

IMPLICATIONS OF STANDARDIZATION AND HARMONIZATION OF ACCOUNTING FOR ROMANIA

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Abstract

Accountancy normalization supposes rules and accountancy standards making, rules which are accomplished in the way of common denominator concerning the way of action and implementation in order to realize a content comparison and accountancy in formations approach. Accountancy normalization process is structured in two main areas: national accountancy normalization and international accountancy normalization. Though international accountancy normalization concept has to be realized a difference between accountancy normalization made by international accountancy body, which do not belong to a certain culture or nation , and regional accountancy normalization from the point of view of culture and its influences which incorporate an conglomerate of such elements.

We tried to put in light the importance of the normalization and harmonization process, what it's done in and what we have to do for that in Romania.

Key words: *accountancy normalisation, accountancy harmonization, Accountancy Standards*

JEL Classification: M41, M48

INTRODUCTION

Contemporary accountancy process represents features pointed on need of harmonization and regularity in accountancy, forming also general goals of this field, goals which can be accomplish only through its normalization action. The main facts which dominate the contemporary transformation process at the world level are: normalization, harmonization, convergence and accountancy internationally. These facts work not only individually but also in an interrelationship.

International Financial Reporting Standards-IFRS aims to *harmonize* the principles, procedures and accounting treatment used for the preparation and presentation of financial enterprises.

The main cause of these phenomena is to enhance the processes of globalization and financial the international capital markets and

national economies, which tend to form a mechanism in the future only in terms of global economic development.

Normalization accounting goal is to create an accounting reference, to three issues:

1. obtaining information on the work uniform of the state;
2. presentation of useful information for users of financial statements, particularly with regard to comparisons over time and space, both between companies and in relation to previous or future years;
3. effective management of financial resources at a country.

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Though international accountancy normalization concept has to be realized a difference between accountancy normalization made by international accountancy body, which do not belong to a certain culture or nation, and regional accountancy normalization from the point of view of culture and its influences which incorporate an conglomerate of such elements.

Assimilated to the presented elements of the three categories of accountancy normalization it is fulfilled through accountancy harmonization process as opposite to normalization can't divide in terms of national-regional-international account.

In our days the most important international body which sights the making of all these complex process in International Accountancy Standard Board (IASB), specialized mainly in making out of standard for upstairs market (EU stock exchange) and transnational company. This body it is considered as an initiator of international accountancy normalization, but as each uncommitted body was not exempt from critics and assignation of contradictory elements on carry on actions, mainly referring at:

1. Accountancy normalization and harmonization actions made by EU.
2. Laying out Anglo-Saxon accountancy rules in countries in which accountancy has a continental feature or other influences.

Passing through these critical aspects, which are mainly influenced by geopolitical aspects international accountancy harmonization, is realized by this accountancy body it represents a necessity enforced by financial standing users needs. This process requires the following features:

1. Globalization fact, global savings and capital market, which determine international accountancy standards character.
2. Regional power building, though extension of European Union borders having as result in international capital currency advancement.
3. Foreign trade competition multiplier.
4. Conceiving of an equable and general accountancy system to determine an efficient operate of enterprises activity.

5. Making an ideal convergence between internal and external system from the point of view of financial information.

These facts have been taken both particularly and also in its interaction which is created in between, are leading to obtain elements of accountancy marketing, accountancy information market. The main feature on this market pattern is the juridical one, and its goals are classified according some users rate, investor and third party, in the way:

1. Development of published financial accountancy information.
2. Intelligibility amount of accountancy information appreciation.
3. Comparison in time and space of account information of appreciation power.

Accomplishing these objectives has as result in the process of creating accountancy settlement able to give useful financial information in the decision making by its users, which count on their informational power. Accountancy settlement process has generated in time two currents:

1. *conceptual current or deductive* in which accountancy concepts and principles are determined through professional thinking, found in practice methods and procedures
2. *empirical concept or inductive* in which making out of concept and principles are starting from experience and traditions.

All this currents had led on creating of two big world accountancy systems: continental accountancy system (conceptual current) and Anglo-Saxon accountancy system (empirical current).

1. Normalization and harmonization accountancy objective

Normalization and harmonization objective are determinate by the economic, social and geopolitics conditions which are available at national regional and world level.

The main objectives regarded are in settled in:

- a) Creating of a uniform terminology on the accountancy action area.
- b) Elaborating accountancy principles general accepted.
- c) Defining information content presented in financial standings.
- d) Making out the schedule and patterns presented in financial standing.

e) Elaborating the account and monograph plan of economic financial process.

Elaborated accountancy standards though this process should be recognized first of all from point of view for their application. Important factors in this way are national culture, because each state distinguishes differently the character and content of accountancy standards and also of its information.

Accountancy standards of application even identical from the point of view of content and the presentation from accountancy information, it determinate creation of following accountancy normalization types:

- a) *Legal normalization or regulation* in which the products of this process are put in practice though national legislation of each country.
- b) *Professional normalization* is put into practice though accountancy profession and this of the rest of users.

Fulfilling of this process though *financial standings* are watching the following levels: financial standings component, displayed elements in financial standings, acknowledgement and evaluation of financial standings elements, settlements, standards and accountancy procedures referring at making and presenting the financial standings. This normalization type is specific to Anglo-Saxon countries.

Normalization though *general accounting plans* it is characteristic to continental European countries and contains: annual financial standings (configuration and format), general accounting plan (utilized plan

system), organizing accountancy documents and booking procedures, validation and control of economical-financial operations.

According to public or private account in the norms elaborating process, accounting normalization can be:

- a) Political accounting normalization, where governmental interventions dominate, found in France and Germany.
- b) Empirical accountancy normalization, where accountancy profession contribution predominates, is found in Great Britain.
- c) Mixed accountancy normalization where standards are made by accountancy profession is required by governmental intervention, the best example is USA, where accountancy standards are made by Financial Accountancy Standards Board (FASB), and their implementation by Securities Estate Commission (SEC).

A particular form of mixed normalization it is showed by Dutch accountancy system, where accountancy standards are required though a triangular action, being the result of comparison between accountancy profession, patronal association and trade unions point of view.

In conclusion can be said that this process has made and makes an historical conflict between this two sides which want to realize accountancy normalization, therefore to obtain elaborated information they need, depending in each category purpose. If had been made a comparison between the main accountancy system at world level, the European and international system, the essential aspects process are:

Table no. 1

No.	Elements	European system	International system
1.	Main normalization body	Administration and its specialized institutions	Assembly IASB
2.	Accountancy standards objective	Means of assay and audit	Taking economical decisions
3.	Conceptual area existance	There is no accountancy conceptual area	There is an accountancy conceptual area
4.	Administration function	Direct influence	Indirect influence
5.	Accountancy profession function	Indirect influence	Direct influence
6.	Users	There is no explicit assignation	There is the main users categories
7.	Normalization users functions	Indirect influence	Direct influence
8.	Legal functions	Direct influence	Indirect influence
9.	Standards character	Compulsory for all economic forms	Compulsory maily for current on exchange companies

10.	Financial Standings	Precize presentation from the point of view of content and form	Precize presentation from the point of view of structure , content indicative some compolsory elements
11.	Financial standings objective	Close image of patromony and financial standings	Provide information on financial position , performances and financial position modification
12.	Defining elements on financial standigs	No explicite defining of these elements	In connexion with financial standings evaluation
13.	Evaluating elements on financial standings	Evaluation bases is thr historical cost	There are many basis of evaluation
14.	Basis principle and concepts	Accruals basis of accountancy	Accruals basis of accountancy

Whatever particular aspects of national accountancy standards, different in may cases, normalization and harmonization accountancy offers the following elements:

1. *accountant conceptual field*
2. *standard network and national accountancy norms*
3. *normative accounting regulations or accountant law*
4. *accounting plan and principal economical-financial performance of accounting model*
5. *professional account guide*
6. *account phrasebook*
7. *accountancy politics*
8. *account normalization institution*

The request for account information didn't came from users , this fact was making the accounting information to be a technical one, the main goal was the correct and complete registration of economical-financial operation.

Roman-German law system or continental it is characterized though juridical standards by written nature. In this law system, account settlements have a purpose imposing of specific accountancy rules, and national account culture influences the flexibility and adaptability of account standards.

2. Dominant account system on world plan

Account systems represent modalities of obtaining financial information by the external users. This are influenced from the point of view of production and accounting information presentation, by many factors, which determine accountancy objective. The most influenced account systems are:

1. Continental European account system

2. Anglo-Saxon account system.

Enterprises which are using continental accountancy system is activity funding mainly on bank loan, and normalization process has a public origin. Law system is a written one,

accounting rules being presented though normative act.

Inland Revenue is presented in account process, due to public accountancy normalization, administration being interest on assessable board level and on contribution and tax rate. Financial information it is dominated by the circumspection principle (in Germany circumspection is a general law for all account operations), resulting limited character on publishing accounting information. This restriction is given also by numerous accountancy options presence and economical-financial evaluation process, options which are leading on different results. Proceeds allocation is dominated by circumspection criterion, displaying limited tendency of it, at least from two points of view: taxing dividends level and enterprise capitalization effect, taking care that financing is an external one.

The dominant countries which are functioning with such system are: France, Germany, Switzerland, Belgium, Italy, Portugal, Greece, and Japan.

Enterprises which are using Anglo-Saxon accountancy system are fulfilling the financing mainly though own asserts (assert financial markets), and account culture has an individualistic character. Account rules are elaborated by professional body (private), being dominated by jurisdiction. It has been realized the accountancy disconnecting process of taxing, because the main financial information beneficiary are investors.

Accountancy purpose is the real presentation of enterprises activity though financial standings, there are restricted number of accounting options and economical financial process evaluation. Account allocation process is a little bit liberal without restrictions, from the point of view of dividends alignment and making of hidden arrearage. Financial information has a bigger relevance amount on

continental system, because accountancy is disconnected by taxation. The most important countries which are using this accountancy system are: United Kingdom, USA, Australia, New Zealand, and Singapore.

IASB project embodied in IAS getting out, which has a long proceeding process both in advisory committee and IASB member level, as it follows:

- a) Over discussions, IASB committee picks up a theme which needs an IAS and gives it to a working group. All member organization are invited to sent their ideas.
- b) The working group, assisted by IASB secretary, examine the problems and introduce a except on discussed subject.
- c) The working group assembles all committee commentaries and prepares an preliminary project.
- d) Committee sends the project to all organization members for commentaries.
- e) The working group prepares a revised project and after two thirds of committee members accord it is published as a sampling statement. Each interest part it is invited to comment it.
- f) On each project stage, member organizations are advised by account committee research of their own organization.
- g) On the end of each commentary are sent at IASB to be studied by group leader.
- h) The working group then proposes the revised project to committee, on IAS credit.
- i) IAS getting out requires three-quarters favorable votes of committee member, and after IAS vote it is sent to all organizations member for translation and publishing.

International standards of Financial Reporting can be utilized in many ways, the most frequent are:

- a) direct application , as national account standards, as Singapore;
- b) useful documentation on elaborating national account standards;
- c) as open system to ensure the national account settlement compatible with international account standards.

3. Implications of Standardization and Harmonization of Accounting for Romania

An important evolution in national accountancy has been dominated by the normalization accounting concept for creating standards, directives and account organization assignation, on plan account and rules regarding pacification, accounts and calculation of cost elaborated by the Ministry of Finances for economy branch.

In the last decade, account reform imposed new essential offsets of national account systems, such as:

- a) *putting in practice of primary account concepts* mostly on account objectives on principals generally admitted with standards and settlement account regarding rules, base methods and specified account procedures
- b) *Primary account dualism in relationship with account monism*, based on market economy conditions, economical – financing results, economic operator in relationship with the others, must be made public though financial standings.
- c) *Financial standings primary on account current system* were the view on elaborating accounts must be fundamental changed.

In monist accountancy system worked and still works with an account based on exhaustive entry in economical cycle account: production-distribution-currency –expenditure, primary based on production process, being considered amount origin. Financial standings importance has been reduced due to intervention margin of managers on financial account analysis, economic; system being centralized.

Dualist account system framed on development competition market economy, works with accountancy results where financial standings are focused on forming the others quality. Current accounts usage is subordinated accountancy object: true and fair view of patrimony condition assessing the real result of economical-financial situation of enterprises, control of internal conditions of production.

- d) *fundamental reconsideration of different important characteristics of account information*

According to this monistic accountancy system coordinates outbids the exhaustiveness and compatibility account information, which allowed centralized activity control. Dualistic accounting system outbids characteristics on efficiency of information account process, such as information pertinence (decision utility), information constancy (as reality is), relative importance (account information production on low cost, making them efficacious).

e) *fundamental reconsideration of priorities on different accountancy functions*

4.Importance of conceptual accounting environment in making and presenting financial standings

A conceptual accounting environment represents a theoretical element planning though a coherently accountancy development. This has an instrument though which accounting profession wanted to protect it self against public power tentative pooling accountancy normalization activity.

On IASB view, companies all over the world are making financial standings for being presented to external users, even if they look alike to a country to another, they are different from the point of view of content due to some agencies : social factors , economic , juridical and cultural. These factors are leading for different definitions usage of financial standings elements and their evaluation. It has influenced also the applicable area.

The question arises in accounting activity efficiency as an instrument usage. Countries which do not have a such an instrument displays the tendency to assimilate an recognized international accounting environment or are making approaches of their own conceptual account.

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In this way we are indicating the French conceptual account environment make by Standing Committee of Accounting Doctrine, Certificated Accountants Order belonging body. National accounting system operation to implement a conceptual account environment creates problems with contradictory character for example our country case where are antagonistic tendencies between different concepts by IASB environment and European Accountancy Legislation. This contradiction which may occur between two accounting cultures are available and in Certified European Federation a comparison over European Directives expectations and IASB ass: "*Companies and accountants must apply IAS in national context – let it be in national law or European Directives agreement in respective country*".

5.Conclusions

Choosing and getting out an accounting system must take in consideration that none is perfect for a country economy reality. It must be permanently revised and adapted the latest tendencies, but in this dynamic process the frequent changes do not lead to a stability of accounting rules and practice, having direct effect over conceptual accounting environment.

In Romanian case must have in consideration the context between National-European-International report and creating a national accounting system must answer of all intern and international necessities. Building up a national accountancy system represent an complex politic-strategic process, taking in consideration the international accounting geography and each country interest.

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