, IAS 16 Property, plant and equipment, IAS 36 Impairment of assets (tangible and

intangible assets), IAS 40 Investment property. While on the other side there are small and medium companies that are using following Croatian Standards of Financial Reporting (further in the paper abbreviation CSFR will be used): CSFR 5 Intangible assets and CSFR 6 Tangible assets. Mentioned standards defined how tangible and intangible assets should be measured after initial recognition. Thus, IAS 38 *Intangible Assets* requires that intangible assets should be recognised initially at cost and subsequently measured at each balance sheet date at either: cost less any accumulated amortisation and any write-down for impairment (**cost model**); or fair value less any subsequent accumulated amortisation and any write-down for impairment (**revaluation model**). Furthermore, IAS 16 *Property, Plant and Equipment* requires that property, plant and equipment should be recognised initially at cost and subsequently measured at each balance sheet date at either: cost less accumulated depreciation and any write-down for impairment (**cost model**); or fair value less any subsequent accumulated depreciation and any write-down for impairment (**revaluation model**). IAS 16 allows upward revaluations provided that: the revaluations are made to fair value; the revaluations are kept up to date such that the carrying amount does not differ materially from fair value at the balance sheet date; all the items in the same class of property, plant and equipment are revalued at the same time; and revaluation surpluses are credited to the revaluation reserve. IAS 40 *Investment Property* defines investment property (land or a building – or part of a building – or both) requires that investment property should be recognised initially at cost and subsequently measured at each balance sheet date at either: fair value (**fair value model**); or cost less accumulated depreciation and any write-down for impairment (**cost model**). CSFR 5 Intangible assets is in fact short version of IAS 38 and CSFR 6 Tangible assets is short version of IAS 16 and IAS 40. Therefore, further in the paper authors will present just accounting treatment of revaluation model according to IAS.

Many authors have written papers about revaluation model for financial assets but just few of them have written about the revaluation of tangible and intangible assets. For instance, Holt G. and Georgiana Holt A., 2008. in their paper give theoretical issues related to the revaluation of fixed assets. More precisely, they present in their paper examples of fiscal and accounting mechanism of recognition the current property/ assets revaluation. Furthermore, Paik, G. in the year 2009 deals with the value relevance of fixed asset revaluation reserves in international accounting. He investigated the effect of adopting the IFRS standard for fixed asset revaluation. His study contributes to the international accounting literature by suggesting that the effect of adopting new IFRS rules, such as IAS 16, may differ in each country due to various legal, economic, cultural and social forces. Another relevant paper that deals with revaluation of assets is the paper from Aljinović Barać, A. and Šodan, A. (2011). This paper research manager's motive of accounting policy choice for long-term non-financial assets. The contribution of this paper is the research of motives and determinants of asset revaluation policy choice in bank-oriented economies with inactive markets like Croatia. Therefore, their paper play an important role because their findings prove that companies with growing debt, low liquidity ratio and low cash flow ratio are more likely to perform upward revaluations.

3. Accounting issues related to the revaluation of tangible and intangible assets

After initial recognition an entity shall choose either the cost model or the revaluation model (fair value model) as its accounting policy and shall apply that policy to an entire class of tangible or intangible assets. For the purpose of this paper focus is on revaluation model. After recognition as an asset, an item of tangible and intangible assets whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated

impairment losses (IAS 16, paragraph 31). Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Revaluation assumes re-evaluating or in other words re-determining the value of asset. According to the currently applicable accounting standards, the amount of the revaluation of asset is the fair value of the asset at the date of revaluation. Moreover, the subsequent revaluation of fixed assets where the standards prescribed the value adjustments of assets by reducing the historical cost or the amount that it replaces on the fair value describes the process of revaluation.

Further in the paper, authors present accounting effects of revaluation of tangible and intangible assets in the subsequent process of valuing assets using the revaluation model, or the fair value model, and in the process of impairment. Differences that appear relative to historical cost or other amount that it replaces due to value adjustment of assets can be positive or negative or in other word gains or losses can appear from the value adjustments. Before gains and losses from value adjustments are realized we have unrealized gains and losses. However, the procedure of recognition of unrealized gains and losses is not solved on the same way in all international accounting standards (IAS). In fact, some IAS recognizes unrealized gains as a revaluation surplus directly in the equity while some IAS recognizes this immediately in profit and loss account.

Recognition of revaluation gains and losses in case of tangible and intangible assets can be divided into two basic models that are shown in the table below:

1. Recognition of revaluation gains/ losses in the equity as a reserve and transference directly to retained earnings out of profit and loss account;
2. Recognition of revaluation gains/ losses directly in the profit and loss account;

Table 1 Recognition of revaluation gains/ losses in the equity as a reserve and transference directly to retained earnings out of profit and loss account

IAS	Moment of fair value Measurement	Initial recognition of revaluation gains	The transferred moment to retained earnings	Transferred to retained earnings
IAS 16 – PROPERTY, PLANT AND EQUIPMENT and IAS 38 INTANGIBLE ASSETS	Subsequent measurement and application of the revaluation model	Revaluation reserve (surplus)	When revalued assets is derecognized; When revalued asset is disposed of; Some of the surplus may be transferred as the asset is used by an entity. In such cases, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.	Whole surplus decreased for corporate income tax

Source: IAS 16, IAS 36, IAS 38, IAS 40, IAS 40, Belak, V., 2006a: 17

Table 2 Recognition of revaluation gains/ losses directly in the profit and loss account

IAS	Moment of fair value Measurement	Initial recognition of revaluation gains/ losses	The transferred moment to retained earnings	Transferred to retained earnings
IAS 36 – IMPAIRMENT OF ASSETS (TANGIBLE AND INTANGIBLE ASSETS)	On the reporting date	Directly in the profit and loss account for the assets for which revaluation reserve (surplus) is not formed in the process of revaluation	For the reporting period	Recognize as expense
		For assets for which revaluation surplus is formed – charged to reserves to the extent of reserves (surplus)		It is not carried through profit and loss account
		Reversal of losses from impairment	Reporting period	Recognize as revenue
IAS 40 – INVESTMENT PROPERTY	Subsequent measurement under revaluation model	Directly in the profit and loss account	Period in which gain appear	Recognized as a revenue from revaluated gains

Source: IAS 16, IAS 36, IAS 38, IAS 40, IAS 40, Belak, V., 2006b: 17

The model of deferred recognition of unrealized gains and subsequent losses from adjustments to fair value applies to property, plant and equipment as well as intangible asset. When accounting value of property, plant and equipment increase as a result of revaluation then this increase should be recognized in the equity as a revaluation surplus (reserve). In these cases it comes to the delay of recognition of unrealized gains until the moment of realization. Revaluation surplus that is included in the equity and that refers on the property, plant and equipment could be transferred directly to retained earnings when:

- revalued assets is derecognized;
- revalued asset is disposed of;
- the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

From the Table 1 and 2 it is obvious that transfer of unrealized gain to the retained earnings is almost the same for all tangible and intangible assets. Moreover, transference of revaluation surplus on the retained earnings by tangible and intangible assets is done directly, not through profit and loss account.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus (IAS 16, paragraph 39). However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset (IAS 16, paragraph 40). The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. The value of the impairment loss of tangible assets is recognized immediately in profit and loss account, unless the asset is carried by its revalued value in accordance with another Standard (e.g. in accordance with the revaluation model under IAS 16). Any impairment loss of value, revalued assets, is treated as a revaluation decrease under that other Standard.

Measurement after initial recognition for investment property could be done under cost model or revaluation model. If entity chose revaluation model (fair value model) then all gains and losses that are arising from a change in the fair value of investment property shall be recognized in profit or loss account for the period in which it arises (IAS 40, paragraph 35). It is important to emphasize that under the IAS 40 Investment property authors assume tangible assets like land and building that are prescribed under IAS 16 Property, land and equipment. However, due to the different uses of these assets, the revaluation model is different.

4. Tax treatment of revalued tangible and intangible assets

As it was mentioned in the chapter before, IAS permit or require certain assets to be carried at fair value or to be revalued (for example, IAS 16 *Property, Plant and Equipment*, IAS 38 *Intangible Assets*, IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 40 *Investment Property*). In some jurisdictions, the revaluation or other restatement of an asset to fair value affects taxable profit (tax loss) for the current period. As a result, the tax base of the asset is adjusted and no temporary difference arises. In other jurisdictions, the revaluation or restatement of an asset does not affect taxable profit in the period of the revaluation or restatement and, consequently, the tax base of the asset is not adjusted. Nevertheless, the future recovery of the carrying amount will result in a taxable flow of economic benefits to the entity and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits (IAS 12, paragraph 20). The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset. This is true even if (IAS 12, paragraph 20):

- a) the entity does not intend to dispose the asset. In such cases, the revalued carrying amount of the asset will be recovered through use and this will generate taxable income which exceeds the depreciation that will be allowable for tax purposes in future periods; or
- b) tax on capital gains is deferred if the proceeds of the disposal of the asset are invested in similar assets. In such cases, the tax will ultimately become payable on sale or use of the similar assets.

In general, problematic of recognition revenues/ expenses from value adjustments for tangible assets are not defined by the Croatian Corporate Income Tax Law. So, in most cases tax treatment will be in accordance with accounting treatment. In accounting treatment there are some specifics and because of that in certain situation temporary differences will appear with revaluation of assets. For property, plant and equipment as well for intangible assets it is characteristic that adjustments on fair value that are higher than accounting value are recognized in reserves and are transferred on retained earnings outside of profit and loss account. Formed revaluation reserves are included in tax base in that tax period when

revaluation reserve is realized and it is determined in amount of increased depreciation that appears because of revaluation. The rest of revaluation reserve is included in tax base after the asset that is revalorized is sold, destroyed or disposed on some other way (Cindori, 2009). The exception, from above mentioned, appears when revaluation reserve is formed for period from 1991 until 2000. Subject revaluation reserve was taxed and after taxation the taxpayer was able to manage with it on the way he decides. That means, if some entrepreneur has in his balance sheet revaluation reserve from that period, in actual financial statements, this reserve is not subject to taxation, because taxation is passed at the time when it was formed (Cindori, 2009).

Revaluation of property, plant and equipment as well as revaluation of intangible assets in the procedure when revaluation reserve is formed results with taxable temporary differences. The reason for this lies in the fact that there is unrealized profit that increase equity and that impose the obligation to form the deferred tax liability related to the revaluation of these types of assets. So, there are features of taxable temporary differences (unrealized gains and deferred tax liabilities). However, unrealized capital gain is not the increase of equity as income through profit and loss account, rather than an increase in the revaluation reserve outside the profit and loss account and because of that it cannot be used for distribution to the owners. Furthermore, a deferred tax liability has not been established due to reduction in accounting results for the amount of the unrealized gains through the corporate profit tax return. Because of mentioned specificities in the context of these types of long-term assets it could be talk about hidden temporary difference (Anić Antič and Idžojić, 2009).

Moreover, in the Republic of Croatia there is one more basis for the formation of temporary differences on revalued property, plant and equipment and revalued intangible assets. This time it is a deductible temporary difference. This basis reflects in the fact that the tax treatment of depreciation on the revalued portion depends on whether the part of the revaluation reserve, which reflects spending of assets, is transferred to retained earnings or not. Specifically, the accounting rules do not require entrepreneurs execute such transfer so it can happen that after calculating depreciation such transfer fails. In this case, the increased cost of depreciation of these assets will be excluded from the tax base not until the realized part of the revaluation reserve is transferred to retained earnings (Anić Antič and Idžojić, 2009).

The value of property, plant and equipment as well as intangible assets could decrease below an accounting value. Also, subsequent increases in value are possible. In this paragraph, the focus is put on increase in value till the accounting value that does not exceed already recognized loss. Such value adjustments are recognized in accounting trough the profit and loss account if they are compatible with a realistic estimate. In accordance with the Corporate Income Tax, the initial decrease in value below accounting value, which is higher than the maximum tax allowable depreciation rate, it is considered non-deductible.

This provision is found that, due to described value adjustments, there are differences between the accounting result and the tax base and because of that the temporary differences arise. At the same time, there is an opinion that the expense from value adjustments, in described case, is tax allowable in the period when the adjustment is done regardless of whether the asset was sold, destroyed or otherwise used (Cirkveni, 2009). So according to that opinion there is no difference between accounting result and tax base and because of that there is no temporary differences.

The gain or loss that arises from changes in fair value of investment properties and the fair value of biological assets is recognized in the profit and loss account in the period when incurred. Revenue or expense from the value adjustment on the fair value is tax allowable during the period when the adjustment is completed, regardless of whether the property was sold, destroyed or otherwise used. In these cases temporary differences do not exist because in such value adjustments there is no difference between accounting result and the tax base.

5. Research on measurement of tangible and intangible assets at fair value

In the context of the problem of fair value application, well as the principles of assessment of assets either at initial or subsequent measurement, hereafter author's present results of research on the use of fair value for the valuation of certain forms of assets. This research was conducted from the side of the Institute of Chartered Accountants in England and Wales in the year 2007. as a part of the report for the European Commission under the title "EU implementation of IFRS and the fair value Directive". Further in the paper authors present just results on the use of fair value for the valuation of tangible and intangible assets. As a contrast to mention research authors also present their empirical research on the use of the fair value by Croatian companies.

5.1. The use of fair value accounting in the European Union

The European parliament and the Council have adopted the IAS Regulation (EC)/ 1606/ 2002 of 19 July 2002 on the application of International Accounting Standards. This Regulation directly requires the use of International Financial Reporting Standards (IFRS) in the consolidated financial statements of publicly traded companies established in EU members. It applies after 1 January 2005. Also, each member state may extend this application through national law system on non-publicly traded companies.

In the year 2006 on the request of the European Commission, the Institute of Chartered Accountants in England and Wales has conducted detailed research concerning requirements that are set in IFRS. Research was focused on the evaluation of the implementation of IFRS's in the industries represented in the European Union, the assessment of the application in some markets, and by individual member states. In October 2007 the research results were published (www.icaew.com). In this paper authors will present just part of this research that was focus on application of fair value accounting. This research was conducted on a sample of 200 EU publicly traded companies.

Research has shown that use of fair value accounting under IFRS is much less extensive than it is sometimes assumed to be the case, and is in fact very limited overall. In particular, where companies are given an option as to whether to use a cost or a fair value model, they typically choose a cost model.

Research on the sample of 200 companies found that (www.icaew.com):

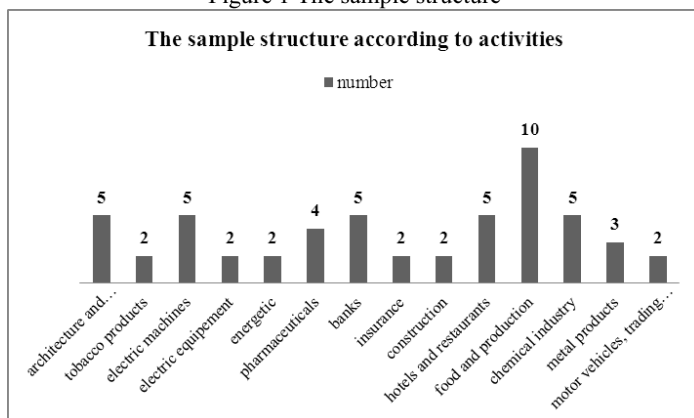
- **IAS 16 PROPERTY, PLANT AND EQUIPEMENT:** 199 from 200 of analyzed companies held an item property, plant and equipment. 8 from 199 companies respectively 4% companies used revaluation model (fair value model) for property but none of the companies used it for plant and equipment.
- **IAS 38 INTAGIBLE ASSETS:** none company used revaluation model for intangible assets.
- **IAS 40 INVESTMENT PROPERTY:** 81 companies held an item investment property but just 23 of them used revaluation model.

Furthermore, research has shown that accounting profession was concern because of the subjectivity of fair values in the absence of active and liquid markets, at the volatility that fair value can introduce in reported income and at possible moves towards much greater use of fair value. Recent reports from users and surveys of users' and preparers' views show a significant level of opposition to more extensive use of fair values in IFRS.

• **5.2. The use of fair value accounting in the Republic of Croatia**

Authors have conducted an empirical research with the goal to determine the use of fair value accounting in the Republic of Croatia. Research was done by examining financial statements more precisely balance sheet and notes to financial statements of companies in the sample for the year 2010. The research was conducted on a sample of 54 Croatian companies using simple random selection procedure. The sample structure according to activities is presented in the figure below.

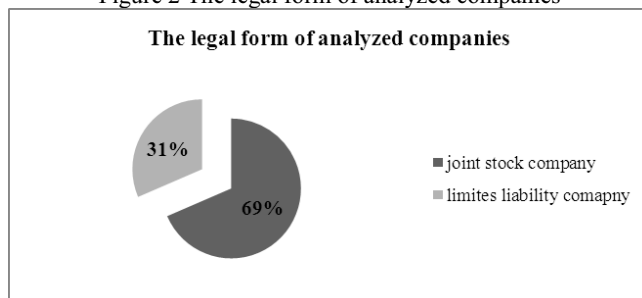
Figure 1 The sample structure



Source: authors

According to the legal form, the analyzed sample of companies includes 37 or 69% joint stock companies (JSC) and 17, or 31%, limited liability companies.

Figure 2 The legal form of analyzed companies



Source: authors

Considering the application of CFRS or the application of IFRS on the analyzed sample of 54 companies results are following: 3 companies (6%) apply CSFR while 51 companies (94%) apply IFRSs. From this it is obvious that this sample is mainly formed from big size companies.

Figure 3 Grouping of companies according to applied standards



Source: Empirical research

Research on the sample of 54 Croatian companies has given following results:

- **IAS 16 PROPERTY, PLANT AND EQUIPEMENT:** all analyzed companies (54) held an item property, plant and equipment but just 5 companies respectively 9% companies used revaluation model (fair value model) for property and just 4% companies used this model for plant and equipment.
- **IAS 38 INTAGIBLE ASSETS:** 46 companies from the sample held in its balance sheet and notes an item intangible assets. Nevertheless, just 1 company used revaluation model for intangible assets and all other companies used cost model.
- **IAS 40 INVESTMENT PROPERTY:** 13 companies respectively 24% companies held a item investment property on the active side of balance sheet and notes but just 5 of them used revaluation model for subsequent recognition.

This research has shown that the application of fair value model in Croatian is very rare. Very small percentage of analyzed companies is using fair value model for subsequent measurement of tangible and intangible assets. The situation is almost the same in the European Union. So, it can be concluded that in situations where the companies have options that they can optionally use cost or revaluation model, typically companies chose cost model. The authors are assuming that the reasons for that kind of subsequent measurement in Republic of Croatia could be find in simplicity of cost model, that there are no benefits for Corporate Income Tax return and it is cheaper for the companies. Depreciation is accounting policy that is often used in order to reduce Corporate Income Tax liability and companies often manipulate with depreciation. Revaluation gains or losses has no impact on Corporate Income Tax liability and in order to get fair value measurement for their asset companies should have elaborated it from entitled person for evaluation and that is very expensive. Limitations and restrictions of these research is in smaller sample of companies but the authors believed that taking into consideration all the features of Republic of Croatia (i.e. size, number of citizens, number of active large companies and etc.) the number is satisfying for analysis.

6. Conclusion

With this paper the authors have showed that revaluation model is very complex and not very often used in practice for subsequent measurement of tangible and intangible asset in financial statement. Revaluation means a reassessment (evaluation) of tangible and intangible asset. Furthermore, under determining a financial position of a company asset has been mentioned as one of the factors that affect the financial position. From that it can be concluded that the change in the value of assets of a company affect its financial position. However, the impact of the revaluation on the financial position depends on the method of accounting treatment of the value of the asset and its disclosure in the financial statements. If the change in the value of assets accounted reported directly in equity as a revaluation reserve, that change will directly impact on the financial position of a company. At the same time, if the change in the value of assets accounted through profit or loss, the subject changes will directly affect the profit or loss for the accounting period of observation, which in other words means that will directly affect the performance evaluation. This situation will indirectly affect the financial position, since the operating results is reported in the balance sheet under the items of capital.

The paper highlights the neutrality of the revaluation in circumstances where unrealized gains and losses revaluation are not recognized for tax purposes until the moment of realization. This claim about tax revaluation neutrality applies to the level of profit for the period in which the revaluation is conducted, and at the level of the entire asset lifecycle within the company. Further, there is also the lack of neutrality of the tax revaluation profit of the current period in circumstances where the unrealized gains and losses are recognized for tax purposes prior to implementation. Finally, it can be concluded that, at the level of the entire asset lifecycle within a company, the tax revaluation is neutral regardless of whether they arise or not arise temporary differences because of the valuation with fair value.

The research question was answered through conducted research from which it is visible that still most of the companies in EU but also in Republic of Croatia are using cost model as a subsequent measurement for tangible and intangible asset.

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