Abstract: Romania seems to be the country which passes through an undying reform of the national accounting system. Stages to be invoked in the reforming process of the national accounting referential are frequent, maybe too frequent, and they have always brought important changes of the accounting treatments. In Romania, normalizers from the accountancy field look with an eye towards the European Directives and with the other eye towards the international accounting referential promoted by means of IAS-IFRS system. This approach can be also observed to a careful comparative analysis of national accounting regulations in accordance with the European directives, on the one hand, and of referential based on international standards, on the other hand. In this context, can also be easily noticed the fact that international accounting rules became, in time, more and more important for the economic environment from Romania, fact also illustrated by the evolution of the legal framework which regulates their implementation in our country. By means of this study, we propose ourselves a careful analysis of the evolution, in time, of the IFRS phenomenon at the level of Romanian economic environment, trying, at the same time, to conceive the perspectives aiming the continuity/extension of the application of the accounting referential in Romania.

JEL classification: M40, M41

Key words: accounting reform, European directives, IAS-IFRS, perspectives, accounting treatments.

1. INTRODUCTION

Member States of European Union proceeded to the implementation of IFRS in case of consolidated financial statements, according to the previsions of the Regulation (EC) no. 1606/2002 of the European Parliament and Council from 19th of July 2002, regarding the implementation of international accounting standards. It results that, at present, according to the regulation previously mentioned, all companies rated in the European markets are obliged to implement the international standards in order to elaborate consolidated financial statements.

In Romania, is established the obligation that, starting with the financial year 2012, the companies whose securities are admitted for transaction on a regulated market, have to apply International Financial Reporting Standards (IFRS) when they
elaborate individual annual financial statements.\textsuperscript{1} Herewith, we shall mention the fact that these entities have the obligation to ensure the continuity of the implementation of IFRS, including if their securities from the date of the balance sheet aren't admitted anymore for transaction on a regulated market.

Therefore, starting with the 1\textsuperscript{st} of January 2013, to the entities whose securities are admitted for transaction on a regulated market aren't applied anymore the accounting Regulations corresponding to the European directives, approved by OMFP no. 3055/2009.

Public entities and legal persons, other than public legal persons, which have the obligation to elaborate consolidated annual financial statements, can chose between International standards and National regulations in order to elaborate consolidated financial statements or they can present a second set of individual financial statements according to IFRS for their own information needs.

In the category named public entities, to which we made reference above, are included: non-banking financial institutions, defined according to legal regulations, registered in the General Registry; payment institutions and issuing institutions of electronic currency, defined according to the law, which grant credits related to the payment services and whose activity is limited to the delivery of payment services; entities authorized, regulated and supervised by the Supervision Commission of Private Pensions System; financial investments services companies, investments administration companies, collective placement organisms, central deposits, compensation houses and market/system operators authorized/certified by the National Securities Commission; the trading companies whose securities are admitted for transactions on a regulated market; national companies; commercial companies with state integrated or majority capital; autonomous administrations; legal persons belonging to a group of companies and entering in the consolidation perimeter of a mother-company with the head office in Romania, which has the obligation to apply International Financial Reporting Standards, according to legal previsions in force; organizations without patrimonial purpose which receive fundings from public funds.

In respect to the credit institutions, we mention that, from the point of view of the implementation of IFRS, they represent a distinct category of public interest entities because, since the 1\textsuperscript{st} of January 2012, they apply International Financial Reporting Standards in order to elaborate individual financial statements.\textsuperscript{2} Therefore, from the date previously mentioned, the credit institutions don't apply anymore the national accounting standards and they passed to the implementation of IFRS as a base of the accountancy and as unique financial reporting framework.

Herewith, it is mentioned that financial statements obtained by the implementation of IFRS represent the object of the statuary audit, according to the law.

\textsuperscript{1} OMFP no. 881/2012 regarding the implementation by trading companies whose securities are admitted for transaction on a regulated market of International Financial Reporting Standards, Official Gazette no. 424 from 26.06.2012.

\textsuperscript{2} Order BNR no. 9/2010 regarding the implementation of International Financial Reporting Standards by the credit institutions, as base of the accountancy and for the elaboration if individual annual financial statements, starting with the financial year 2012, Official Gazette no. 535 from 30.07.2010.
2. Objectives

Since the inclusion sphere of IAS-IFRS system from Romania extended in the last years, we consider useful the realization of an analysis by means of which we detect the evolution of this phenomenon and of the main implications or effects it generates on the economic entities.

By means of this study, we propose ourselves the debate of the problems generated by the main normative acts which represented the ground of the implementation of international financial reporting standard by the economic entities from Romania, thus we can emphasize, on one side, the dynamics of the implementation of international accounting referential in our country and, on the other side, the involvements that this approach had on the reporting entities.

3. Methodology

In order to meet the objectives assumed within this study, we shall appeal, on one side, to the retrospective analysis of the national legislative framework, which will allow us to illustrate the way in which the changing if the inclusion sphere of IAS-IFRS system from Romania produced and, on the other side, we shall debate the immediate effects, but also the future effects generated by the last normative acts adopted, which have direct implications in respect to the implementation of international accounting rules in our country.

This research methodology will allow us both the realization of a comparative analysis, under the aspect if the effects generated by the evolution of national legislation and a critical study in respect to the need and to the opportunity to implement the IAS-IFRS system by the economic entities from Romania.

4. Analyses

In respect to the generic denomination of IFRS, is mentioned that are considered: 13 International Financial Reporting Standards (IFRS), 28 International Accounting Standards (IAS), issued by the International Accounting Standards Board (IASB), 16 interpretations of these last standards, issued by the International Financial Reporting Standards Interpretation Committee (IFRIC) and 8 by the ancient Standards Interpretation Permanent Committee (SIC).

Herewith, shall be also mentioned the fact that for the entities which have the possibility to exercise the option right in respect to the implementation of IFRS, for the relation with the state institutions, the reporting base will be represented by the accounting regulations in line with the European directives, including in order to gather information that represent the ground for the determination of taxes and charges. As a consequence, financial statements obtained by implementing IFRS are aimed only to information users, others than the state institutions.

An exception from this rule is represented by the entities whose securities are admitted for transaction on a regulated market and the credit institutions, for which IFRS became a ground of the accountancy, especially if we also consider the changes brought to the fiscal legislation by means of which were introduced new previsions aiming “the taxpayers who implement accounting regulations in line with International Financial Reporting Standards”.

Therefore, the organization of the financial accountancy in the conditions of IFRS implementation acquires certain particular valences generated by the existence and the implementation of a general accounting framework which represent a professional guideline encouraging the professional rationalism. Within this general framework is the description of the object of financial statements, represented by the “delivery of information about the financial position, performances and changes to the financial position of the entity, which are useful for a broad range of users in taking economic decisions”\(^4\), which circumscribes to the particular attention given to the beneficiaries of accounting information.

Another important element regarding the organization of the accountancy according to the two referentials is represented by the fact that national regulations impose, in the first place, an accountancy based on principles and places, in a secondary plan, the qualitative features of the financial statements, while the general framework elaborated by IASB gives a particular importance to these features, which take the place of the accounting principles. The 9 general accounting principles assimilated by the national regulations aren't found anymore in the general framework of IASB, which requires the obtainment of financial information that shall have certain qualities, according to the following principles: relevance (significance threshold), exactitude (full, neutral and without errors), comparability, verifiability, opportunity and ineligibility.

Herewith, IASB general framework presents also a series of limitations that can confine the quality of accounting information, even if all features previously mentioned are fulfilled. With this in view, a greater importance is given to the opportunity, because an information out of date, in time, can not be relevant anymore, although it is credible.

On the other side, in a justified way it is considered that the report cost-benefit is essential in the production process of information, since the obtainment of some relevant, credible, comparable, etc., information, but information that, by use, generated bigger costs than the benefits estimated, won't be accepted by the users.

Another conceptual approach that IASB general framework realizes refers to the recognition of elements which compose the financial statements (assets, debts, equity capitals, expenses and revenues). With this in view, we can notice a closeness of the national regulations to IFRS spirit, meaning that, within the recognition process (incorporation in the financial statements) we found the same tandem utility (obtainment/diminution of future benefits) – monetary quantification (cost or value credibly determined)\(^5\), also provided in the general Framework. If these two conditions aren't fulfilled for the recognition of an element, although it shall be presented in the explanatory notes, if relevant.

In this context, we shall notice the particular importance of the corresponding recognition of assets and debts, in order to determine and to rigorously delimit the equity capitals.

Since one of the criteria which represent the base of the recognition of an element within the financial statements is represented by the credible evaluation, we can emphasize the fact that this operation becomes extremely important for the correct implementation of IFRS.

Synthesizing the aspects previously listed, we emphasize the fact that International Financial Reporting Standards, by means of all treatments occasioned by

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\(^4\) IASB – General conceptual framework for the financial reporting.
them, follow the realization of their insurance and guarantee objective of the “true image”. With this purpose, is operated with evaluations at their true value, depreciations, assets, debts and provisions estimations etc. In such conditions, we contribute to the increase of the credibility of information offered by the annual financial statements and, at the same time, to the apprehension, by existent and/or potential investors, of possible risks, benefits estimated as a consequence of their comparableness and of analysis, knowingly, of information provided, etc.

Analyzing the situation of IFRS implementation in Romania in a dynamic way, referring here only to the normative framework which determined a real application of this system of standards, we can illustrate the following more important stages:

- OMFP no. 907/2005 regarding the approval of the categories of legal persons who implement accounting regulations in line with the International Financial Reporting Standards, respectively accounting regulations in line with the European directives, imposed to the credit institutions that, starting with the financial year 2006, elaborate also a distinct set of financial statements in line with IFRS for their own needs to inform the users, others than the state institutions, while for the entities framed in the category of those of public interest, the elaboration of such a set of documents was optional;
- according to OMFP no. 1121/2006 regarding the implementation of IFRS, starting with the 1st of January 2007, entities whose securities from the date of the balance sheet were admitted for transaction on a regulated market were obliged to implement the IFRS system in order to elaborate consolidated financial statements (less credit institutions for which this obligation existed since the 1st of January 2006);
- according to the Order BNR no. 9/2010 regarding the implementation of International Financial Reporting Standards by the credit institutions, as base of the accountancy and for the elaboration of annual individual financial statements and to the Order BNR no. 27/2010 for the approval of the accounting Regulations in line with the International Financial Reporting Standards, applicable to the credit institutions, starting with the financial year 2012, all credit institutions which deploy their activity in Romania were obliged to implement the IFRS system in order to elaborate individual financial statements. Therefore, starting with the 1st of January 2012, credit institutions don't apply anymore the national accounting standards, and they passed to the implementation of IFRS as base of the accountancy and as unique financial reporting framework, fact which makes that the bank sector becomes the first from Romania which totally aligns to the accounting and financial reporting principles accepted at international level;
- starting with the financial year 2012, the companies whose securities are admitted for transaction on a regulated market shall apply the IFRS system to the elaboration of the individual annual financial statements, following that, from the 1st of January 2013, this system of standards become the ground for the organization f the accountancy of entities to which we referred, according to OMFP no. 881/2012 regarding the application, by the trading companies whose securities are admitted to transaction on a regulated market, of the International Financial Reporting Standards and OMFP no. 1286/2012 for the approval of Accounting Regulations in line with IFRS, applicable to the companies whose securities are admitted to transaction on a regulated market.

From those previously mentioned we notice the fact that, in time, to the system of international standards is granted more and more importance under the aspect of the
implementation, by the economic entities from our country, since we assist to an extension of their inclusion sphere.

Although, in fact, this extension of the inclusion sphere of international accounting standards is a consequence of the agreement concluded between Romania and IMF, the reasons invoked by the normalizers make reference to the elements which aim “the need to align to the international practice in order to promote the transparency and the comparability of the financial statements”, “the fact that some of these companies whose shares are transacted on a regulated market belong to some multinational groups which apply the International Financial Reporting Standards, respectively the need to ensure the concordance between them, following the state interest to protect itself from possible outputs of foreign capital by the exploitation of accounting non-concordances between companies that belong to some multinational groups”, the request of the National Securities Commission for the issuance of a regulation in order to oblige the trading companies whose securities are admitted to transaction on a regulated market to implement the International Financial Reporting Standards in the individual annual statements”.

Since OMFP no. 881/2012 and OMFP no. 1286/2012 determines an important extension of the inclusion sphere of IFRS for the economic entities from our country, we consider useful the pointing of some aspects we consider relevant for these new regulations, because they will also generate significant effects from the point of view of accounting treatments that the entities aimed should apply.

Firstly, we shall note the fact that although the entities which represent the object of the rules mentioned above organize their accountancy until 31.12.2012 according to the national accounting regulations represented by OMFP no. 3055/2009, they have the obligation to elaborate, for the financial year 2012, individual financial statements in line with IFRS.

This means that, in order to obtain the set of synthesis accounting documents according to IFRS, the economic entities aimed will have to retract the information from the accountancy organized according to OMFP no. 3055/2009.

In order to realize these retractions, we shall take in consideration, on one side, the assembly of international standards and, on the other side, the previsions of IFRS 1 „Adoption, for the first time, of IFRS”.

In this context, a major importance is given to the setting of the passing date to IFRS, according to IFRS 1, considering the fact that, according to this standard, by the passing date to IFRS we understand “the beginning of the first period for which an entity presents full comparative information according to the IFRS in the first financial statements elaborated according to IFRS”.

Considering the definition way used by IFRS 1 of the passing date to IFRS, it results that, for the entities which enter in the inclusion sphere of OMFP no. 881/2012 and which shall elaborate the first financial statements in line with IFRS on 31.12.2012, the passing date to IFRS is the 1st of January 2011. In fact, in order to present the financial position on the 1st of January 2011, the elements from the checking balance which represented the base of the elaboration of the financial statements on 31.12.2010 shall be retracted and reclassified, if applicable.

5 OMFP no. 881/2012 regarding the implementation, by the trading companies whose securities are admitted for transaction on a regulated market, of International Financial Reporting Standards, Official Gazette no. 424 from 26.06.2012.

6 IASB - IFRS 1 „Adoption, for the first time, of IFRS”, Annex A Terms and definitions.
Since IFRS 1 stipulates that “in order to meet IAS 1, the first financial statements elaborated in line with IFRS of one entity shall include at least three statements of the financial position, two statements of the global result, two individual statements of revenues and expenses (if presented), two statements of the treasury flows and two statements regarding the changes brought to the equity capitals and to related notes, including the comparative information”, we deduce that the entities from Romania to which we make reference in OMFP no. 881/2012 shall effectuate the retractions occasioned by the passing to IFRS on three moments, thus: 01.01.2011, 31.12.2011 and 31.12.2012.

In these conditions, we can state the fact that the passing to IFRS as ground of the accountancy will represent, for the entities in discussion, an important approach both from the point of view of the costs and in respect to its complexity.

On the other side, we don't have to neglect the fact that, for some of the entities aimed by OMFP no. 881/2012 there is the real possibility that shall not be necessary anymore the retraction operations, in the conditions in which they already elaborated individual financial statements in line with IFRS, for their own needs, as a second set of financial statements, accompanied by an explicit declaration and without reserves in respect to the conformity with IFRS, fact which makes that they dispose from the information needed in order to implement IFRS as ground of the accountancy, starting with the 1st of January 2013 and in order to present financial statements in line with international standards on 31.12.2012.

From the technical point of view, the entities which shall effectuate retractions and possible reclassifications will start from the values obtained according to national regulations in line with the European directives on the three moments that were mentioned before, and the results if the last retraction made on 31.12.2012 will practically become starting balances on the 1st of January 2013.

The retractions invoked will be effectuated in agreement with the rules provided by IFRS 1, which requires to the entities:

a) to recognize all assets and debts whose recognition is imposed by IFRS;

b) to not recognized assets and debts elements if IFRS doesn't allow such a recognition;

c) to reclassify the elements which were initially recognized as assets, debts or equity capitals according to accounting rules previously applied (OMFP no. 3055/2009), starting from the principles and rules in line with IFRS;

d) to apply IFRS for the evaluation of all assets and debts recognized.

The results of these retractions to be effectuated will affect the reported result, if we refer to those related to the comparative period (on 01.01.2011 and on 31.12.2011) or to the global result of the current period, if we refer to those related to the current period (31.12.2012).

Herewith, another aspect we consider it should be mentioned refers to the liability to ensure the continuity in applying the IFRS system, even if the entities that will be obliged to apply these rules won't be subsequently quoted. In such situations, raises the question in which measure is justified the implementation of IFRS, especially considering the report between costs and benefits or the answer could be the cost incurred by the return to the national regulations.

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7 IASB - IFRS 1 „Adoption, for the first time, of IFRS”, point 10.
5. CONCLUSIONS

From those previously illustrated, we can conclude the fact that these would be only some of the problems raised by the new accounting regulations aiming the implementation of IFRS, by the entities quoted, but we are convinced that, for those adopting for the first time the international referential, the list of challenges will be one enough consistent only if we refer to aspects such as: the correct settlement of the differences between IFRS and the rules of the accountancy in line with the European Directives; the effect of the transition to IFRS on the individual financial statements; the effect of the transition to IFRS from the point of view of fiscal implications; the effect of the implementation of IFRS on the management decisions etc.

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