



ARTÍCULO DE INVESTIGACIÓN

## Study of the characteristics of section 13 and 17 of IFRS for SMEs in the environment of the bakery and pastry sector of Valledupar

*Estudio de las características del apartado 13 y 17 de las NIIF para las PYMES en el entorno del sector de panadería y pastelería de Valledupar*

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## Abstract

It was done a study of the characteristics of section 13 and 17 of IFRS for SMEs in the environment of the bakery and pastry sector of Valledupar is proposed. Methodologically, the bakeries and pastries of Valledupar were characterized, a diagnosis was made related to the proper use of accounting policies under IFRS for SMEs, a proposal for a guide for the implementation of accounting policies was presented, and finally, the implementation of the guide was verified. Among the most important findings is that most bakeries have not adopted accounting policies under IFRS for SMEs.

**Keywords:** IFRS for SMEs; Inventories; Property; Plant and Equipment

## Resumen

Se realizó un estudio de las características de la sección 13 y 17 de NIIF para PYMES en el entorno del sector panadero y repostero de Valledupar. Metodológicamente, se caracterizaron las panaderías y reposterías de Valledupar, se hizo un diagnóstico relacionado con el uso adecuado de las políticas contables bajo las NIIF para PYMES, se presentó una propuesta de guía para la implementación de las políticas contables, y finalmente, se hizo la verificación de la implementación de la guía. Dentro de los hallazgos más importantes está que la mayoría de las panaderías no han adoptado políticas contables bajo NIIF para PYMES.

**Términos clave:** NIIF para PYMES; Inventarios; Propiedad; Planta y Equipo

## 1. Introduction

Inventory policies are those guidelines and methods implemented by the management of a company to manage its resources. That said, these policies are used to define how inventory is managed, whether in terms of inventory levels, maintenance, valuations, at this point it should be remembered that it usually refers to inventory owned by the company. This includes raw materials, work-in-process and final products to be delivered to consumers. Among other objectives, inventory policies will seek to avoid or reduce damage losses, as well as minimize storage costs. Consider that rent must be paid to warehouse owners to keep merchandise on their premises.

Inventory is a fundamental part of the business of marketing and manufacturing products, the ability to meet demand in the best possible way is one of the priorities for this market, so having the necessary products on time must be a necessity for stakeholders. In terms of business success. Inventory is nothing more than the process of knowing what assets a company is going to sell, these are based on the concepts of knowing what items are owned, where they are, how much each item is worth and how likely they are to be lost due to demand. This process not only allows for product ordering, but also provides more cost-effective storage space, avoids management errors, reduces costs and improves response time (Salazar, E. 2013).

To keep the stock in the best condition, it is necessary to pay attention to the need for periodic review of the physical review of the assets, it is recommended that depending on when the exercise activity ends (monthly, quarterly, semi-annual or annual), it should be a total count of these stocks.

On the other hand, plant and equipment property corresponds to an integral part of the financial statements and is defined as those tangible assets that are not for sale, to the extent that they can be used, generate income from the indicated use, either in the production of goods and services, or in leasing to third parties. or for administrative fines. In addition, this use is expected to exceed an accounting period (Arboleda, A. 2019).

Since 2009, the Colombian government has proposed that the nation should bring accounting standards used internationally into line. This implementation from decree 2420 of 2015, classifies companies into three groups; placing SMEs (small and medium-sized enterprises) in the second of these (Cartagena, R., and Franco, M. 2017). As well as, Law 1314 of 2009, which regulates the accounting principles and rules, bringing as a consequence the need to modernize them in order to optimize production, competitiveness and the integral development of organizational activity, among other important aspects of each of them (Cruz, K., Monroy, Y., and Hernández, Y. 2018).

For its part, the International Financial Reporting Standard (IASB, 2016) for Small and Medium-sized Entities (IFRS for SMEs), contemplates a total of thirty-five (35) sections, of which, section 13 corresponding to Inventories and section 17 equivalent to Properties, Plant and Equipment, are very significant in SMEs for the future implementation of the other sections to which it takes place (Borrero, A., and Ortiz, O. 2016 and).

From all the above, it was proposed as an object of research to study the characteristics of section 13 and 17 of IFRS for SMEs in the environment of the bakery and pastry sector of Valledupar.

## 2. Methodological framework

The current research is framed in the naturalistic paradigm, because it advocates total respect for the natural state of the social universe and the approach to reality through a rudiment of fidelity in the face of the phenomenon under study, not rigidly adhering to the various methodological postulates that govern it. It is also known by Piñero and Rivera (2013), with a mixed or complementary approach, due to the nature of the different theoretical references on which it is based, since these are framed in the quantitative and qualitative approaches according to Hernández, Fernández and Batipsta (2014).

The research is descriptive and interpretive, where the organizational model of the main SMEs in the bakery sector in the city of Valledupar is characterized, based on Arias (2006) and Tamayo (2013).

Given the nature of the study, which according to García A y Mendoza S (2019) is executed under a mixed design, on the one hand, it is bibliographic since it requires documentation in everything regarding the legal part contemplated in IFRS for SMEs in terms of inventory (13), property, plant and equipment (17) and other decrees and laws established to regulate and regulate organizations belonging to group 2 (Kaymaz, O., and Zengin, Y. 2011).

For data collection: The number of bakeries registered in the city of Valledupar was consulted in different sources of information (mainly in the chamber of commerce) and surveys were applied to collect pertinent information for the characterization of the main bakeries and pastry shops in the city of Valledupar.

The diagnosis of the inventory and property, plant and equipment sections of the main bakeries and confectioneries of the city of Valledupar was carried out and based on this, a guide for the implementation of accounting policies was designed and socialized in the section of inventories of property, plant and equipment bakeries and confectioneries of the city of Valledupar. Finally, a study was carried out that allowed measuring the impact of the implementation guide of accounting policies in the inventory and property, plant and equipment sections of bakeries and confectioneries.

## 3. Results and analysis

### 3.1. General characteristics of the bakeries and confectioneries of Valledupar

Bakery sector in Valledupar : It is important to know that the bakery and pastry sector is currently made up of a total of 49 bakeries in the city of Valledupar (Mayor's Office of Valle-

dupar, 2021), whose corporate names are listed below with their respective address and telephone number (Table 1), allowing to locate a 20.4% greater presence of these in the town of La Granja, followed by the Obrero neighborhood with 14.2%, the rest of the establishments are located in the different sectors of the city of Valledupar.

Table 1. Distribution of bakeries and confectioneries in Valledupar

No.	Company name	Address	Telephone
1	La Mejor Panadería Y Repostería	Cl 4 E 23 04	3114144799
2	Taller De Repostería	Cr 19b2 #5 84	3163141159
3	Panadería El Trigal De La 21	Dg. 21 # 22-66 La Granja	5889909
4	Panadería Y Repostería Vallepan	Dg. 21 # 21-04 La Granja	3233516982
5	Panadería El Pan De Vida	Cr 9 # 13b 04, Cañahuat	3157515527
6	Maxipan De La 12	Cr 12 # 12a 12-41, Obrero	3163421517
7	Panadería Árabe	Cr 9 No. 14-94 Obrero	
8	Panadería Galán	Cr 14 # 11 A - 62, Obrero	5701016
9	Pan Mio	Cl. 10 #10-54 a 10-66	5828761
10	Lácteos La Granja	Cr 12 # 11-123 Obrero	3145063939
11	Panadería Gacur	Cr 41, Cl Ancha #2C-28	3114306145
12	Sarali Repostería	Cr7 13 – 16	5749237
13	Panadería Y Restaurante Loperena Express	Cl 16a # 11a-03 Loperena	3205473732
14	Panadería El Diamante	Cl. 11 #21a 59	
15	Mi Panadería	Cr 11 Cl 14-00, Loperena	3126576893
16	Tortas Mami Gourmet	Cr 9 #No. 13-57 Local 2 Cañahuat	3162207012
17	Tortas Negle	Tv. 26 #16d-2 a, Dg. 16d # 78	3113811555
18	Las Marquesas	Cl. 16c # 21-10 La Granja	3023941230
19	Panadería Pan De Vida	Cl 9 # 11 - 32 Barrio San Carlos	5740009
20	Guimel	Cl. 6 Bis 1 # 19c-40	
21	Panadería Doña Lucy	Manzana 36, Casa 16	3185990822
22	Cecy Dangond Gourmet	Cr 6 #12-88	
23	Panadería Y Pastelería Mauras	Cl. 7a # 19b-204	3106720512
24	Punto Blanco	Cr 21 # 11-04 Alto de Garupal	3046689920
25	Panadería La Plaza	Cl 22b No. 19-132 La Granja	
26	Paz Panadería	Tr 5 7 67 Centro	3137514824
27	Confitería Jerusalem	Cl 20 #14-61 Mercado Nuevo	5806655
28	Postres Multicarnes Valledupar	Cr 9 #14-02 Obrero	5700237
29	Dylansito	Cl 8 A # 30-31	
30	Panadería Punto Rojo	Cr 12 # 9 c – 98 Cañahuat	3116227775

No.	Company name	Address	Telephone
31	Indepan Sas	Cl 21 # 17-39, La Granja	5871030
32	Lucy Gourmet Panadería	Barrio Don Alberto	3017697309
33	Chocoshy	Cr 20A # 13b-24	3506327686
34	Lucy Gourmet Panadería	Cl 14 Obrero	3017697309
35	Pan Y Ricuras	MNA 173 # CASA 7	3207252205
36	Monely Pastelería Sin Gluten	Cr 19b La Granja	3164761044
37	Tortas Tutty	Cl 3° C 1	
38	Don Jacobo	Cr 19 # 9-28	3187759185
39	Ivannas Cake S.A.S.	Cl 12 # 11-62 Obrero	3173873629
40	Sabor A Miel	Cl 14 # 19c-103 La Granja	3015859400
41	Tortas Nelita	5 De enero	3215087530
42	Elycake.Oficial	La Granja	3016327089
43	Dolce, Repostería Y Café	Cr 19 # 6d-06	5728543
44	La Prim	Cr 50 #5f-57	
45	Pastelería Dolce Isabella	Cl 16 B Bis # 23b – 87 La Granja	
46	Panadería Santander	Cr 18 No.13-4	
47	Unbeatable bakery	Cl 6c #19- 102	
48	La Ocañera Bakery	La Granja neighborhood	5810462
49	Nicolle Cakes	Cl 5D # 39-68	3183187265

Source: Authors.

In this vein, in the region 81% of the total population belongs to the group of small bakeries, which correspond mostly to informal companies, family businesses with incipient production processes, little technology and perhaps with little training in accounting issues. However, they handle the concept of good manufacturing practices, due to the control and surveillance exercised by Invima, auditing food producing establishments, in which they verify the minimum standards regulated by law.

Specialties: As a follow-up to this activity, given the nature of the bakery industry in Valledupar, as seen above, it can be said that 81% of bakeries specialize in the production of artisanal bread, which is consumed mostly by the inhabitants of the town where the establishment is located. The remaining 19% is dedicated to confectionery, specifically in the production and marketing of cakes for all occasions and desserts; which are guided by the different virtual platforms (social networks) to promote their sale. At the level of bakery products it is necessary to know about the different kinds of bread and within this classification where the best sellers are located. See Table 2.

Table 2. Types of breads

<b>Kinds of loaves</b>	
Pan de miga dura o candeal	Its crumb is very compact, with small holes and usually white. Given its consistency, the use of refining cylinders is necessary.
Soft crumb bread or flame	Its crumb is more open, so it deserves more water, has more holes and more spongy appearance. It usually does not require cylinder refining.
<b>Special bread</b>	
It must meet certain conditions, such as its composition, use of enriched flour, add ingredients with nutritional value, do not carry salt or microorganisms, special format that requires a process of preparation and finishing.	
Pan integral	Use of whole wheat flour.
Bread with bran	Bran is added to the flour when kneading 200 g of bran per kilogram of flour.
Vienna bread and French bread	Soft crumb bread based on soft dough, to which sugar, milk, or both at the same time are added, in the amount necessary for its good manufacture.
Toast	After cooking it is cut into slices, subjected to roasting and packaging.
Mr. glutinado	Made with wheat flour and wheat gluten in such quantity that the protein content (Nx5.7) alluding to dry matter of the final product, is equal to or greater than 25%.
Gluten bread	It is made the same as the previous one only that the percentage is equal to or greater than 15% and less than 25%.
Egg bread, milk bread, raisin bread, raisin bread and honey bread	Made with bread doughs to which the ingredients from which they take their name are incorporated.
Bread of another cereal	Wheat flour mixed with flour from another cereal in a minimum proportion of 51% so it receives the name of the latter cereal.
Enriched bread	Enriched flours or enriching substances are incorporated.
Sliced bread	It has a light soft crust and its cooking has been in mold. Usually, its sale is packaged.
Other special breads	For its additional ingredients, external form and production procedure are sweet and fruit.
<b>Common pan</b>	
Its consumption is usual, produced with wheat flour, which meets the established requirements, and to which only the technological adjuncts and additives authorized for this type of bread can be added.	
Leading products	French bread or baguette, peasant, piñita, butter bread, cheese, guava and arequipe thread, ocañero, wholemeal, dressed, toast, croissant, biscuits and French pastry (sweet and savory pastries, fingers, etc.).

Source: Authors.

Regarding confectionery, among its main products are (Table 3):

Table 3. Distribution of main pastry products

Cakes	Desserts
Birthday puddings with standard and custom decoration	Desserts three milks per serving and complete.
Vanilla	Chocoflan porcionado
Chocolate	Napoleon
Strawberries	Flan
Cold cakes	Paul
Queen's arm	Strawberries with creams

Source: Authors.

Jobs and type of hiring: Within this framework, employment in the bakery sector is fluctuating, although hiring is done directly with companies, without intermediaries, the level of turnover is high; this may be largely due to the fact that the types of contracts are for the provision of service, which becomes a demotivating factor for the vast majority of employees who seek to have their social benefits as perks. In the same way, another mitigating factor that is circumscribed is the large amount of cheaper labor due to the exponential Venezuelan migration to the city, where city dwellers are replaced by Venezuelans who perform the work at a lower cost.

Broadly speaking, it can be said that 91.8% of the total bakeries in the city are neighborhood businesses located in the aforementioned sectors, which means that they do not have an organizational structure; The employees are the same owners and, in some cases, only have one seller, who are hired verbally for work or labor and with a salary below the current legal minimum.

### 3.2. Specific characteristics of bakeries and confectioneries

After having extracted the stratified sample in the guild and the application of the instrument addressed to them, we proceed to the realization of an extensive description regarding the operation, infrastructure and operability of bakeries and confectioneries. On average, they have a volume of employees ranging from 8 to 66 contracted directly with the company, whose payroll ranges from \$ 15,000,000 to \$ 75,000,000 million pesos Colombian legal currency.

They were asked how long these organizations have been in the market, to which it was found that 100% of the target population has been in the market for more than 31 years. With regard to the human resources available to each of the organizations, this information allows the classification of companies into four groups, micro, small, medium and large enterprises.

75% of the organizations surveyed are classified as medium-sized companies, while 25% are small businesses. This implies that all the companies under study are classified within the well-known SMEs, that is, small and medium-sized enterprises.

The question was asked about the type of hiring that the employees of the bakeries and confectioneries studied have, in order to analyze the incidence of employability in the bakery sector. Of the total respondents, 54.68% of employees have permanent term contracts, 9.48% of employees have fixed-term contracts, 18.86% of employees have work contracts, and 16.98% of employees have apprenticeship contracts.

When inquiring about some of its differentiating characteristics, all companies, 100% highlight as organizational characteristics the high-quality service, exclusive design of their packaging, fair prices, standardized products and high confectionery products, while other characteristics such as personalized advice, promotional plans, high quality products and innovation are used only by 75% of the companies surveyed.

### **3.3. Diagnosis of the Inventories (13) and Property, Plant and Equipment (17) sections of bakeries and confectioneries**

The knowledge that companies have about the international financial reporting standards for SMEs: Despite the infrastructure and organizational design, 75% of the companies studied know the accounting policies under the International Financial Reporting Standards for SMEs, this because, during the last decade, the government from Law 1314 of 2009, established that SMEs should implement International Accounting Standards.

This results in the fact that none of the organizations has yet implemented the International Financial Reporting Standards IFRS for SMEs, this is justified by the moment that the whole world is going through given the health emergency due to Covid-19, since many of these establishments suffered strong financial consequences, and are barely strengthening in the face of the large casualties reached so far during the pandemic, so they prefer to refrain from implementing IFRS for SMEs in their accounting processes.

When inquiring about the possible effects of mandatory application of IFRS standards for SMEs, they believe that among the main effects are financial, economic, administrative, tax and legal. Based on the above evidence, it was possible to perceive a certain degree of ignorance in relation to the subject, since, although they consider that such implementation would have effects within their organizations, they do not see the depth of these, but in a superfluous and somewhat negative way, because they assume it as an increase in administrative costs, given to all the investment they must face to face the whole process.

Of the applications of the Inventories and Property, Plant and Equipment sections according to the NIFFs: 75% of companies consider their accounting processes to be organized, but 25% consider it poorly organized; that is, that the companies surveyed, despite acknowledging that they do not use accounting policies in accordance with IFRS for SMEs, They trust that their accounting processes are correct and reliable, this is because, according to the

perception of these, they offer good results. On the other hand, 50% of companies consider current accounting policies unnecessary, 25% consider them unnecessary and 25% consider them necessary. From these data it can be inferred the little importance that in the city of Valladolid they give to compliance with current accounting standards and is evidenced in the non-execution that companies make of these standards.

All the companies surveyed have standard processes for the realization and dispatch of products, this is done as follows:

For entry: It is taken into account that the merchandise arrives in good condition and complete, to then make the storage of these; As for perishable products, the date of elaboration and expiration and the state of these are verified.

For production: It is done, from the warehouses to the production area, where they are processed for the different products offered by the companies, considering the quantities used for each purpose, and, in addition, to carry out the rotation of these in such a way that they are consumed the earliest to perish, until those that have a longer expiration time.

For dispatch: Once the products are elaborated, they are stored under the appropriate conditions that they require, until they are delivered to the consumer.

The companies, consider that any employee according to their time disposition, is in the conditions to receive and dispatch the inputs and products they use, then, they carry out a count in order to verify that the products received, are exactly those requested. For perishable products, inventories are checked weekly, while those related to plant and equipment are done annually. These companies, keep the record of inventories manually, this is justified by the fact that they consider it quick and easy, compared to the systematized.

In bakeries, inventory control is done through the constant recording of inputs and outputs, in addition to their prices; the use of the products in inventory is done through the PEPS method (first in, first out), that is, according to the information of entry and expiration dates, and the state of the materials, these are used, starting with the earliest to expire, until those with the longest expiration date. Table 4 describes the equipment used by the companies studied.

Table 4. Equipment provision of the bakeries studied.

<b>Production equipment</b>					
Industrial rotary gas furnace	Yes	100%	No		
Mincer	Yes	100%	No		
Cilindradora	Yes	100%	No		
Mojadora	Yes	75%	No	25%	
Escabiladero	Yes	100%	No		
Industrial blender	Yes	100%	No		
Gas stove	Yes	100%	No		
Electronic scale	Yes	100%	No		
Electric airbrush	Yes	100%	No		
Blender	4.5 gb 25%	10 gb 10%	15 gb 0%	20 gb 100%	
Molds	Yes	100%	No		
Steel table	Yes	100%	No		
Aluminium cans	Yes	100%	No		
<b>Office equipment:</b>					
	• Computers				
	• Printer				
	• Phones				
	• Furniture and Furnishings				

Source: Authors.

The 75% of companies claim not to have their own real estate, while 75% claim to have their own real estate. It should be noted that 75% of the companies surveyed have more than one fixed point of sales, of these, all have at least one leased point of sale. The average rental value of the companies is close to 2,500,000 pesos, since these values are subject to the number of leased points of sale and the strategic commercial location they have.

In essence, it is evident that companies have the basic equipment to guarantee the operation and production of food related to bakery and confectionery, since in the previous table it is evident that all have all the necessary production and office equipment, except in the case of wetters, of which 25% of the companies surveyed do not have this equipment.

### 3.4. Implementation guide of the sections of Inventories and Property, Plant and Equipment in accordance with IFRS for SMEs in bakeries and pastry shops in the city of Valledupar

The guidance for the implementation of accounting policies in the inventory and property, plant and equipment section is a tool for the identification (identification, classification, recording and consolidation of items in financial reports), initial measurement, subsequent measurement, disclosure and presentation of accounting and financial information (Morales, M. and Guevara, P. 2018). The objective of this manual is that the facts, transactions and events presented in the financial statements of an entity meet the essential qualitative characteristics of fair representation and materiality.

#### Section 13 of IFRS: Inventories

**Objective:** To establish accounting guidelines, regarding the recognition, measurement, presentation, as well as the disclosure of inventories bakeries and confectioneries similar to The Best Bakery and Confectionery.

**Scope:** This accounting policy is prepared based on the inventory available in the entity at the date of issuance (García, A., & Mendoza, S. 2019).

**Inventories:** According to paragraph 13.1 of section 13 of IFRS SMEs, inventories are: held to be sold in the normal course of business; in the process of production with a view to that sale; or in the form of materials or supplies, to be consumed in the production process, or in the provision of services.

Table 5. Company name of the bakeries and confectioneries of Valledupar.

Inventory type	Main brand	Presentation	Unit of measurement
Wheat flour	The unbeatable	Packages	Kilograms (Kg)
Will	Refisal	Bags	Kilograms (Kg)
Margarine	The fine	Boxes	Kilograms (Kg)
Sugar	No	Bulk	Kilograms (Kg)
Cheese	No	Blocks	Kilograms (Kg)
Eggs	No	Boxes of 30 pcs.	Units (Pcs.)
Strawberries	No	Menudeados	Pounds (lb)
Peach	No	Cans	Pounds (lb)
Grapes	No	Bags	Pounds (lb)
Apples	No	Boxes	Pounds (lb)
Dehydrated fruits	No	Bags	Pounds (lb)
Chocolate	No	Friends	Pounds (lb)
Arequipe	No	Buckets	Pounds (lb)
Glasees	No	Manga	Ounces (oz)

Inventory type	Main brand	Presentation	Unit of measurement
Dyes	No	Friends	Ounces (oz)
Flavorings	No	Friends	Ounces (oz)
Yeast	Levapan	Bars	Ounces (oz)
Wine	Handcrafted	Tanks	Liters (lts)
Milk	Klar's	Bags	Liters (lts)
Blondes	No	Bags of 200 pcs.	Units (Pcs.)
Boxes	No	Boxes of 50 pcs.	Units (Pcs.)
Disposable plates	No	Bags of 200 pcs.	Units (Pcs.)
Disposable cutlery	No	Bags of 200 pcs.	Units (Pcs.)
Disposable cups	No	Bags of 200 pcs.	Units (Pcs.)
Cigarettes	No	Bags of 200 pcs.	Units (Pcs.)
Napkins	No	Bags	Units (Pcs.)
Water bottles	Spring	Packages of 12 pcs.	Units (Pcs.)
Soda	Postobón S.A.	Baskets	Units (Pcs.)
Malta	Babaría s.a.	Baskets	Units (Pcs.)

Source: Authors.

**Initial recognition:** The initial recognition of bakeries and confectioneries like the Best Bakery and Confectionery, such as inventory, items that meet all the following requirements, verified by each manager: Any financial benefit associated with the product reaches the bakeries that can be reliably measured. The incorporation of inventories into the information system will be carried out according to the unit of measurement in which inventories are expected to be consumed. The unit of measurement determined in the classification of the type of inventory. Inventories are linked to the information system only when they have been satisfactorily received, and these inventories are determined by the company.

**Initial measurement:** Inventory costs include all costs incurred for acquisitions and modifications, as well as other costs incurred to keep them in their current condition and location. Therefore, the initial cost of each inventory is:

- **Advances of payment to suppliers:** They are recognized based on the value of payments to third parties.

**Consumables and items for sale:** They are recognized at the cash purchase price, plus indirect taxes (VAT) that are not subsequently recoverable from the tax authority, plus transport, storage, and other expenses directly attributable to the materials purchased. Less commercial, financial discounts (demand discounts), among others. If the entity cannot receive the timely payment discount, the maximum amount paid will be a financing charge.

- When a differentiated price has been reached for the instalments (sales with a term longer than the normal term of the credit) and the price of the normal term of the credit, the price difference will be called the financing component.
- If no differential price has been agreed for a sale with terms longer than the normal credit period, the present value of future cash flows, discounted at the market rate, will be used as the difference between the agreed price and the present value. The market rate will correspond to the ordinary placement rate announced by the Bank of the Republic on the date of confirmation of the inventory, the financing portion will not be part of the cost of the inventory and will be recognized as interest expense during the financing period.

Subsequent measurement: The valuation of the following types of inventories is permanently based on the formula for calculating cost - weighted average measurement: Held for sale in the ordinary course of business. in the form of raw materials for production.

- Raw Material Inventory: Includes the cost of the raw material, plus any costs attributable to it.
- Inventory of products in processes: Includes the cost of the raw material used in production, direct labor, as well as indirect manufacturing costs based on the percentage of product realization, for each element of the cost.
- Finished Product Inventory: This inventory is measured by the total of the three cost elements consumed to obtain the finished product for marketing until its sale.

Losses or surpluses of inventory units are recognized in the following circumstances:

- For Theft: They are recorded when the fact is proven, the lost amount is quantified, and the corresponding value is established.
- By missing or surplus: It is recognized at the moment in which the deficit or the surplus is detected. The record must be supported by a physical inventory record conducted semiannually in the months of June and December of each year, certified by management.
- Due to breakdown or expiration: the inventory manager will notify the management in accordance with the procedures established by the entity prior to the occurrence of these events.
- Obsolescence: The disposition of damaged inventory is posted when: The inventory cannot generate future economic benefits because it is no longer usable. These products must be included in the loss resulting from the respective period for the weighted average cost.

Bottom Count

- Raw material: This account will be deducted, when consumption is made in the production of the products or according to the analysis for losses due to impairment of value.
- Inventory for Sale: The same will be decommissioned this account when risks are transferred in addition to the inherent benefits

Disclosures: The bakery will disclose the key concepts that are part of the acquisition or conversion costs in addition to the substantial costs needed to bring inventories for marketing. In addition, it will reveal:

- The value of raw materials, materials and inputs, inventories in process, finished products and goods in transit held by third parties.
- The valuation method(s) used for each type of inventory.
- The impairment loss is recognized or reversed.
- Interest expense recognized during the financing period, related to the acquisition of inventory with maturities longer than the normal credit period.
- Carrying value of the bond inventory.
- The carrying value of inventory at fair value minus selling costs.
- Components of the processing cost of products manufactured in the bakery, as well as the portion of indirect costs recognized as expenses during the period.

#### Section 17: Property, Plant and Equipment

For them, it is relevant to establish recognition, measurement and presentation criteria when determining the carrying value of assets classified as property, plant and equipment in the bakery sector company and the depreciation and loss expense that must be recognized for impairment.

The purpose of this policy is to prescribe the accounting of the property, plant and equipment of the bakery sector company and will apply the recognition and measurement of the company's investment in its property, plant and equipment and changes in ownership, plant and equipment for financial purposes. Inform consumers to know the assets (Villabona, J., Matajira, M., and Orjuela, L. 2016).

Scope: This policy applies to those fixed assets that the company in the bakery sector, to produce breads or pastries in general or for administrative purposes, with an expectation of future economic benefit, provided that its probable useful life exceeds one (1) year, understood as estimated time of use or factor (Puentes, E., y Plazas, L. 2019).

Necessary to estimate the operability of the asset. It includes the following categories of property, plant and equipment (a category of items that are included in property, plant and equipment is a group of assets of a similar nature and purpose in the entity's operations): Land, Tables, Ovens, Refrigeration cabins among others.

Computer equipment: desktops, laptops, servers, printers, scanners, video projectors, data networks, among others. Telecommunications equipment: telephones, antennas, appliances. Works and Improvements in Third Party Properties, Advances for the purchase of properties, plant and equipment.

Items are expected to be used for no more than one (1) year, as they are considered consumer goods, regardless of the quantity purchased by an individual or group. Articles that are expected to last more than one year (1) but do not exceed 0.1 SMMLV.

Property, plant and equipment purchased at a value of 0.1 to 2 SMMLV depreciate in the year of acquisition. Works and improvements to non-infrastructure properties that provide assurance that the useful life of the asset will be extended and generate future economic benefits will be classified as an asset and depreciated at the expected end of its useful life or at the end of the contract (if applicable) words), regardless of whether you are a minor. Advances for the purchase of property, plant and equipment will be classified in separate accounts within the group.

Reconnaissance and measurement: Property, plant and equipment are tangible assets that:

- Owns an entity for use in the production or supply of goods and services, to lease them to third parties, or for administrative purposes; and
- They are expected to be used for more than one period.

Ready-to-use assets: They encompass all these tangible assets and, thanks to their properties, meet the needs of the company in the bakery sector. Supplied by the supplier, so once purchased, they are ready to use or work without the need to adjust or adjust them. An asset is ready for use when it is in the location and conditions necessary to operate in the manner intended by management. The initial cost of these assets includes:

Purchase Price: according to contractual agreements and prices fixed with suppliers (in cash) fewer commercial discounts, rebates and plus sales tax (VAT) according to contractual agreement and determined with the supplier, but not deductible from other taxes.

In addition, the cost will include all tangible goods, if it is computer equipment and / or baking equipment, permanent licenses will constitute a higher cost value since they correspond to licenses installed since the computer was purchased and are also inseparable from their cost. In the case of buildings or land, notarial registration taxes, deed taxes, brokerage commissions and other legal fees will be part of the cost. Property taxes, as well as other indirect property taxes are not capitalized, they are charged directly to expenses.

In the case of buildings or land, notarial registration taxes, deeds, brokerage commissions and other legal fees will be part of the cost. Property taxes and other indirect property taxes are not capitalized, they are charged directly to expenses.

Subsequent measurement: In the bakery sector company, these assets are subsequently measured under a cost model, so the cost assigned in the initial measurement is maintained until the asset is deregistered, the balance of the asset reflects the cost less accumulated depreciation and accumulated impairment losses.

Downstream costs: The purpose of post-acquisition costs of property, plant and equipment is to ensure that they continue to operate and provide services under normal or better conditions.

Maintenance and repairs: The assets of the bakery sector company may require certain adjustments and adjustments to current assets, the costs incurred to make such alterations or additions to the assets, if their amount is insignificant, will be considered an expense when it

is determined that its amount is significant, contributing to the best performance of the asset in terms of production capacity, In addition to meeting the requirements to be classified as an asset, it will also be recognized as greater than property, plant and equipment.

Life:

Table 6. Shelf life of bakery and confectionery machinery and implements

Active	Estimated service life in years
Bakery Machinery	15 years
Furniture and fixtures	10 years
Office equipment	10 years
Computer equipment	5 years
Communications equipment	5 years
Constructions and Buildings	50 years

Source: Authors.

The useful life of an asset is the period during which an entity is expected to use the asset. The future economic benefits of an asset are consumed with use, but other factors must be considered when determining its useful life because these economic benefits may be diminished: A kind of. The intended use of the asset. b. The physical state of the asset. c. Technology is outdated. d. Legal or contractual restrictions, similar to the use of an asset, such as the expiration date of the associated lease. and. Whether the useful life of an asset depends on the useful life of other assets.

Depreciation: Depreciation is the systematic distribution of the depreciable amount of an asset over its useful life and an entity will estimate its depreciable value using the straight-line method.

Depreciation method: The depreciation method used by the bakery sector company will be the straight-line method for all property, plant and equipment assets, which will be reviewed by management at least at the end of each year.

Residual values: Recognition of the use of benefits derived from property, plant and equipment is systematically made through depreciation over its useful life. This should appear separately from the property, plant and equipment under the name of Accumulated Depreciation for each asset class.

The depreciation method determined must refer to the economic realities of the profits generated by the bakery company over the useful life of the asset. Depreciation is charged directly to expenses, based on and referring to the useful life of the asset or component.

Factors such as changes in asset usage, significant and unexpected wear and tear, technological advances, and changes in market prices may indicate that the residual value or useful life of the asset has changed since the date of the annual report. recent.

If these indicators exist, management will revise its previous estimates, and if current expectations are different, it will review residual value, depreciation method, or useful life. The bakery company accounts for changes in residual value, depreciation method or useful life as changes in accounting estimates.

**Depreciation Initiation:** The depreciation of property, plant and equipment begins when the asset is available for use, that is, when the asset is in the location and condition required to operate in the manner intended by the entity.

**Cessation of depreciation:** Depreciation stops only when:

- That the good is totally depreciated and unused.
- It has been withdrawn, either because it has been sold, because it is not expected to generate future economic benefits from its use, or because it has been withdrawn and therefore must be decommissioned.

**Changes in estimates:** Residual values, decommissioning costs, useful lives, and depreciation methods are reviewed regularly to ensure that depreciation is consistent with future economic benefits; if any changes are necessary, expected adjustments are made.

**Withdrawal and deregistration of accounts:** The bakery company will deregister property, plant and equipment if: when the bakery company expects future economic benefits from the use or sale of the assets, for example, in the case of obsolescence, claims, conversion of goods, loss, lack of physical photography, among others. the bakery sector enterprise shall recognise gains and losses on the items of ownership, plant and equipment decommissioned during the period in which the elements are decommissioned. It did not classify this income as income.

**Presentation and Disclosure:** The following information shall be disclosed in the financial statements for each type of property, plant and equipment:

- The valuation basis used to determine the gross book value.
- Depreciation method used.
- The useful life or depreciation rate used.
- Total book value accumulated depreciation (together with the amount of accumulated impairment loss) at the beginning and end of each period.

### **3.5. Study of the impact of the implementation guide of the sections of Inventories and Property, Plant and Equipment in accordance with IFRS for SMEs in bakeries and pastry shops in the city of Valledupar.**

Once the manual for the implementation of accounting policies in the inventory and property, plant and equipment sections were delivered to the bakeries and pastry shops of Valledupar, a period of 4 months was granted, to then verify the impact that the manual would achieve in the four companies under study; The results are shown below.

In an interview and from the repetition of the survey carried out in the diagnosis, different aspects related to the adoption of IFRS for SMEs that companies promised to implement became visible.

It is notorious that the entities faced different financial effects that depended on some particular circumstances, clarifying that only 50% of these companies claimed to use the implementation manual they received and the other 50% acknowledged that despite having read and contemplated the manual for the implementation of accounting policies, they have not made use of it, due to factors such as lack of time or resources; So their accounting policy choices and the accuracy in their accounting estimates for the latter did not change in relation to diagnosis.

For this reason, for the companies that affirmed the implementation of the manual, there was an increase in equity of about 5%, compared to the results of the periods prior to the delivery of the manual and a socialization of it. Therefore, these significantly improved in the calculation and value of the deferred tax, because before the manual, these companies did not calculate deferred taxes in accordance with IFRS for SMEs, but they assured that this was implemented.

In section 13 of Inventories, they have benefited, since the products acquired from raw materials are being added to the inventory immediately after being received and guaranteed the good condition of these, in addition, the inventory costs were included the costs incurred by acquisition and the modifications that are made to these to keep them in the conditions and provisions constantly.

As for section 17 of Property, plant and equipment, as assets get much older, companies began to generate a significant adjustment of these assets. And in the case of using the exemption of the attributed cost, these are adjusted and reevaluated with the existing appraisals. But in companies that have not implemented the manual, in the future, they will surely require an adjustment to the accumulated depreciation.

## 4. Conclusions

When characterizing the bakeries of Valledupar in a general way, it is concluded that most of them have not adopted accounting policies under IFRS, which include manuals, which determine how all transactions carried out by these companies based on the nature or needs of their business will be recognized in the financial statements. These policies must be approved by the board of directors or shareholders. In general, the recognition and measurement of its accounting operations is more focused on the tax area rather than managerial confines that convert the previous financial statements into the new financial statements.

On the other hand, when diagnosing the inventory and property, plant, equipment sections according to the characteristics of the main bakeries and confectioners of Valledupar, it is concluded that there is a total divorce in the recognition and measurement of inventories as tacitly stated in section 13: Inventories, of IFRS SMEs, but section 17: Property, Plant and Equipment is not far from reality; as these continue to be applied in accordance with Decree 2649 of 1993, bringing as a consequence, a dissociation regarding the recognition, measurement and information revealed of these items of non-current assets, the trend is the taxation of accounting. In such a way that in these bakeries the assets or liabilities are not recognized at current value or fair value. That is, reliable information is not presented in your financial statements that is useful for business knowledge, tax evaluation and decision making.

Finally, the study of the impact of the implementation guide of accounting policies was carried out in the sections of inventories and property, plant and equipment bakeries and confectioneries of the city of Valledupar, where the interest of the companies studied in applying accounting policies in accordance with IFRS was evidenced, although this change is estimated to be made in the medium and long term, due to the economic consequences brought to these companies by the COVID-19 pandemic and the problem of superinflation, which raised the prices of inputs, forcing them to borrow and in many cases to liquidate points of sale, but it is positive to show that little by little, 50% of the companies studied have been implementing accounting policies in accordance with the manual delivered and socialized.

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