THE TOLD AND RETOLD STORY
OF ROMANIAN ACCOUNTING

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ABSTRACT
This article offers an image of the consequences that have arisen in the accounting practice in Romania, as a result of frequent changes in Romanian accounting in the recent years. In order to achieve this objective, it was conducted a positive type research by applying a survey among the accounting and consultancy companies in Romania. The results of this study are the following: in the Romanian accounting practice, the fiscal reasoning dominates the economic reasoning in recognizing the economic and financial transactions; the accounting regulations harmonized with the European accounting directives have been favorably received by professional accountants in Romania; Romanian professional accountants are trained to apply the IAS/IFRSs; entities consider that the benefits of implementing the IAS/IFRSs justify the difficulties involved in their application.

Romanian accountant, Romanian accounting, consultancy companies, IAS/IFRS enforcement

INTRODUCTION
In the early 2000, the Romanian accounting development was under the sign of three factors: standardization, harmonization and internationalization. The phenomenon of harmonization echoed also in Romanian accounting which, since 2000 has stepped into a new phase of reform. While in the early '90s Romania turned to the French accounting model in order to build the accounting system in our country, later the Romanian regulator opted for a joint accounting system, having both European and international influence and having its pillars on the Fourth Directive of the EEC, on the one hand, and on the IAS/IFRSs1, on the other

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hand. Romania didn’t stagnate during the implementation of IAS/IFRSs in the national accounting culture, but in the last ten years it has been subject to a continuous and complex process of changing the accounting rules for assimilation, even in part, of the international accounting culture.

Was this shift necessary? We consider that the answer is "YES" for several reasons. First, the lure of access to European Union and then the need that the whole process of standardization should be based on a theoretical framework of accounting in order to determine the accounting information users and their needs, to present the generally accepted accounting principles, to define accounting concepts and terms.

What we see now is that accounting in Romania has become "the hostage" of European accounting directives. But Romania’s attempts of 1999-2005 to harmonize accounting with IAS/IFRSs involved not simply a change in accounting rules but also a whole process of change within the entity. How was this change perceived by professional accountants in Romania? Were they trained for multiple changes in the accounting rules of the last decade? What were the consequences of these legislative changes in the economic environment in Romania? These are few questions that we try to answer in this study which is structured in the following way: in Section 2 we provide an image to reflect the Romanian accounting environment; Section 3 emphasizes the signification of IAS/IFRSs at international level; Section 4 states the research design used in this study and Section 5 presents the results of the empirical study on the views of professional accountants regarding accounting changes of Romanian regulations in the last 10 years. The paper concludes with the authors' conclusions on accounting reform in Romania in the period under study, namely 1999-2009.

1. A BRIEF HISTORY ON THE EVOLUTION OF ACCOUNTING IN ROMANIA

1.1 From centralized economy to market economy

During 1948-1989, the Romanian economy functioned under the specific criteria of a centralized environment. In our country, the existence and functioning of a centralized economy for four decades made necessary the closely monitoring of the economic and financial statement and the performance of all economic bodies. In that context it was essential the existence and the use of a tool to better serve the information interests of the state which was represented by a network of structures: company, economic centre, coordinating ministries of the branches of economy and the Ministry of Finance at the level of the entire national economy. The institutionalization of planned economy, in close connection with the action of nationalization, called for the reorganization of accounting in order to standardize
and rationalize it. At that time, the accounting culture in Romania was marked by the ideology of the political system, the main purpose of accounting rules being to ensure the documentation of the state plan, both during preparation and execution phase (Lapteș & Possler, 2007). Adapting accounting to information requirements of the planned economy involved particularly the Soviet experience. In this respect, in the early 1950s, accounting works of Russian authors were translated and transformed into accountancy textbooks, which represented the theoretical bases for the development of a new accounting system. Early 1970s were a time of change, both in the accounting legislation, by the emergence of regulations on organization and management accounting, and by introducing a system of accounts based on a general framework.

After 1989, accounting in Romania was subject to reconsiderations and reconnected to the European accounting realities, after more than four decades when it was under the rigors largely imposed by the experience of the former USSR. An attempt to resuscitate the old accounting system took place during 1990-1993, which was adjusted by new economic concepts (e.g., social capital, profit or loss account) and remained, in terms of representing, a tier system with all its characteristics (Minu, 2002).

The period 1990-1993 was an interim period between the practice of a Soviet-style accounting system and the implementation of an accounting system of French inspiration. Calu (2005) lists the following characteristics of this period: adapting the old accounting system to the new economic conjuncture; presenting the accounting system in France (system "target" for Romania) during the lectures at university; building an accounting system of French inspiration, "modeled" by the Romanian academics and popularizing it (publishing books, holding training courses). In this period, in the accounting standardization plan, Accounting Law no. 82/1991 and its implementing regulation appeared. However, in 1992, the Body of Expert and Licensed Accountants of Romania (in Romanian: CECCAR – an independent body) and the Accounting Advisory Council (a body within the Ministry of Finance) were founded.

Due to the socio-political context, but also to some cultural factors, since 1994, Romania has implemented a new accounting system based on the French accounting model. In the 1994-1999 period, accounting was seen as an instrument of control, in which the state played a double role: as a standardiser of accounting system, on the one hand, and as a privileged user of accounting information, on the other hand, causing a mismatch in supply and demand information, in its favour, in comparison with the other users.

For Romanian accounting, the 1990-1999 interval was a stage of adaptation and development of the new accounting system, which was required by our country's transition to the market economy. There were some inconsistencies and some shortcomings in the legislation, which were perhaps natural, if we judge them
today in terms of historical context. We were just accommodating with the transitional economy, it was necessary to prepare and adapt the accounting professionals to the extraordinary dynamics of legislation. It was an accumulation period, and gradually we managed to bring the Romanian accounting system in harmony with the European realities, having as reference, at first, the Fourth Directive of the EEC.

1.2 Towards a harmonization of national accounting standards with the European accounting directives and the IAS/IFRSs

The acceleration of privatization process, the development of the capital market and of the free market economy as well as the strengthening of the relations with the European Union regarding the accession process required the ongoing development of Romanian accounting system, aiming at a better harmonization with the European directives and with the IAS/IFRSs. The French accounting system, introduced from 1 January 1994, was applied without great changes until 1999. Since 2000, Romanian regulators have opted for a joint accounting system, both of European and international influence. The premises of this change have been shaped since 1997, when it was launched the Accounting System Development Program in Romania which aimed at harmonization of national accounting with the European and the international referential. This was done by the appearance of Order 403/1999 for approving the accounting regulations harmonized with the Fourth European Economic Community and with the International Accounting Standards. The practical application of these rules was carried out in a first phase in 2000, experimentally, to a number of 13 companies and national companies. In the experimental program, large international audit firms were attracted and involved which audited the financial statements made by the entities included in the program.

From the start, we should note that this period is about a partial application of IAS/IFRSs. However, the changes driven by the Order 403/1999 were major due to differences between the national system at the time and IAS/IFRSs: the lack of basic components of financial statements, the cash flow statement and the statement of changes in equity; the lack of most Annexes in the financial statements required by the international standards; the inadequacy of financial statements to the effects of inflation (at that time, Romania being in broad hyperinflationary process); the failure to produce consolidated financial statements for the companies in a group; the lack of the concept of deferred taxes; the fact that in the current system the judiciary prevailed on the economics and that the financial statements were prepared primarily for the use of tax authorities.

Following the conclusions drawn from the experimental action, the accounting regulations have been revised and improved, thus creating the Order no. 94/2001 on the approval of accounting regulations harmonized with the Fourth European
Economic Community and with the International Accounting Standards. Under the provisions of this Order, 197 legal entities initially entered and they represented corporate companies listed on the Bucharest Stock Exchange, some autonomous administrations, companies, national companies and other entities of national interest. These regulations became mandatory also for the rest of large entities, as these met at least two of the size criteria specified for the period 2001-2005. These size criteria were applicable only until 31 December 2002 (Table 1).

Table 1: Size criteria under the Order no.94/2001

<table>
<thead>
<tr>
<th>The end of financial year</th>
<th>The turnover (Euro)</th>
<th>The turnover (Euro)</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2001</td>
<td>more than 9 million</td>
<td>more than 4.5 million</td>
<td>250</td>
</tr>
<tr>
<td>31 December 2002</td>
<td>more than 8 million</td>
<td>more than 4 million</td>
<td>200</td>
</tr>
<tr>
<td>31 December 2003</td>
<td>more than 7 million</td>
<td>more than 3.5 million</td>
<td>150</td>
</tr>
<tr>
<td>31 December 2004</td>
<td>more than 6 million</td>
<td>more than 3 million</td>
<td>100</td>
</tr>
<tr>
<td>31 December 2005</td>
<td>more than 5 million</td>
<td>more than 2.5 million</td>
<td>50</td>
</tr>
</tbody>
</table>

Order no. 1827/2003 on amending and supplementing some accounting rules in the accounting environment changes the criteria of size (Table 2).

Table 2: Size criteria under the Order no.1.827/2003

<table>
<thead>
<tr>
<th>The end of financial year</th>
<th>The turnover (Euro)</th>
<th>The turnover (Euro)</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2003</td>
<td>more than 7.3 million</td>
<td>more than 3.65 million</td>
<td>150</td>
</tr>
<tr>
<td>31 December 2004</td>
<td>more than 7.3 million</td>
<td>more than 3.65 million</td>
<td>50</td>
</tr>
</tbody>
</table>

The entities that did not meet the criteria, but which wanted to apply the IAS/IFRSs, could choose to keep their accounts according to the Order 94/2001, if their demand was accepted by the Ministry of Finance. The standardization body considered that as positive, because all companies covered by the Order 94/2001 were supposed to audit their financial statements.

The tendency to align the accounting regulations with the European directives and with the IAS/IFRSs has led to difficulties in implementation, knowing the existing conflict between the continental model that is specific to our country and the Anglo-Saxon model which is specific to the IAS/IFRSs. To address this situation, the Order 94/2001 states that „if between the EU accounting directives and the international standards there is a state of conflict during the implementation of the development program of the accounting system in Romania, entities have the possibility to choose to implement one of the two accounting treatments, in order to ensure the presentation of a fair image of the event.”

Recent studies have shown that political and social issues have played an important role in the development and dissemination of the IAS/IFRSs (Chua & Taylor,
This is also the case of Romania, where the application of IFRS, even in part, was made due to a political decision and not to the intention of the entities to apply voluntarily the IAS/IFRSs. The decision of a change in Romanian accounting was due to the Romanian Ministry of Foreign Affairs of Romania, which in 1996 reached an agreement with the British Government by which Know How Fund has funded a team of Scottish specialists to advise the Ministry of Public Finances on the issue of reform of the Romanian accounting system (King et al., 2001). This led to the harmonization with the European accounting directives and with the accounting standards IAS/IFRSs.

But the entities were not prepared for this step. A study conducted in 2000, in the process of harmonization of national accounting referential with the international referential, on the entities listed on the Bucharest Stock Exchange, confirmed this (Ionaşcu et al., 2001): the managers and the executive staff in financial accounting are not sufficiently informed about the international accounting standards; the international accounting standards should be applied only to large companies seeking capital market funding; the international accounting standards should have been applied after Romania's market capital was significant. Recent studies demonstrate that harmonization of accounting rules with international accounting standards was done before finance professionals were prepared for this change (Jianu et al., 2009).

To ensure the understanding and practical application of international accounting standards, in 2001, a practical guide for their application was issued by the Ministry of Finance (MPF, 2001). Although it did not have a regulatory nature, the purpose of this guide was to facilitate the understanding of concepts, principles and general issues of international accounting standards, offering possible solutions for their application, in terms of professional reasoning which did not exist at that time due to the strong character of tax in accounting. With the same purpose the international accounting standards were translated in 2000 and 2001 by a prestigious publishing house in Romania.

The transition to IAS/IFRSs was not easily achieved, listing among its main features: the call for professional judgments and estimates as benchmarks in the foundation of accounting solutions; placing the IASB framework as conceptual framework of the Romanian accounting; the adoption of some concepts from the international standards that did not come from national practice, such as deferred taxes; the introduction of new accounting principles, as well as the principle of substance over form and the materiality principle; the existence of deviations from the principle of inviolability of the open balance sheet, a traditional principle in Romanian accounting; the cost/profit implementation in the process of obtaining the financial and accounting information; the use of new bases of assessment such as the fair value, the present value, etc. This transition to IAS/IFRSs enabled the professional accountants in Romania to know the advantages of using other
assessment bases than historical cost in accounting, namely fair value, present value (Ristea & Jianu, 2009).

From 1 January 2003 it was defined, on the one hand, a developed accounting system, governed by Order no. 94/2001, and on the other hand, a simplified accounting system, which relied on Order no. 306/2002 for the approval of simplified accounting regulations harmonized with European Directives. The simplified accounting rules for small and medium-sized entities in Romania did not respect the wishes: simplicity, understandability, flexibility, adaptation to the specific of the entity, among them being elements specific to large entities, such as: procedures specific to groups and accounts consolidation, financial instruments including derivative elements, using fair value in measurement, etc.

1.3 Towards a compliance of the national accounting standards with the IAS/IFRSs

According to the initial strategy of the Romanian accounting regulator, from 1 January 2006, the accounting of the entities in Romania had to operate at two levels: on the one hand, entities that were considered "large" had to apply the rules harmonized with the EU directives and the international accounting standards and, on the other hand, entities that were considered "small" had to apply a simplified version of the accounting regulations harmonized only with the European accounting directives. But the changes in the accounting standardization did not stop there. Just few days after the publication by the IASB of the revised versions of 13 existing standards and the issue of the first five IFRSs, the Romanian legislature issued Order no.1827/2003 amending and supplementing some rules in the accounting domain which provided that the following entities would entirely adopt IAS/IFRSs, starting with the financial statements of 2005:

a. the legal bodies that apply Order no. 94/2001;
b. institutions that are regulated and supervised by the National Securities Commission;
c. credit institutions;
d. insurance, insurance-reinsurance companies and insurance brokers;
e. companies and national corporations, autonomous administrations and other public legal bodies nominated by the Ministry of Finance;
f. legal bodies belonging to a group of companies and enter into the consolidation by a parent applying IAS/IFRSs;
g. legal bodies that, by the end of the previous year, meet two of three criteria: turnover of over 7.3 million EUR, total assets exceeding EUR 3.65 million, the average number of employees over 50;
h. legal bodies, other than those referred to. a) to g), based on approval by the Ministry of Finance, as a result of their options for the application of IAS/IFRSs.
The studies conducted in 2005 on large companies that had to apply IAS/IFRSs have highlighted the following issues (Feleagă & Feleagă, 2005): these entities did not have the necessary financial resources for the implementation in form and substance of a reporting system based on the IAS/IFRSs; there were difficulties in the assimilation of IAS/IFRSs among the members of accounting profession, these being rather familiar with the tax reasoning than with the economic reasoning; the weak disconnection of accounting from taxation, because in the absence of explicit provisions of the accounting rule, the accountants apply the tax rule, avoiding the provisions of the IAS/IFRSs; the weak awareness of the importance of a reporting system based on IAS/IFRSs by the management entities (applying the IAS/IFRSs was seen as a change of the way of presentation the financial statements, and not as an implementation of accounting policies consistent with the economic and financial reality of the entities).

Although the result was not the expected one, in these years a good level of knowledge of IAS/IFRSs could be provided, particularly due to the training program initiated by CECCAR in close collaboration with academia (the large offices had no interest in the knowledge development in IAS/IFRSs domain, having monopoly on accounting and audit services market for entities required to report under the International referential). In addition, in 2004, CECCAR issued a guide regarding the understanding and the application of each international accounting standard and, in 2005, it took over the task of translating the IAS/IFRSs every year, and from 2007 also the IPSAS standards. In 2006, it was created the Committee for IAS/IFRSs which brings together the highest powers in this field in Romania and which has the following goals (Bunea, 2006): the analysis of decisions incidence of the European Commission on the development of the national accounting system; the analysis of national accounting regulations and the identification of conflicting states with the provisions of IAS/IFRSs; formulating solutions to ensure consistency with the national accounting rules of IAS/IFRSs and their presentation to the standardizing body; extending the training program by organizing training courses for managers, professionals from banks, from the insurance domain, from public institutions, etc.; supervising the implementation of IAS/IFRSs in entities, by surveys and studies designed to highlight the potential sources of difficulty; providing counseling to professionals in order to solve the difficulties of applying IAS/IFRSs.

A survey on accounting regulatory factors in Romania highlighted the following issues (Ionașcu et al., 2006): the decision to harmonize accounting in Romania with the IAS/IFRSs, although it can be justified by the objective of the European integration, it was actually a process of implementation of international accounting standards previously started under the advice of British experts and the pressures of international financial organizations (World Bank and International Monetary Fund) to create an attractive business environment for foreigner investors; manner of applying the IAS/IFRSs in a wide range of entities, exposed the Romanian
companies to risks of greater implementation efforts, but, however, the efforts to adopt IAS/IFRSs did not adversely affected, in a significant way, the performance of the companies. Ionașcu (2008), following a study of the entities listed on the Bucharest Stock Exchange, highlighted the relatively low costs of implementing the IAS/IFRSs, about 30,000 EUR/entity, which represents only 0.035% of the average of operational costs of the investigated entities on 31 December 2004.

1.4 Towards a compliance of the national accounting rules with the European accounting directives

The literally implementation of the IAS/IFRSs, which had to be made from 1 January 2005 for a large number of entities, according to Order no. 1827/2003, took a "dramatic" turn. This is because in 2005, Order no. 1752/2005 appeared (replaced by the Order no. 3055/2009) regarding the approval of the accounting regulations harmonized with the EU directives, a order which was to be applied from 1 January 2006. Under this order, all entities in Romania, including those which previously adopted IAS/IFRSs had to apply the European accounting system. The big change of this order was also the partial disconnection of accounting from taxation, so that in accounting, the economic transactions should be reflected according to their economic reality and not just by tax considerations. Size criteria, which differentiate the entities in applying a simplified or developed accounting system, are now determining whether an entity prepares annual financial statements with five items (balance sheet, profit and loss account, statement of changes in equity, cash flow statement, annexes) or simplified annual statements, with three items (simplified balance sheet, profit and loss account, annexes). Thus it has changed from a harmonization of accounting to its compliance with the European accounting directives.

Currently, Order no. 907/2005 (as amended by Order no. 2001/2006 and Order no. 1121/2006) regarding the approval of legal bodies categories that apply the accounting rules in accordance with the IAS/IFRSs, respectively the accounting rules that are compliant with the EU accounting directives, decides for the economic entities whose securities at the balance sheet are admitted to trading on a regulated market and which prepare consolidated financial statements, that from January 1, 2007 they should apply the IAS/IFRSs. Other entities considered to be of public interest may apply the IAS/IFRSs in individual or consolidated financial statements for their own information needs. All entities that are required to apply or have chosen to apply the IAS/IFRSs have to ensure the continuity of their application. In addition, Order no. 907/2005 states that "in the relationship with the state, all entities, including those applying the IAS/IFRSs, prepare annual financial statements in accordance with the European accounting directives”.

We find that, in relation to the initial intent of the accounting regulator, in Romania the application of IAS/IFRSs was limited in relation to the European accounting
directives. We consider it a positive step, given that the provisions of these directives become legal rules for accounting system of each EU member country. Even so, the IAS/IFRSs still dominate the European accounting directives in terms of quality, because in the case when a number of general rules remain without concrete answers, the accounting regulations take over and integrate a number of solutions of the IASB and IAS/IFRSs. The most typical case is the one relating to the definition and recognition of the assets, liabilities, revenues and expenses, but let’s not forget the resolutions that arise in particular situations such as: construction contracts, government grants, borrowing costs, depreciation of assets, provisions, etc.

2. INTERNATIONAL REALITY

Today we are faced with irreversible and of interest processes in accounting, such as: the globalization of economies, the creation of transnational corporations, the growth of market capitalization, the development of capital markets and the emergence of new financial products. Accounting, as social science, has modeled and improved in order to meet the informational requirements of the moment. The improvement involves change, and accounting has evolved over time, as an open system which is responsive to changes in the political, economic, social and cultural environment. Currently, accounting has evolved in another step of knowledge, a process driven by the profound changes that took place in the economic field, under the inertia of the globalization process. Therefore, the idea of adopting a common language for financial reporting in order to develop international comparability has become a reality, due to the globalization of international financial markets. IAS/IFRSs have an important role in adopting a single international language.

In terms of method of implementing, IAS/IFRSs may be of interest to national rules in the following ways: the direct adoption as national standards; the baseline for harmonization between national and international; the adoption as standards for the preparation and presentation of financial statements by multinational entities and by large companies listed on financial markets (Ristea et al., 2008). In 2002, the EU decided that all EU listed entities should adopt for their consolidated accounts starting with 2005, the international referential issued by the IASB. In this sense, the first article of the European Commission regulation 1606/2002 required that "the adoption and application of international accounting standards in the European Union aims to harmonize the financial reporting of economic entities (...) in order to guarantee a high level of transparency and comparability of financial statements." Thus, from 1 January 2005, 7,000 listed European groups have abandoned the national accounting standards in order to adopt IAS/IFRSs. In fact, there were about 30,000 entities belonging to these groups and who have applied IAS/IFRSs.
In France, the EU decision that all listed entities should apply IAS/IFRSs in their consolidated accounts has caused many critics: the cultural revolution caused by the IAS/IFRSs in a country characterized by a system of standardization which has always been under state control; the orientation towards financial markets; the excessive use of the concept of fair value; the fact that the IASB is not subject to any political control, it being found under the control of large international audit offices (Raffournier, 2007).

Tort (2007), following a survey on six French entities from different business sectors that apply IAS/IFRSs in the consolidated accounts, found that in the implementation process of IAS/IFRSs, professional accountants have turned to their own professional reasoning and they carried out a thorough analysis of the accounting translation of operations and of the application of the materiality principle. This was due to the inadequacy of the legal interpretations of the IAS/IFRSs. The findings are particularly even more significant as most of professional accountants consider IAS/IFRSs as being interpretative (rather than imposed), sometimes partial and imprecise and in some cases, difficult to apply in practice.

A study conducted in 2004 on 112 European entities listed on the Stock Exchange revealed the following (Jermakowicz & Tomaszewski, 2006): most entities have adopted IAS/IFRSs because they issued consolidated financial statements; the process is very expensive, complex and causes problems; companies do not expect to decrease their cost of capital by implementing IAS/IFRSs; most companies agree on the benefits and costs implied by the transition to IAS/IFRSs by the conversion process; companies expected to increase the volatility of their results by implementing IAS/IFRSs; the complexity of IAS/IFRSs, as it is noted in the guidelines for implementing, involves major changes required by the convergence of accounting; most surveyed entities wouldn’t have adopted IAS/IFRSs if they hadn’t been obliged to.

As noted in the study findings, it would seem that the application of IAS/IFRSs only creates problems, which is not true. For investors there are costs related to the understanding and interpreting of the financial statements of foreign entities, as well as by the acquiring the ability to compare the financial statements of entities in the investment decision-making process. Global adoption of uniform standards reduces these costs and increases significantly the investments on foreign capital markets (Covrig et al., 2007).

It is clear that IAS/IFRSs are a set of high quality standards, but there are differences in the perception of the information presented, according to the rules on investor’s protection and the legal system of each country (Lang et al., 2006). In countries with a strong investor protection, IAS/IFRSs do not dominate local standards regarding the quality of information presented. In contrast, in countries with a poor investor protection, as it is the case in Romania, IAS/IFRSs are
perceived as having a better quality. Conflicting results on the quality of
information presented in accordance with the IAS/IFRSs, as compared to those in
accordance with national norms, revealed that the IAS/IFRSs are used to a greater
extent by foreign investors than by domestic shareholders (Raffournier, 2001;
Kinnunen et al., 2000).

The IAS/IFRSs requires a new language to accounting professionals. The
amendments brought by IAS/IFRSs are significant. A good example is the
accounting result that has been long considered to be the main measure of the
financial performance of an economic entity, and now, according to IAS/IFRSs, it
is replaced by another indicator: the comprehensive income (Jianu & Jianu, 2008).
In addition, at present, econometric modeling of the financial industry become
tools of professional accountants, considerably transforming their work of
reflecting facts that are verifiable in conventional estimates regarding the future
(Chiapello, 2005). The multitude and complexity of information that must be
processed and published under IFRSs has led now to the creation of efficient
information systems to assist entities in the process of effective implementation of
IAS/IFRSs, as XBRL which is an XML-based language created for electronic
communication of business information (Bonsón et al., 2008).

One thing is clear: international accounting standards are becoming an accounting
international culture (Whittington, 2008), but lately their worldwide application is
the prerogative of large international companies. Today, it is internationally
discussed a lot about the possibility of implementing international financial
reporting standards in a simplified manner for the small and medium-sized entities.
In this regard, the IASB published in 2009 the International Financial Reporting
Standard for Small and Medium-sized Entities (IFRS for SMEs). This standard was
prepared by: extracting the fundamental concepts of the IASB framework, the
principles and guidelines required from the whole body of standards and the
analysis of the changes that are appropriate in the light of users’ needs and of cost-
benefit considerations.

The opinions regarding the necessity of implementing international financial
reporting standards for small and medium companies are different because it is
considered, on the one hand, that a complex accounting and a greater provision of
information rather increase the difficulties of small and medium companies, while
on the other hand, a well-based accounting and provision of quality information
increase the investors’ confidence to contribute with capital. It should also be noted
that small and medium companies are often preoccupied with the idea that too
much transparency in accounts may affect competitiveness.

The need to implement international financial reporting standards for SMEs, is
justified by Feleagă and Feleagă (2008) by "the desire of the entity to be listed on a
financial market, the intention to sell the company to a foreign entity, the attempt to
respond to the creditors’ requirement, ensuring the comparability in relation to
competing entities, lowering costs by including in the standard all aspects that could be meet by an entity, trying to measure the impact of strategic, financing and operational decisions, optimizing the accounting – taxation relationship”. Also, a number of risks can be highlighted, such as: the risk of recent changes in accounting rules for small and medium companies, the complexity of small and medium companies, the lack of specialized personnel or difficulties in the assimilation of new concepts such as fair value.

3. RESEARCH DESIGN

In Romania, the transformations that took place in the accounting domain in 1999-2009 period have been profound, the Romanian accounting system being subject to a comprehensive and serious reform process in order to adapt itself to new economic, political, legal and social life. In order to answer the above questions we used a positive-type research by conducting an empirical study based on a questionnaire survey to capture the perspective of those who not only "judged" but they also participated and identified themselves with the change, with the manner in which the implementation of harmonized reporting ran with IAS/IFRSs, respectively with the European accounting directives in Romania. Also a mix between the qualitative and qualitative analyses is used to reach the results of our study.

3.1 Assumptions

The history of accounting standardization in Romania highlights the state's role as the main user of the accounting information. Due to economic and political context, for fifty years, the professional accountant in Romania has been taught to obtain accounting information for a single user - the state. After 1990, the main user of the accounting information remained the state, its great interest being the issue of taxes, fees and various contributions to be calculated, accounted for and paid by the economic entities of the consolidated state budget. In 2000, the accounting of Romania was connected to the international realities, which give new valences to the accounting information. By implementing the Order no. 94/2001, the Ministry of Public Finance authorized other users of accounting information - investors, employees, credit institutions, business partners, the public and managers. Since 2000, changes in the accounting rules intended to provide accounting guidance and relevant information to other categories of users, including investors and creditors that have an important role. Therefore, we propose the following assumption:

A1: *In the Romanian accounting practice the fiscal reasoning dominates the economic reasoning in recognizing the economic and financial transactions.*
The doctrine that underlies the EU accounting harmonization process is not uniform, being a mixture of the two current doctrines that influence the international accounting. It is, on the one hand, the Anglo-Saxon accounting doctrine which is based on common law, oriented towards the informational interest of shareholders, disconnected from taxation, and generally regulated by the liberal accounting profession, and on the other hand, the mainland accounting doctrine, based on the Roman-Germanic written law, which favors the protection of creditors and the tax interest of the state, and the accounting rules are created by following a legislative process. The European accounting directives are binding legal norms for the EU Member States, their application being done in a certain time limit by incorporating their provisions into the national law of each country's accounting. Since the European accounting directives provide several options that can be regulated by national accounting rules, it is useful to consider the views of professional accountants. Therefore, we propose the following assumption:

A2: The accounting regulations consistent with European accounting directives were perceived favorably by professional accountants in Romania.

Those above 40 years old were trained in an academic system characterized by providing knowledge specific to an accounting at the service of the activities of a centralized economy, which can be categorized to a certain extent, as achievements of a closed system. Our discussion circumscribes to our attempt to demonstrate that the professional accountant in Romania is prepared to apply the IAS/IFRSs. The above approach is eloquent to demonstrate the flexibility of thought and action of those who have the financial-accounting job in Romania. It is important that we managed to prove that in the Romanian economic environment open minds operate, and also experts trained to face new challenges, and what will happen in this space is part of what is happening at international level. Therefore, we propose the following assumption:

A3: Professional accountants in Romania are trained to apply IAS/IFRSs.

Another important problem is represented by the cost of IAS/IFRSs implementation. By this research, we wanted to find out how representatives of accounting and consultancy companies interpret the cost-benefit relation in terms of implementation of the international referential. For this reason we launched the following assumption:

A 4: The entities appreciate that the benefits of IAS/IFRSs implementation justifies the difficulties of their application

3.2 Data

The sample of companies selected for our study was drawn from firms in the Bucharest's area, the main economic area of Romania. The candidate firms were
randomly selected from the CECCAR database (the first 100 firms that have a turnover higher than 35,000 euro). Next, firms were contacted (by mail) and their participation was solicited. Altogether 38 firms agreed to participate in the survey. The survey was sent in December 2010 by mail to the economic director of the companies which wished to take part in our research. The answer process took 6 months (in the 20th June 2011 we received the last answer), period of time in which we had telephone conversations with the respondents regarding the content of the questionnaire and their possibilities of answer. We chose to use telephone conversations because we had the opportunity to avoid the lack of information from their answers.

3.3 Questionnaire design

Questionnaire design involved several stages during which items included in the questionnaire were refined and several pilot tests were conducted (in cities Ploieşti and Constanţa) in order to ensure clarity and understandability of the questions. Pilot tests were conducted with people employed in academia and in the business sector. The questionnaire consisted of two blocks of questions. One block dealt with general questions covering such areas as turnover, number of employees, organizational type. The second block of questions dealt with accounting practices, purposes of accounting services, and factors influencing IAS/IFRSs adoption. The respondents were asked to indicate the alternative that best described the situation in their businesses. Regarding the activity of companies, accounting and accounting consultancy are dominant for most of them, as shown in Figure 1.

Figure 1. The main activities of the companies under study
4. RESULTS

4.1 The practice of accountancy in Romania shows that the tax reasoning prevails the economic reasoning in recognizing the economic and financial transactions

During 1948-1999, the professional accountant in Romania was learned to pay very close attention to the accounting technique, thus the Ministry of Finance developed clear guidelines for economic and financial accounting operations. But the profound changes in the accounting regulations in Romania in the last decade have had a positive effect on the accounting practitioner’s perception of the role of accounting. The results of this study confirm this, since 74% of respondents said they gave the same recognition to both economic and financial transactions and to the disclosures in the financial statements, while only 26% of respondents focus more on the technique of the accounting recognition than on the disclosure of information in financial statements. None of the respondents said that in the relation of the technical accounting and the disclosure of information in the financial statements, the balance would tilt towards the disclosure in the financial statements. This is not surprising taking into account that in Romania, the format of the financial statements is standardized and the exercise of professional reasoning in presenting pertinent information is being limited.

Today, it is expected to maintain the same care for the tax payers in their dealings with taxation, because a mentality that is generalized and maintained for decades, cannot be changed quickly. However, following this study, most professional accountants (76% of the respondents) believe that the objective of financial statements is to provide information to all categories of users.

Order no. 1752/2005 (replaced by the Order no. 3055/2009) created the prerequisites for an accounting that is disconnected from taxation, partially, by the exercise of economic judgment in the measurement and recognition of economic and financial transactions, on the one hand, and the principle of substance over form, on the other hand. But our research results presented in Figure 2, show that the importance given by professional accountants to economic and fiscal implications of the financial transactions is very high.
As noted in the results of the study: 71% of respondents give the greatest importance to fiscal implications during the recognition of economic and financial transactions, 24% of them give great importance and only 5% of the respondents give less importance. The responses of professional accountants are based on the reality that exists in the economic environment in Romania, where economic entities are affected not only by the excessive tax burden (about 60% of the profit of economic entities is represented by taxes and contributions owed to the state) but also by the large amount of fines paid in case any tax liability.

These results allow us to say that the first assumption of this study is validated: in the accounting practice in Romania, the tax reasoning dominates the economic reasoning in recognizing the economic and financial transactions. But this situation should be changed and accountants in Romania want this change. We state this because most representatives of accounting and consulting companies share the same view on the future of the Romanian accounting system: the need to give greater importance to future economic judgment. The results of our research clearly demonstrate this position of accounting and consulting companies because 82% of respondents believe that in the future it should be given more importance to the economic judgment against tax judgment.

4.2 Accounting regulations that comply with the European directives have been favorably received by professional accountants in Romania

We tried to capture the European directives’ way of adaptability to the realities of the Romanian economic environment. The answers are presented in Figure 3.
One can easily see that the European accounting directives are accepted by practitioners in Romania, probably because these do not represent a total disagreement with the local rules that apply nationally, perhaps because it allows their adaptation which is based on options regulated by the national standards and maybe because the cultural element, which is underlined a lot by the civil law in Romania, does not undergo significant changes. Also interesting are some respondents’ placement justifications, which is why we continue to present:

- **Appropriate**: "the European integration", "the comparability and complexity of the information that is provided," "to better understand the financial statements, and especially for foreigners."

- **Justifiable**: "If it’s a MUST, then it should be done", "by means of Romania's EU accession", "the EU integration requires the existence of comparable financial and accounting information", "particularly political reasons", "the transparency of information for foreign and native investors."

- **Unjustifiable**: "We must simplify the accounting and not to complicate it"; "changes that take place too often lead to errors, and the current IAS/IFRSs have become as the Romanian Fiscal Code, a law with many amendments, which lead to intellectual fatigue and to loss of essence"

- **Appropriate and justifiable**, "this is the only way to move from the level of inexperienced to an experienced one, along with all real professionals. It is time to recognize the independent profession in its all magnitude, and those who have other jobs to deal with their own"; "justifiable and appropriate so that each professional accountant should understand the financial accounting statements that he examines irrespective of the country "; "Romanian accounting must be connected to the European realities," "the reliability and comparability of information presented to investors are looked upon."
We have the most diverse positions, ranging from "if required, why not?" to political reasons - "EU integration", to reasons relating to the quality of the information that is presented – „transparent information for investors”, to "the reasons for the quality of accounting”, to the utility and its scope – „the simplification of accounting and not its complication”, which proves that accounting professionals are anchored in reality, that they are aware of the merits of these changes and of their power of adaptability, knowing that it is not easy to be forced to work with three different referential in 10 years’ time. The fact that the financial accounting system in Romania is still working is largely due to the professionalism and availability for the new, for what can bring the value that is necessary to integrate the national accounts within the European accounts. This is what professional accountants have discovered about European directives, namely the chance to be European, present and yet national.

Although the European accounting directives have lately seen an increase in their influence because the countries of Central and Eastern Europe (it is also the case of Romania) in the EU accession process have taken these directives as a reference in building their national accounting law, accounting regulation tends to harmonize the accounting regulations with the IAS/IFRSs, at least for the listed entities that are required to apply the IAS/IFRSs in their consolidated accounts. In the opinion of the representatives of the accounting and consulting companies in Romania regarding the best accounting referential for Romania, the IAS/IFRSs seem to maintain, by far, the status of champions. However, European accounting directives continue to play a significant role in the preference of the professional accountant, as shown in Figure 4.

The international referential gives a new dimension to accounting which is unknown to the Romanian accounting environment until 2000. For this reason, the reform of the accounting system in Romania which started in early 2000 and was oriented to both the philosophy of European directives and to the IAS/IFRS, created difficulties to the Romanian accounting professional. According to the respondents, taking into account the multiple answers, the harmonization of accounting regulations in Romania with the IAS/IFRSs for the large companies during 2000-2005 was dictated by the requirements of the capital market (61% of respondents), by the international popularization of the IAS/IFRSs at that time (50% of respondents), by political decisions (18% of respondents) and by the need to implement the European legislation (5% of respondents).
Figure 4. The best accounting referential for Romania

- IAS/IFRSs for all economic entities
- European Accounting Directives for all economic entities
- IAS/IFRSs for SMEs for all economic entities
- One's own national standards for all economic entities
- Different referentials

Romanian accounting orientation towards the European directives, from 1 January 2006, was perceived by 87% of respondents as a legal requirement caused by the preparation of Romania's EU accession, which allows us to validate the second hypothesis. The remaining 13% of respondents considered that the difficulties in the implementation of IAS/IFRSs by large companies and/or insufficiently trained human resources have led to the abandonment of implementing the IAS/IFRSs in Romania and only to the orientation towards the European directives.

4.3 Professional accountants in Romania are prepared for the application of IAS/IFRSs

A first step in testing the third assumption was to analyze the correlation between the respondents' training and their position towards the issue of adopting the IAS/IFRSs. We want to capture if the perspective of age and the basic academic background (acquired before or after 1990) are relevant in accepting the new realities of the international economic environment. The situation of respondents is as follows: 21 respondents (53%) aged over 40 years, and 17 respondents (47%) close to 40 years old (the youngest respondent is 26 years old and the oldest is 60 years old). The respondents' rankings, depending on their answer, from the analysis of the questionnaire are summarized in Figure 5.

The results come to show that the economic realities have not left them complacent, that they reacted to change, they have accepted it and even support it. We can observe their purely personal position, their personal beliefs, by supporting the introduction of IAS/IFRSs and also by the companies that are not required under the legislation in force. Their permissiveness gives us the chance to consider their perfect adaptability to the environment, a special coverage of the new economic realities and an international vision, even programmatic for the changes that will follow.
Figure 5. The ranking of respondents aged over/under 40 years regarding the entities that should apply the IAS/IFRSs

For the respondents under the "psychological threshold" of 40 years, as an analogy to the specific materiality of management science in question, we can say that the results are those expected. It is clear that they are inclined outward, towards the trends of new and of modernity, towards a transparent and why not to a more comprehensive reflection of the economic realities. At the same time, their position (considering the three responses that were credited in front of the entities that prefer to use IAS/IFRSs) proves that they have an accurate picture about the development of economic entities operating in the Romanian economic area, about the ability of these entities to support the implementation of an accounting system based on IAS/IFRSs. If we think that the youngest (26 years) has chosen to generalize the application of IAS/IFRSs, while the oldest of respondents (60 years) to apply them only to large and public interest entities, we have a common resultant of the idea of changing the new, an idea slightly weighted by the conservatism of the "old" and animated by the idealism of "young".

Thus, in addition to what our respondents think and promote, it is good to see if they speak from within the phenomenon, as practitioners (and we refer to the implementation of activities and services for operators who apply IAS/IFRSs), or as a result of the desire (based on acquired knowledge and skills) to promote a "common language" for the accounting world, to be international, to be open to new opportunities for expression. The results that give us the information necessary to elucidate this issue are presented in Figure 6.
The situation appears balanced at first sight, but we must recognize that practitioners (respondents who have worked and/or work with companies who have applied/apply IAS/IFRSs) lose the battle with the "dreamers", if we can call dreamers those who are willing to demonstrate that we can speak also in Romania about a general implementation of IAS/IFRSs. The circumstances are favorable to them if we consider that most entities that apply IAS/IFRSs are working with the Big Four companies and they rarely resort to the services of the "small" ones. And it seems that our satisfaction is greater in this context, because we can present Romanian accounting and consulting companies that offer services in the application of IAS/IFRSs, this being the living proof that there is both a resource and availability for a possible generalization of the application of the international reporting referential in Romania also. To support or disagree with this, we will analyze, based on Figure 7, the rank of the 18 respondents who haven’t worked, nor work with entities that have applied/apply the IAS/IFRSs, in agreement with the position expressed in relation to Question 8.

The results demonstrate the expert’s guidance towards the application of IAS/IFRSs standards in the Romanian economic environment. We have a clear picture of the manifested desire, of the objectivity offered by such standards on economic transactions and of the appreciation they have among professionals. We can say that human resource (financial and accounting specialists) is ready to apply the IAS/IFRSs. To better understand this matter related to human resource training to implement the IAS/IFRSs, we will turn to the subjective approach, i.e. to the rank which is directly expressed by their answers. The analysis of the answers is shown in Figure 8.
From the comparative analysis presented above, we note a significant increase of the awareness of IAS/IFRSs, after 01/01/2006, even if in Romania after this time only the Stock Exchange listed companies are required to apply the IAS/IFRSs in their consolidated accounts. This growth is encouraging for future development of opportunities to reach a higher percentage of practicing accountants in applying the IAS/IFRSs standards. Thus, we believe that both inferences, the subjective one, but especially the objective one certifies our first case, which means that the degree of readiness of those who should apply the IAS/IFRSs is big enough to give us the certainty of a future implementation without major problems.

4.4 Entities consider that the benefits of the implementation of the IAS/IFRSs justify the difficulties involved by their application

By this research, we wanted to find out how representatives of accounting and consultancy companies interpret the cost-benefit relation in terms of implementation of the international referential. The answers were conclusive in this respect; their synthesis is presented in Figure 9.
Figure 9. Respondents’ positioning concerning the cost-benefit relation in application of the IAS/IFRSs

Given that 19 respondents (50%) believe that the implementation of IAS/IFRSs for all entities would be the best way, in order to get the validation of the fourth assumption with more than 50% of the responses, we will test for the 10 respondents who consider that the efforts to assimilate the IAS/IFRSs is justified only in relation to benefits in the case of listed companies, whether or not there is a correlation between the answer C to Question 7, answer A to Question 6, and answer C to Question 10 (Table 3).

Table 3. The analysis of correlations between Question 7, 6 and 10 for those who responded that the benefits of implementing the IAS/IFRSs outweigh the costs only in the case of listed entities

<table>
<thead>
<tr>
<th>No. of respondents</th>
<th>Question 7</th>
<th>Question 6</th>
<th>Question 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>C</td>
<td>A,B,C,D</td>
<td>B,C,D</td>
</tr>
<tr>
<td>2</td>
<td>C</td>
<td>A,B</td>
<td>B,C</td>
</tr>
<tr>
<td>3</td>
<td>C</td>
<td>B,C,D</td>
<td>B,C,D</td>
</tr>
<tr>
<td>4</td>
<td>C</td>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>5</td>
<td>C</td>
<td>A,B,C</td>
<td>C,D</td>
</tr>
<tr>
<td>6</td>
<td>C</td>
<td>E</td>
<td>B,C</td>
</tr>
<tr>
<td>7</td>
<td>C</td>
<td>A,B,C</td>
<td>C</td>
</tr>
<tr>
<td>8</td>
<td>C</td>
<td>A,B,C</td>
<td>C</td>
</tr>
<tr>
<td>9</td>
<td>C</td>
<td>B,C</td>
<td>B,C,D</td>
</tr>
<tr>
<td>10</td>
<td>C</td>
<td>C,D</td>
<td>C,D</td>
</tr>
</tbody>
</table>
It appears that only five of the respondents are consistent with the view that the IAS/IFRSs represent an accounting referential specific to the listed entities that enables comparisons between countries and for which the benefits of standards implementation justify the costs involved in this process. The other five respondents although they say that the benefits of applying the IAS/IFRSs outweigh the costs only for listed entities, the answers to the Questions 6 and 10 weigh in favor of profits. Therefore, we consider as validated the fourth assumption with 63% for those who feel that the benefits of implementing the IAS/IFRSs justify the difficulties involved in their application.

CONCLUSIONS

We think that our study represents an extension of the previous national literature and an important step on the way of international accounting convergence process, being the first research work where the sample was grounded in the consultancy firms, CECAR’s members. Also the discussion regarding the age and the training level of the respondents were analyzed for the first time in the national literature.

We pointed out that the effective enforcement of IAS/IFRSs is beneficial for everyone: for multinational entities because it decreases the costs of preparing the financial statements by using a single accounting referential; for the other entities because they have a cheaper access to capital markets; for investors because accounting, according to IAS/IFRSs, is reliable and provides comparable and relevant information for decision making; for auditors because they would have knowledge about only one accounting system.

The accounting-tax relationship, a relationship much debated and interpreted from different points of view and interests, is still a source of convergence and divergence, of compatibility and incompatibility. Although, at present, accounting in Romania detached from taxation by accounting regulations that have been issued in recent years, the custom of an account that is linked to taxation still characterizes the accounting practice. This is shown by the results of our study that validate the assumption that, in Romanian accounting practice, the fiscal reasoning dominates the economic reasoning in recognizing the economic and financial transactions.

In Romania, the transformations that have taken place in accounting in the 1999-2009 period were profound, the Romanian accounting system being subjected to a comprehensive and serious reform process in order to adapt itself to new economic, political, legal, and not least social conditions. At the time, the complexity and novelty of the IAS/IFRSs were the main reasons that caused their practical implementation to be difficult. This is why the transition to the application of the European accounting directives was favorably perceived by professional accountants in Romania.
The past major and profound changes in Romanian accounting have created, among professional accountants, the idea that they must know the IAS/IFRSs so that they should be prepared, at any time, for an orientation of national accounting to IAS/IFRSs, at least for the large entities. Thus, we note the professional accountants’ openness to international standards of financial reporting, where the emphasis is put on presenting information in financial statements and not only on the method of assessment and recognition of economic and financial transactions in the accounts. The qualitative superiority of the international referential justifies the costs generated by the implementation of the IAS/IFRSs because it helps to attract the international capital markets, it ensures transparency of information presented in financial statements and permits a better understanding and application of accounting concepts and principles.

The results of our study reveal the perception of professional accountants in Romania due to the profound changes in the accounting regulations that have taken place in accounting practice in Romania, in the 1999-2009 period. The main limitation of this research is related to the reduced number of accounting and consultancy companies which answered the questionnaire and to the authors’ subjectivity in interpreting the answers.

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Order no. 1752/2005 for approving accounting regulations harmonized with European Directives.

Order no. 2.001/2006 regarding the approval of legal bodies categories that apply the accounting rules in accordance with the IAS/IFRS.

ANNEX

QUESTIONNAIRE

The person who answered the questionnaire

Title:

Age:

1. Your company (please select the appropriate variant):
   - Keeps accounting;
   - Gives accounting advice;
   - Gives tax advice;
   - Performs financial-accounting auditing services;
   - Performs financial-accounting analyses for all economic entities;
   - Offers management consulting;
   - Other, specify

2. The turnover of your company in 2009 (in EUR): select

3. The approximate number of professional accountants in the company where you are employed, is: select

4. The company has performed accounting work or has consulted entities which have applied the IAS/IFRSs in the financial-accounting activity? select

5. The company performs accounting work or consults entities that apply the IAS/IFRSs in the financial-accounting activity? select

6. In your opinion, the implementation of reporting in accordance with IAS/IFRSs offers the following benefits (please select the appropriate variant(s)):
   - it is an accounting system specific to the listed companies to provide information to investors;
   - it helps to attract the capital from the international financial markets;
   - it ensures the transparency of the information presented in the financial statements;
   - it enables a better understanding and application of accounting concepts and principles;
   - Other situations (please indicate one example, if none of the above situations has not been selected)
7. In your opinion, the harmonization of accounting rules with the IAS/IFRSs for the large companies during 2000-2005 was driven by:
- [ ] capital market requirements;
- [ ] political decisions;
- [ ] making the international standards IAS/IFRSs popular at that time;
- [ ] other reason (specify)

8. Do you think that IAS/IFRSs should be applied: select

9. If the implementation of IAS/IFRSs were applied to all entities, do you think that:
- [ ] it would be the best solution, given the reliability and comparability of information provided to Romanian and foreign investors?
- [ ] the implementation of IAS/IFRSs is not justified because the costs of applying IAS/IFRSs outweigh the benefits obtained through the submission of financial statements in accordance with IAS/IFRSs?
- [ ] the effort to assimilate IAS/IFRSs is not justified in relation to benefits except for the listed companies?

10. As the benefits of implementing IAS/IFRSs, you consider that by adopting this referential, it is ensured:
- [ ] the competitiveness;
- [ ] the comparability of information between industries;
- [ ] the comparability of information between countries;
- [ ] the quality of financial statements;
- [ ] other benefits (specify)

11. To what extent the financial-accounting personnel, of the entities that have implemented by 2005 the accounting regulations harmonized with the European directives and with the IAS/IFRSs, knew the IAS/IFRSs provisions on their application? select

12. Today, 10 years after Romanian accounting connection to the international realities, do you consider that professional accountants are ready to apply the IAS/IFRSs?
- [ ] 100% YES;
- [ ] % (please fill in) YES
- [ ] NO;

13. What do you think that was the main reason for the regulatory body in Romania which decided that starting with 01.01.2006 to apply the accounting rules in accordance with the European Accounting Directives for all types of companies?:
- [ ] Romania's preparation to EU accession;
the difficulties encountered by the companies which were legally obliged to apply IAS/IFRSs;
insufficiently trained human resource in the application of IAS/IFRSs;
Other reason (specify)

14. How would you assess Romania’s accounting heading for the European Accounting Directives?:
- appropriate(why)
- justified (why?)
- Unjustifiable (Why?)

15. What do you think that is the best accounting referential that adapts to economic environment in Romania:
- the IAS/IFRSs for all economic entities;
- the European Accounting Directives for all economic entities;
- the IFRSs for SMEs for all economic entities;
- the own national standards for all economic entities;
- different referential depending on the type and size of the economic entity, as follows:
  - Listed companies select
  - SMEs select
  - Micro companies select

16. When accounting for an economic-financial operation, accounting professionals consider more important:
- the accounting technique (accounting formula);
- the information that will be presented in the financial statements;
- both the accounting technique and information that will be presented in the financial statements

17. What emphasis do professional accountants put on tax implications of the economic and financial transactions at their accounting? select

18. Do you consider that, in the next period, it should be given a greater importance to the economic reasoning instead of tax reasoning, during the recognition of economic and financial transactions? select

19. What is the objective of financial statements in the Romanian professional accountant’s opinion:
- To provide information for tax and statistical purposes;
- To provide information to the manager;
- To provide information to potential investors;
- To provide information to shareholders or associates;
- To provide information to all categories of users;
20. Do you consider that the design and implementation process of accounting rules should be done by:

- Ministry of Public Finance;
- The Body of Expert and Licensed Accountants of Romania;
- The Chamber of Financial Auditors from Romania;
- Accounting and Financial Reporting Council;
- National Securities Commission of Romania;
- Other, specify

Thank you!

1 Until 2003, the standards issued by the international accounting standardization (International Accounting Standards Board - IASB) had the name of international accounting standards (International Accounting Standards - IAS). The standards issued by the IASB after 2003 are called International Financial Reporting Standards (International Financial Reporting Standards - IFRS). In this study we use the term of IAS / IFRS standards because the description of changes in Romanian accounting regulations covers the period of 1999-2009, when both the IAS and IFRS terms were used.

2 According to the regulations of this law, all economic entities in our country have been classified into: legal bodies that prepare simplified financial statements that are harmonized with the European accounting directives, on one hand and legal bodies falling within the category of small companies by special regulations, on the other hand.

3 The simplified accounting system should have been applied by the entities which in late 2002 met simultaneously at least two of the three size criteria: the turnover < EUR 5 million, total assets < 2.5 million, number of employees < 50. These size criteria were amended by Order no. 1827/2003 amending and supplementing the accounting rules as follows: "Since 2005, Order no. 306/2002 shall be applied by legal bodies that meet at least two of the three size criteria: turnover < EUR 7.3 million, total assets < 3.65 million Euro, number of employees <50".

4 The turnover > 7.3 million Euro; Total assets > 3.65 million Euro; Number of employees> 50.

5 Credit institutions; insurance and reinsurance companies; financial investment companies, investment management companies and collective investment schemes authorized / approved by the National Securities Commission, State-owned entities, entities that receive state support or guarantees of the state.