



THE GENERALIZATION OF THE APPLICATION OF INTERNATIONAL ACCOUNTING STANDARDS IN THE CONTEMPORARY BUSINESS ENVIRONMENT

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Abstract *The internationalization of financial markets, the development of more pronounced multinational firms are objective factors that lead to a more complex organization in the sphere of accounting and specifically with reference to the financial statements.*

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1. Introduction

The International Accounting Standards Committee (IASC) is a private international body whose goal is to harmonize the accounting methodology in carrying out the development and presentation of the financial statements, by enterprises and other bodies, reporting from around the world. Was founded in 1973 on the basis of an agreement between the accounting bodies in Australia, Canada, France, Germany, Japan, Mexico, the Netherlands and the United Kingdom and the United States of America. Since 1983, IASC members are all professional accounting organizations, members of the International Federation of Accountants (IFAC)¹ on 1 January 1999 included 142 members of IFAC 103 countries. Currently, in the work of IASC are many other bodies involved, and many of the Member countries use IASC international accounting standards. It is noticed that there are more pronounced differences in the accounting system grafted on customary law (common law tradition), which include the U.S. and England, and grafted on the legislative system of the code (the Code law tradition), which includes France, Germany and all other States that have adopted the codified legal regulation.

Currently, the global examination of components of the accounting systems of the U.S. and Britain, France and Germany respectively, you can find some important differences made, or some nuances.

If we refer only to the tax on income in the business world in businesses, we are obliged to mention:

- the different ways of calculating and accounting for income taxes in France and Germany in expectation, lies in the essence of the legal regulation for tax purposes quite different;
- another example concerns the provisions for reservations.

In both cited countries there are regulations in the sense that proprietary units are entitled to the benefits is through sampling, up to a certain percentage (usually 5%), a legal reserve in accounting terms. It is also expected that such an operation can be continued for several years until it gets to about 10% of the capital (10% of the capital stock in France, i.e. 10% of the nominal value of the capital stock in Germany, in general). Also from the benefits not reflected in the costs for grounds that are exempt from income tax for profits. It is useful for that accounting rules adopted in Japan were originally modeled after German accounts, the result of an Association on multiple plans of these countries in the first half of the twentieth century. Recently in Japan shows American influence in the field of accounting, which leads to a generalization of the U.S. system-G.A.A.P.².

Despite U.S. influence, was manifested in particular in the sphere of the public accounting profession, Japanese accounting and financial reporting continues to be aligned with European accounting model. In this

way the statutory provisions have been laid down, which have been dwindling benefits reported in the harmonization of existing legal provisions in the U.S. or U.K.G.A.A.P³. Prudence is one of the most important concept that lies at the basis of accounting.

Similarly the States of Central and South America, which have been in time under the influence of Spanish and Portuguese, with accounting rules similar to those in force in the European States.

Although there were some differences in the specific field of accounting in the aforementioned States, conventions, principles and rules of double entry accounting are universally applicable, and differences of taxation are mitigated in large measure. The need for deepening the harmonization of financial statements leads to a generalization of standards I.A.S.C. In particular, the standards can and must become an even more pronounced reference tools.

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2. The need to adopt international accounting standards and the development of the business environment in the contemporary world economy

Naturally in the contemporary development of the activities there are two trends which finally fits namely:

- a) the existence of traditions and experiences specific to each nation, according to tax legislation, language and specifics of a particular accounting profession development, factors that lead to the adoption of alternative accounting models;
- b) constraints to intensify business model development in the direction of globalization, as well as the needs for introducing profound changes in the development of the national economy, the deepening of the process involves the harmonization of accounting and reporting systems existing on the broadening of international accounting standards, as reference tools in the matter.

There were also major changes in business practices that followed the second world war and contributed to the rise in the requirements for the internationalization of international methodologies and more recently of the existence and development of international capital markets. These flows were generated in the second half of the twentieth century the emergence and development of numerous practical models in the development of the accounting world, and specifically to the normalisation of accounts methodology.

3. Brief exposition of the methodology used by the IASC in developing global accounting

As the body with special powers in the field of accounting normalisation, IASC has as its objectives:

- to formulate and publish in the general interest standards and financial statements to promote adoption and their application throughout the world;
- to act for improving and harmonizing regulations, accounting rules and procedures pertaining to the presentation of the financial statements.

In the report the objectives of IASC in the normalisation of the double-entry accounting results and working method adopted by this body for the accomplishment of the objectives mentioned.

It is obvious that the different states, in the field of national accounting normalisation, proceed in the reverse methodology of IASC, namely:

(a) prior to the establishment of a general chart of accounts, which exhaustively list the necessary creation of synthetic accounts by economic entities of General Accounting;

b) depending on the system of accounts established on the path audit plans, schemes, proceed to the elaboration of schemes (models) of the annual financial statements (also known as annual accounts, balance sheets, respectively).

These models represent financial reports mandatory tools for businesses. In general reporting situations are required at least once a year by the end of the year. In practice, recourse is sometimes made by firms in drawing up the six-monthly reporting forms or even quarterly basis where appropriate. Obviously the design is given in the diagrams for the end of exercise. However, some simplification is practised or data consolidation, it being presumed that only annual financial statements are final, intermediate (half-yearly or quarterly) are provisional and subject to final adjustments.

In France, a first general chart of accounts was developed in 1947, having non-binding character. In 1984, starting with the first exercise in the General accounts, opened after 31 December 1983, the general chart of accounts in the course of gradual generalization was declared binding by means of the most obviously in the form designed by the chart of accounts reviewed and improved over the experimental application. At the same time legal regulation relating to the following:

- professional accounts plans, where they existed, were to be adapted to the new general chart of accounts, made mandatory;

-any amendments and adjustments to the general scheme adopted in accordance with the law in France were to be approved by the National Board of Accountancy.

If we continue the incursion into Western States presents the importance that States with language derived from Latin (Spain, Italy, Benelux, Switzerland, etc.) apply to French accounting form, with some necessary adjustments.

As regards Germany, it has benefited from the chart of accounts made up since before 1930 by the famous economist Eugen Schmalenbach accounting invoice, author of the "Allgemeine Kontenrahmen".

In England there is a chart of accounts required for the whole country. Accounting regulation in this country is part of customary law (civil law respectively), while the lead after accounting classification of accounts, that is valid for the professional nature of economic organization, group or individual for the various activities of the national economy.

4. Descriptive elements that define the object of international accounting standards (IAS)

Subject to international accounting standards (IAS) lies in the presentation of principal problems of accounting methodology in the contents of the financial statements shall be drawn up by the undertaking and other similar bodies.

The methods used in its work, the IASC has shown a constant concern for improving and harmonising financial reporting around the world, meaning that accounting standards created by this body to be used as:

- a) a genuine documentary base to meet the requirements of the cost accounting methodology in force in various countries;
- b) international reference tools (benchmarks) in those countries which have a specific accounting regulatory regime, including the industrialized countries and a number of penetrating markets such as China and many other countries in Asia, Central Europe and the former Soviet Union;
- c) helpful tools on stock exchanges in their action to observe compliance with the standards of the financial statements;
- d) model for overnational synthesis, as well as the European Commission announced that it welcomes the I.A.S.C. in the drafting of the methodology which is at the basis of the rule in question.

In the period 1993-1999, the activity of I.A.S.C., as a creator of accounting methodology worldwide, recorded a significant increase in the direction of deepening harmonization of international accounting standards

drawn up in the period 1973-1991, especially with regard to drafting of new standards.

International accounting standards for nomenclature is based on the attachment of a number in chronological order for each newly adopted standard. In the event of a change to a previously adopted standard that its contents are updated in revised form. The reference to a particular standard is made by indicating its number. Each time it is updated to form subînțelege of this standard. The program constantly changes provides I.A.C.S. at a series of international accounting standards, especially where the requirement of harmonization of the texts with changes in other standards is of order immediately.

5. Conclusions

International accounting rules have emerged from the need for an expanded business across national borders, while the double-entry bookkeeping is the main theoretical foundation for international accounting standards.

Politico-economic concept of heritage is still present in the international accounting system and the property-in the meaning of civil law is the Foundation of classic construction sheet, including the classification of accounts of double entry bookkeeping.

The authors consider that the concepts used in the Framework are the concepts of economic science of science management of enterprise quality features of the four financial statements still remaining: speech intelligibility, relevance, reliability and comparability.

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¹ IFAC

² United States, Generally Accepted Accounting Principles

³ United Kingdom, Generally Accepted Accounting Principles