

CONDITIONING ON ACCOUNTING MODELS, APPLICATION AND OFFER OF ACCOUNTING INFORMATION

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Abstract: The accounting classification make nothing else than suggest how diverse the regulations and the accounting practices. In spite of the differences existing between the national accounting systems, there are still numerous cultural, social, political and of other nature conditions, that allow us to integrate them, at a global level, of two great accounting orientations, that represent nothing else than two models of requesting accounting information, generically named the accounting model of the continental Europe, on the one hand and on the other hand, the Anglo – Saxon accounting model. As the analysis of the resemblance and the differences between the accounting systems that operate on an international level could not remain at the level of some simple evaluations, successful authors have undergone numerous classifications of the accounting models on the international level.

JEL classification: M41, M48

Key words: accounting information, accounting systems, classification, factors of influence, European Directives, IAS-IFRS

1. INTRODUCTION

The growth of the financial information offer and implicitly, the development of the accounting, has been connected to the increase of the supplied products, coming from some users whose informational necessities depend on the economical, political, legal, social and cultural environment in which they interact. This ensemble of factors have determined the emergence and development in time, of some accounting systems various from one country to another, with various implications regarding the practice and regulation in the field. In this way, the evaluation and measure rules, the accounting modality of some events and transactions, as well as the presentation modality of the financial situations constitutes an obstacle in the way of financial communication. As the analysis of the resemblance and the differences between the accounting systems that operate on an international level could not remain at the level of some simple evaluations, successful authors have undergone numerous classifications of the accounting models on the international level.

2. OBJECTIVES

The objectives of this study relate the interpretation and classification of representative models of common international accounting systems. Will also be considered the implications of multiple accounting systems on financial communication process with direct reference to the system of national accounts.

3. METHODOLOGY

The methodology of the research is based primarily on the use classification and comparative analysis with a view to seeking out the significant elements that characterize the different accounting systems so that we can reveal and understand the influences exerted on financial communication process. This methodology will be used, on the one hand, to highlight and analyze the views expressed in national and international literature, and secondly, to formulate their own opinions on the situation of the national accounting system and disclosure of the influences exerted on accounting products.

4. ANALYSES

The explanations regarding the causes of the accounting systems diversity and their classification by the specialists in compared accounting systems has constituted a strongly debated issue in the second half of the of the 20th century. The accounting classifications have always been of interest to the researchers either for the explanation of the differences existing in the case of manifesting accounting options due to cultural influences, or for facilitating comparisons between countries in the scope of accelerating international harmonization.¹

The first attempts of classifications dates from back in the year 1911, when Hatfield began with establishing the differences between the accounting practices in the four countries, suggesting a classification in three groups: The United States of America, The United Kingdom of Great Britain and Northern Ireland, continental Europe.

Towards the 60s Mueller creates a first classification in four developing patterns, which in fact, represent a simple regrouping, without explanations on the used method, which is presented as follows:²

1. The macro – economical model, through which the enterprise accounting is placed in a tight correlation with the national accounting policies, because the latter influences the purpose of the economical agents. (Sweden, France, Germany);

¹ For the analysis of the classifications presented in this paper ideas was inspired from the following works: B. Colasse – Comptabilite generale, 5 edition, Economica, Paris, 1996 ; F.E. Delesalle, E. Delasalle – La comptabilite et les dix commandements, Fid edition, Paris, 2000 ; N. Feleagă – Sisteme contabile comparate, vol.1, Editura Economică, București, 1999; C. Ionescu – Informarea financiară în contextul internaționalizării contabilității, Editura Economică, București, 2003; M. Minu – Contabilitatea ca instrument de putere, Editura Economică, București, 2002; R. Neag – Reforma contabilității românești între modelele franceze și anglo-saxon, Editura Economică, București, 2000; C. Nobes, R. H. Parker – Comparative International Accounting, Tenth Edition, Prentice Hall, 2008; J. Richard, C. Collette – Comptabilite generale, Dunod, Paris, 2000.

² C. Nobes, R. H. Parker – Comparative International Accounting, Tenth Edition, Prentice Hall, 2008, p.56.

2. The macro – economical level according to which accounting is considered a branch of economical science and of business administration, a fundamental concept of this model being the maintenance in real terms of the invested capital (the Dutch system);

3. Accounting as an independent discipline, approach at which level accounting is considered a distinct function, derived from the business practice, with the accent being placed on practice, without neglecting its conceptual side (USA and United Kingdom);

The “uniform accounting” type approach is characterized by the fact that it appreciates accounting as an efficient administration and control means (France, Germany, Sweden and Switzerland).

Still, we must not omit the fact that this first classification of Mueller presents a few limits, noticed in the specialty literature, among which we underline the most important ones: a direct classification of the accounting systems based on practices is not accomplished, but an indirect one, based on the relative differences regarding the importance of the economical, governmental and business factors in system developing; the classification in the four groups is made without any hierarchy between them, fact that reduces its utility, the soviet and communist accounting systems are excluded in an unjustifiable way, as the group refers to the published financial situations.

The second classification realized by Mueller, in the year 1968³, is based on the idea of economical environment and starts from the premises that “various economical environments need different accounting systems”. Taking into consideration the level of economical development, the business complexity degree, and the form of the public power as well as the social climate, and the nature of the justice system, Mueller identifies 10 groups of countries: 1. USA, Canada and Holland; 2. Commonwealth (exclusively Holland); 3. West Germany and Japan; 4. Continental Europe (exclusively West Germany, Holland, Scandinavia); 5. Scandinavia; 6. Israel and Mexico; 7. South America; 8. Countries in the course of development from the Near and Far Orient; 9. Africa (exclusively South Africa); 10. Communist countries.

Regarding this grouping of certain authors⁴ expressing critical opinions based on a much too higher level of generalization, point of view to which we subscribe, especially that the position of some countries such as Mexico and Israel in the same group can raise serious questions marks regarding the exactness of the classification.

Another modality of making the classification in this field⁵, which we consider that must be evoked, are those based on morphologies, such as those belonging to Buckley, in the year 1974, or AAA (American Accounting Association), in the year 1977, as well as the classifications based of the influence spheres, among which we remember that of Seidler (1967), that identifies three groups: the British, the Americans and the continental Europe. Another classification based on influence areas is made up by the AAA, in the year 1997, starting from 8 parameters (the political system, the economical system, the level of economical development, the objectives of the financial accounting, the origin of the accounting norms, accounting education and forming, norm applications, ethics and client), establishes five areas of influence: the British, the

³ N. Feleagă - Sisteme contabile comparate, vol.1, Editura Economică, București, 1999, p. 26

⁴ F.E. Delesalle, E. Delesalle – La comptabilite et les dix commandements, Fid edition, Paris, 2000 ; N. Feleagă- Ibidem, p. 26.

⁵ C. Nobes, R. H. Parker – Comparative International Accounting, Tenth Edition, Prentice Hall, 2008, p.57; N. Feleagă- Ibidem, p. 26.

French, the Spanish, the Portuguese; the German and Dutch; the Americans; the communist countries.

The criticism brought to the classifications based on influence spheres and morphologies target certain aspects, among which we consider to be most important the ones regarding lack of hierarchy, ignoring the connections between the British accounting and the American one, including Germany and Holland in the same group.

A classification whose main elements, we feel, should be presented, is the one made up in the year 1988 by Gray⁶, who, starting from practice analysis and accounting literature, identifies four accounting values and namely: 1. The influence of the profession opposable to the legal control, which assumes a preference for manifesting professional judgments and for maintaining an accounting regulation accomplished by profession, opposable to the prescriptive legal demands and legal control; 2. The uniformity opposable to the flexibility targets the preference for imposing uniform accounting practices and for its permanent use in time, which is opposable to the flexibility given in the circumstances in which the commercial societies find themselves in; 3. Conservatory thinking opposable to the optimism, expresses the preference for a prudent approach in measuring, so that it should control the incertitude of future events that is opposable to a more liberal approach, of assuming the risk; 4. The discretion opposable to the transparency refers to the preference for confidentiality and for limitation of communicating the information referring to the enterprise, only for those that are directly involved in managing and financing acts that is opposable to an accounting transparent approach.

The accounting systems identified by Gray are the result of the combination that is accomplished among the four accounting values described previously, as follows:

1. Taking into consideration the uniformity/flexibility criteria and professionalism/ legal control are two types of accounting systems evidential, namely

2. The Anglo – Saxon countries and the Northern Europe, that is characterized by flexibility and professionalism, contrast with the Asian countries less developed, the African countries, Latin countries less developed, the Near East and Japan, characterized through legal control and uniformity;

3. The Asian countries, former colonies characterized through flexibility and legal control, contrast with the Germanic countries and the less developed Latin countries, characterized through professionalism and uniformity.

Combining the values optimism/conservatory belief and discretion/transparency, the author identifies, on the one hand, the Anglo-Saxon countries, the Nordic countries and the Asian countries former colonies, characterized by transparency and optimism, and on the other hand the Germanic countries, the less developed Asian countries, African countries, less developed Latin countries, the Near East and Japan, characterized by a high degree of conservatism and confidentiality.

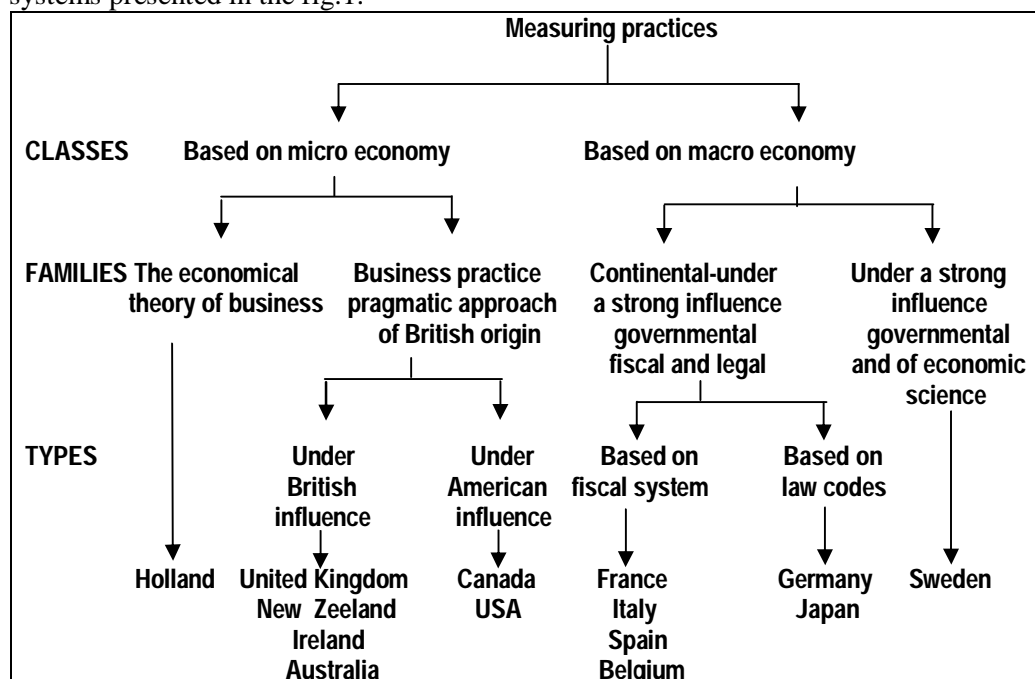
An original approach belongs to C. Nobes⁷ that proposes a hypothetical classification inspired from the examples of the biological classifications, placing the accent on the measuring practices used in the financial informing of the societies listed on the stock market in the developed countries. In this purpose the author takes into

⁶ N. Feleagă – Ibidem, pp. 35-37.

⁷C. Nobes, A. Roberts – Second Thought on “Judgmental International Classification”, Discussion Papers in Accounting and Finance NR. 17, May 1989, assume by N. Feleagă in “Sisteme contabile comparate”, vol. 1, Editura Economică, București, 1999, p. 29.

consideration nine measuring factors in 14 countries and are presented as follows: 1. The type of users of the advertising accounts published by listed companies; 2. The degree in which the legislation or the accounting Standards prescribe in detail the accounting practices (to what extent appeal is made to the professional judgment); 3. The importance of the fiscal rules in the accounting measures; 4. The conservatism degree in the accounting measures; 5. the strictness regarding application of the historical costs for elaborating the annual accounts; 6. The susceptibility of the adjustments based on the costs of the main replacing accounts; 7. The consolidation practices; 8. The accounting policies regarding provisions; 9. The uniformity degree in applying the accounting rules at the level of the companies.

Using, in its classification, the class grouping, families and species, Nobes obtains a hierarchy of the arbor type, in which they identify the types of accounting systems presented in the fig.1.



Source: N. Feleağă - "Sisteme contabile comparate", vol. 1, Editura Economică, București, 1999, p. 30.

Figure no. 1 The classification of the accounting systems in the vision of Nobes

An interesting point of view belongs to Professor J. Richard⁸, whose opinion begins from a hierarchy of the political and economical systems, as we as of the government modalities of the enterprise, obtaining a qualification of the accounting systems in:

- **main classes**, according to the economical systems;
- the classes are subdivided in **families**, according to the political actual system;

⁸ J. Richard, C. Collette - Comptabilite generale, Dunod, Paris, 2000, assume by M. Minu in Contabilitatea ca instrument de putere, Editura Economică, București, 2002, p. 36.

- the families are divided into **types**, according to the chosen government modes.

The author identifies three types of economical systems, each belonging to an accounting system, the basic criteria taken into consideration for the fundament of the classification is the result concept that shows in the profit and loss account. The hypothesis from which it begins is that according to which: *“the economic agent has the power (that dominates) in a given economical system finish the accounting system (so also the result account), so that it will determine the apparition of its result with priority, calculated according to its own vision on the economical reality”*.⁹

The definite lines of the classifications accomplished by J. Richards are put in evidence through the fig. 2.

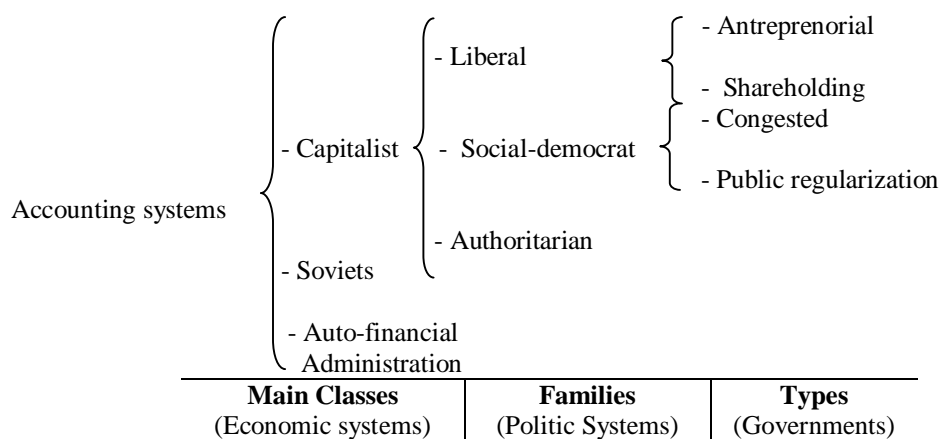


Figure no. 2 Classification of accounting systems after J. Richard

B. Colasse¹⁰ analyzes the main systems of accounting normalizing and regulation, concluding that the existing differences are especially determined by: **the legal frame**, from this point of view identifying countries of written law and common law countries; **the economic system**, the determining factors and the difference of the accounting system being the role of the states and the importance of the financial markets; **the development level; the connections between the fiscal system and accounting**, from this point of view the group targeting the countries in which accounting is an instrument of the fiscal system and countries in which it is autonomous; **the competence and the level of organization of the accounting profession**, being targeted, in this context, the role that it can play towards the elaboration and application of the accounting norms;

4.1 Critical

Regarding us, we will try to accomplish a groping starting from the five factors of influence that certain authors¹¹ consider to be determinant in the evolution and the

⁹ M. Minu – Contabilitatea ca instrument de putere, Editura Economica, Bucuresti, 2002, p. 37.

¹⁰ B. Colasse – Comptabilite generale, 5 edition, Economica, Paris, 1996 assume by N. Feleagă in “Sisteme contabile comparate”, vol. 1, Editura Economica, Bucuresti, 1999, p. 26-27.

¹¹ C. Roberts, P. Weetman, P. Gordon – International Financial Accounting. A Comparative Approach, Financial Times Pitman Publishing, London, 1998, p.7.

developing of the accounting systems, our opinion being systemic presented in the next table.

Table no. 1 Factors of influence

Political and economical system		Judicial system	
TYPE OF SYSTEM			
Liberal	Equalising-authoritarian	Continental (Romanian-German)	Common-law
<ul style="list-style-type: none"> -Specific to the West-European countries, North America, Japan and Australia; -The fundamental objective of accountability is to offer useful information regarding taking the decision to invest; -The request of financial information comes especially from the investors; -Accountability has as a purpose the reflection of the enterprise's profitableness, especially under the form of the exploitation benefit; -It is underlined the importance of the synthesis documents during the process of information through the accountability. 	<ul style="list-style-type: none"> -Specific to the ex-socialist countries; -The request of information comes from the unique user of the accountability information, the state; -The fundamental objective of accountability is the providing of the necessary information to the planning and control of the national economy; -The accountability has as its purpose the pursuit of the production process and the analysis of costs and of product profitableness; -The financial situations are destined, especially, to the alimentation of the statistics necessary to the elaboration and the enactment of the state's economical politics. 	<ul style="list-style-type: none"> -Groups the French, Italian, Spanish, Portuguese, Belgian, German, South American and great part of the countries of Asia; -It is characterised through the preponderance of the written laws, that have the role to describe the legally acceptable behaviour; - Government imposes specific rules to the accountability; -The accountability rules are a part of a complete system of rules applied to all organisations; -The accountability norms are characterised through a low degree of flexibility. 	<ul style="list-style-type: none"> -Specific to England, USA, the Commonwealth countries; -It is characterised by a minimum of legal self-rules realised by the accountability profession; -The accountability norms have a high degree of flexibility; -The low does not state but a few, applicative problems being resolved by the probationers; -The professional judgement holds a very important role in the accountability; -The governmental involvement is extremely reduced, the accountability rules being the expression of a partnership state-accountability profession.

The relation accountability - taxation		The modality of financing the societies		The influence exercised by the accountability profession	
TYPE OF SYSTEM					
Systems depending on taxation	Systems decoupled from taxation	Systems based on banking financing	Systems based on financial markets	Systems with government rule	Systems with professional rule
<ul style="list-style-type: none"> Representatives: Germany, Austria, Italy, France etc. -Taxation has an important influence over the accountability and over the aspects regarding the evaluation; 	<ul style="list-style-type: none"> -Specific to the countries with a common-law judicial system; -Disconnection from taxation allows the concentration of accountability on the financial 	<ul style="list-style-type: none"> -The evaluation and measure rules in accountability are more cautious, following especially the protection of the creditors; -The financial 	<ul style="list-style-type: none"> -The accountability rules follow especially to reach the objective of information of the investors; -The financial information is 	<ul style="list-style-type: none"> -The attributions in the accountability rule field go in great part to the state; - The role of professional accountants in 	<ul style="list-style-type: none"> -The accountability profession deals mostly with its own rule; -The accountability profession is actively

-The state is one of the main beneficiaries of the accountability information; -Specific to the countries with a judicial regime based on codes of laws, where coexists mutual accountability and fiscal rules.	communication, especially in order to satisfy the informational necessities of the capital investors; -The accountability registrations are not influenced by the calculation of the fiscal profit.	information is limited, the banks normally requesting succinct information; -Specific to the countries that practices the continental model.	characterised by transparency and objectivity; -Specific to the Anglo-Saxon countries with a system of common-law right.	the process of rule is limited; -Specific to the countries of napoleon right.	involved in the process of accountability rule; -Specific to the countries of common right.
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The accounting classification previously presented make nothing else than suggest how diverse the regulations and the accounting practices. In spite of the differences existing between the national accounting systems, there are still numerous cultural, social, political and of other nature conditions, that allow us to integrate them, at a global level, of two great accounting orientations, that represent nothing else than two models of requesting accounting information, generically named the accounting model of the continental Europe, on the one hand and on the other hand, the Anglo – Saxon accounting model.

It is about the two great systems that, in the back round of accounting reform in our country come to influence the architecture of the Romanian accounting system, influences requested by different requirements, but still complementary, that characterizes the economical and social present context in Romania.

The influences shown by the two great referential on the national accounting system have in fact marked the three steps of the accounting reform in Romania.

If in the first step, that corresponds to the period 1991 – 1999, the reform has presupposed the implementation in full of the defining elements of the French accounting system, following next step, marked by adopting OMFP No. 94/2001 regarding the approval of the accounting Regulations harmonized with the 4th Directive and with the IAS, has determined an obvious approach of Anglo-Saxon Accounting by attempting to apply the international accounting norms (IAS), still, without dropping many of the specific trades of the continental models. This option of the Romanian normalizations, based on the mixture between the two accounting orientations, has determined strong debates in the specialty literature due to numerous contradictions that it has generated.

The reform continued through a third step, concretized in the new regulations according to the European Directives¹², through which the Romanian normalizations have followed the accordance with the European referential. In this context we are tempted to say that this third step of the reform does not represent a tacit recognition of the errors previously committed, but it is more likely to be the expression of the political interests that Romania has from the perspective of the adhering to the European Union.

¹² OMFP No. 1752/2005 for approving the accounting regulations according to the European, Official Monitor No. 1080 bis/30.11.2005 and OMFP No. 3055/2009 for approving the accounting regulations according to the European, Official Monitor No. 766bis/10.11.2009.

Starting from the elements previously evoked, we can say that the globalization phenomena is felt in the process of financial information, which makes the interference between the Anglo – Saxon accounting and the continental model become more and more obvious.

As a result of the mentioned factors may be identified to all levels of an accounting system, among which we remember: to the level of organizations of accounting normalization, to the level of used terminology, to the level of accounting principles and to the level of drawing up practice of financial statements and financial communication.

In the national accounting system, the financial communication is made in accordance with the Accounting Regulations and with the European directives. This way, for operators, was transposed into the national law the Directive IV and VII resulting the accounting Regulations in accordance with the European directives. Also other institutions with regulatory powers such as BNR, Supervisory Commission and the National Insurance Securities regulations developed in accordance with the European directives specific areas of activity appropriate entities regulated and supervised by them.

The Romanian accounting law foresees the applying of accounting regulations in accordance with the European directives, and the International Financial Reporting Standards (IFRS). In Romania, starting from the requirements of Regulation (EC) no 1606/2002 and the national regulations are required to apply IFRS from 1st of January 2007 the entities whose securities at the balance sheet date, are admitted to trading on a regulated market, for the purpose of preparing consolidated financial statements. Other public entities may apply IFRS in preparing the consolidated or individual financial needs for their information.

The process of reconsideration of European Directives, has resulted in the acquisition of concepts and accounting treatments whose inspiration is the rules issued by the IASB. In the following we present in a synthetic manner, some significant examples, which support our opinion.

Table no. 2 Items taken from international standards by OMPF 3055/2009

Explanations	Origin
definition and recognition criteria for assets, liabilities and equity	Framework for the Preparation and Presentation of Financial Statements
specifying users of financial statements	Framework for the Preparation and Presentation of Financial Statements.
list and explain the qualitative characteristics of financial statements	Framework for the Preparation and Presentation of Financial Statements.
additional elements on the cost of borrowing	IAS 23 „Borrowing Costs”
determination of impairment losses on intangible and tangible fixed assets by using other methods of assessment (such as those based on cash flows)	IAS 36 „Impairment of Assets”
use of external and internal sources of information to determine if any impairment of tangible and intangible	IAS 36 „Impairment of Assets”
explaining the nature of the identifiable intangible assets	IAS 38 „Intangible Assets”
recognition criteria for internally generated intangibles assets (demarcation between the stage of research and development phase)	IAS 38 „Intangible Assets”

possibility of revising the term of depreciation for tangible assets	IAS 16 „Property, Plant and Equipment”
depreciation per unit of product or service	IAS 16 „Property, Plant and Equipment”
detailing the concepts of financial instruments at fair value assessment	IAS 39 „Financial Instruments: Recognition and Measurement” IFRS 7 „Financial Instruments: Disclosures”
review the definition of current assets	IAS 1 „Presentation of Financial Statements”

5. CONCLUSIONS

The accounting system of a country is influenced by a series of factors such as the juridical system, the dominant manner of financing of the economic agents, the fiscal system, the inflation level, the economical system, the political system etc., this is the reason for which there are significant differences from one accounting system to another. The differences between the accounting systems generate acceptance difficulties of the financial situations drew up by companies for the users in environments sensitive towards the original country ones of the issuing company.

The accentuation of national economies globalization and of integration of financial markets and informational systems claims the using of a common accounting language. That is why the attracting of the international patrimony must be based upon an offer of relevant information, intelligible, and mostly, comparably elaborated in an accounting language, generally accepted. The investors and financial analysts need to understand the financial statements of foreign companies whose shares would like to purchase, will be able to compare financial statements of companies located in different countries and ensure that the information is relevant and reliable.

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