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EVOLUTION OF ACCOUNTING REGULATIONS IN ROMANIA AFTER 1990 AND UNTIL UE ACCESSION

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Abstract

For years among the Romanian accounting was understood as a planned and consolidated accounting, with the principles and common practices of the communist society.

But december1989 not only meant the end of the communist regime, but also the end of the centralized economic system, thus requiring the adoption of a so-called liberal economy based on market values. Accounting begins to be seen as a business management tool deployed in an economy "in transition", hence the need to define new accounting practices. (Diaconu, 2006) The necessity of accounting reform in Romania aimed at continuous improvement of the Romanian accounting system.

Introduction

Given that the development of theoretical and practical accounting to be closely related to the Romanian cultural environment, it was understood that all components, such as economic, political, fiscal, social and even in religion had to "characterize" Romania.

Period 1990-1993 - the dispute between supporters and opponents of the depth accounting reform

In order to understand this, French experts Florence-E. Delasalle and Eric Delasalle have revealed that five characteristics of our country were a starting point for the "new" accounting. For starters should be taken into account that Romania was a country in Eastern Europe, so in legal terms was part of the 'continental'. (Diaconu, 2006) Although Romania was a country that had tradition regarding "written law" Communist period made the formative stage of what the accounting profession is very low, accounting is understood rather as a technique used in the presentation or analysis plan.

Another very important feature and considered is that of the Latin origin of the Romanian language. The cultural attraction of our country for France look so pseudonym was used in 1930 for Bucharest, "the little Paris" and the considerations that France has been, is and will remain the "capital" of universal culture. " Invasions " that have marked the history of Romania also had great importance in shaping the economy, politics, lifestyle, society, territory, the only thing unchanged is the language of Latin origin.

The way for accounting reform was carried out by Romanian leaders of that time under the guidance of French experts. There were three considerations that were the basis of decisions taken by the Government in 1991, under the responsibility of the Ministry of Finance and validated by the Parliament. The first of them was the need for a new accounting system had to detach us from anything that was Soviet influence. Those responsible for the accounting normalization conducted a thorough study of what it means to European Directive IV, aiming ever since Romania's EU integration, the starting point is a period of harmonization. Lack of time to establish a system pushed Romania to the choice of a "source of inspiration" of: a mixed system between IASC's international standards and EU directives , a " Anglo -Saxon " and the French model. (Diaconu, 2006)

Finally it was decided for the third option, namely the French system and that for several reasons: that France represents the "heart" of the cultural world, the idea of a VAT tax system, applied in France with a yield very important to the state budget, for this is well needed an accounting system in place, material and technical support offered by this country and understanding of French experts offered to Romanian unlike the British, and that the French model it was relatively simple to understand, easy to modify and allowing unexpected answer to both micro and macroeconomics how. (Diaconu, 2006)

French specialists have recommended Romania accounting system contains certain accounting values "we": the passing to principles and generally accepted conventions, for double accounting (financial accounting and management), accounting for pertinent and relevant and the priority of the annual accounts.

The year 1991 was when the choice was made in terms of political, namely the voting takes place on Accounting Law of 24 January 1991 (along with more historical significance for Romania) which would enter into force in early 1994, but that brought some articles severely criticized by " tutors " French. Also this year signed cooperation agreement with the French Ministry of Economy and Finance Order of Chartered Accountants and the Commissioners of Audit French company. There has been extensive exchanges between Romanian setters and practitioners of business life which attempted to explain the application of the new law.

1992 is important primarily by drafting the General Plan of Accounts, which was actually a simplified version and compatible with European directives and the rules of IAS, the French PGC 1982. There is an accounting system for enterprise development, mainly counted creation of coherent accounting system. The reform of the accounting profession attended French experts, which led to the consulate College of Accounting, known today as the Body of Chartered and Certified Accountants (CECCAR), a body analogous to the National Council of Accounting in France but with changes in the manner of operation. Discussions occur and on the accounting and financial audit.

The last year of this period is the time in which implementation of the new accounting system through the PHARE program, realizing an experiment of what would be its application by various undertakings. Since the end of 1992 the European Union decided to appoint an independent expert British expertise to make accounting reform conditions. This decision led to numerous complaints and problems: Romanians have felt

aggrieved because the money from this program was intended to be used to assist in making a decision and not to 'weigh' s choice also French felt frustrated, but the English have put a barrier through processes of European organizations of auditors. Romanians fear came true: English expert considered that accounting reform is too much influenced by French spirit and the need to know and Romanians information on other systems such as the UK or Spain, the country that he obtained soon join the European Union. (Diaconu, 2006)

Period 1994-2000 - Romanian accounting system strengthening

Accounting Law promulgated in 1991 is the first realization of reform policy, she is experienced in January 1993. (Bogdan & Lezeu, 2004) It makes a separation between the analytical accounts, which is free and optional, and financial, due to the fact that the latter is normalized in a continental accounting framework. The most important aspects referred to the new law are: the diversity of methodologies that can be used consistency between accounting and objectives in order to play the full image, true and fair view of the assets, financial situation and the result, we valuation principles, importance inventory, accounting both expenditure and revenue by nature, such as the definition of accounting as a tool that should enable knowledge, management and control of assets and earnings.

Further reform started after 1990 is succession implementation from 1 January 1994 the new accounting system, according to the Accounting Law no. 82/1991, by all natural and legal persons who performed and recorded trade in the Trade Register. It was aimed at keeping economic and financial operations specific to a market economy in line both with Romanian legislation and with Directive IV of EEC and International Accounting Standards. This reform is achieved, of course obligation to update the Finance Ministry permanent these accounting regulations based on normative acts to be adopted later.

Accounting Law is the first to require some "order" Romanian Accounting: Record of chronological and systematic, retrieve, publish and maintain information on the financial situation and results "jump" to our aid both for own needs and to maintain a relations as good and, why not, right, with third parties. Also this regulation underlines the importance of checking the accuracy of the data provided by operations conducted on the heritage and the procedures used. It clearly specifies that double entry bookkeeping must be kept by the entities mentioned above.

Regarding its importance inventory specified by the obligation to achieve its establishment at least once a year during operation and in case of a merger or termination of service.

Balance sheet management is an official document of those who keep double-entry bookkeeping and is the one that should provide a more accurate, clear and complete assets, financial position and results, the Accounting Law no. 82/1991. It shall be made compulsory once a year and in exceptional situations that may occur in the "life" of an entity. Balance involves the preparation of a profit and loss account or other outbuildings. They have checked other auditors or accountants and stored in the archive for a period of 50 years submitted by April 15 next year at the direction of county public finances, Bucharest.

At the same time the law wishes to clarify that only experts accountants have the right to keep accounts and responsibility for this lies with the authorizing officer or administrator, but when accounting is organized by the authorized responsible before the law is the owner the one called "patron". On the registers and supporting documents: logbook, inventory register and ledger used in accounting, for states that need to be archived for 10 years, what except payroll to be kept for 50 years. How to verify the accuracy of accounting records can be made on monthly checking account balance. Besides these accounting law provides a list of actions that are considered misdemeanors or crimes.

Another important achievement of the Romanian accounting reform plan is not binding or rigid, is in line with the Law on Accounting and allows to adjust the way to record the specific needs of any enterprise. Most of the rules are the same as before the reform, but the news appear and implemented since 1994, such as those related to shares, bonds, bills or financial values.

Year 1994 brings stability in accounting terms, the new system being implemented from 1 January. During the first quarter of possibility that entities to keep records in parallel, so the new provisions and the old ones. But although occurred, as in any transformation process, some technical difficulties that report, brought a shadow of "doubt" and the desire to know as much about the other accounting systems applied in the world and the possibility of to conduct study tours in major European countries. (Diaconu, 2006)

The rest of the period 1995-1999 meant the alignment of accounting to accounting adopted, but reform should not stop there. It required an accounting methodology for major group in the country, accounting rules required of public

institutions, banking institutions and what is non-tradable sectors. It should be borne in mind that all this was possible only through the common front created by the Ministry of Finance, the Council of Accounting, CECCAR principal "pole of opinion" regarding the accounting profession, a liberal profession, focusing on a code of professional ethics and regulatory bodies of the capital market, the NSC that "inform" the public investor and edit rules for auditing the Corporate financial capital market. (Bogdan & Lezeu, 2004) Ministry of Finance is assisted by four experts in accounting normalization, sent by the British Know How Fund to the development of the reform.

Period 2000-2005 - the " grand opening " Romanian accounting

This is where accounting rules or standards made by various international professional associations or bodies EEC as directives are "tailored" the Romanian accounting system.

Worldwide, the accounting experiencing a profound process of harmonization result of the new configuration of international economic relations entered the stage of generalized globalization, under the influence of the movement of capital in the international market, accounting information, aiming to satisfy all participants representing a business interface. (Bogdan & Lezeu, 2004)

How Romania wanted in the shortest time to join the European Union has responded to this challenge that was applied to the entire international accounting, Romanian accounting normalization process with International Accounting Standards and the European Accounting Directives is one of the most important tests which was subject to "the most important source of Romanian economic system". (Bogdan & Lezeu, 2004)

"We are seeing a virtually change of the attitude of the Romanian accounting doctrine through its reorientation towards international referential philosophy (international accounting rules) implies an openness to Anglo -Saxon concepts and practices ". (Ionescu, 2006)

This approach compatibility of Romanian accounting is a separate step accounting reform and legislative point of view is found in OMF no. 403/1999, revised and replaced by O.M.F.P. no. 94/2001 for the approval of the regulations and accounting practices harmonized with Directive IV of EEC and International Accounting Standards.

In addition, O.M.F.P. no. 94/2001 combines IV Directive of the EU IAS, making certain exceptions

to full IAS, while noting certain national rules shall apply instead IAS car. (Diaconu, 2006) The novelty coming from the IASB was that Romanian companies are required annual accounts in accordance with the Accounting Act, the Framework for the preparation and presentation of financial statements of the IASB and the CIS.

They were still at the very beginning some aspects that caused confusion regarding the implementation of this order. His name itself, which involved the harmony of the two sources of law accounting rules meant incorporating both French and British influence. And not only ... the Order structure broadly maintained the provisions of EU regulations.

And if this process of harmonization seems simple, it is not so ... as to prepare financial statements in accordance with IAS an enterprise must meet" all requirements of each applicable standard and each applicable interpretation of the Standing Interpretations Committee". (Ionescu, 2006) But ahead Framework Order developed by the IASB as opposed to it, which provides for the SIC only by companies quoted on financial markets, Romanian rule applies to those listed, autonomous companies / national companies and other businesses of interest national and businesses operating in the capital market, but also to businesses that meet at least two criteria specified size on turnover, total assets and number of employees.

Given that O.M.F.P. no. 94/2001 assumed in addition to accounting system 2 November 1994 financial statements (cash flow statement and statement of changes in equity), whose compilation and interpretation could pose problems and the most skilled accountant, the two organizations accounting profession free CECCAR and CAF, were available to members specialized consultations in various forms.

Conclusions - A comparison between old and new ... ?

Old -tier accounting system was centralized and planned economy and adapted opposed to the new system which conforms to the market economy. Tier system integrators with the general analytical accounts of the company.

In the past the state exercises permanent control over how companies justify all operations carried out, hence the accounting functions which were associated when namely the justification of the facts and to be able to control later. As a result the tax system was simple, rigid and unmotivated. It was not making the connection between the banking system and companies only rarely, as there are numerous ways of financing.

Another point that distinguishes the two systems is related to the accounting principles. There were explicit principles such as that of quantifying the monetary and briefly explained the principles of Consistency, historical cost and netting. Principle impairment year was not even considered before reform, transactions are recorded on receipts or payments. Principle settlement expenses but no revenue, be based on different types of expenses to those used in Western systems. (Bogdan & Lezeu, 2004)

Everything accounting information was tracked only from a macroeconomic perspective, each operation having previously been rigorously established. The assets were valued at historical cost, but how long payback periods were, they were overvalued.

Prior to the reform, accounting help firm on economic planning, it aimed at achieving the objectives set in the plan, or not maximizing benefits realization. Costs were in the spotlight in order to determine prices, which were fixed with a planned production cost, revenue is recognized only to the collection. In the case of these price differences they were recorded at the account level result. (Bogdan & Lezeu, 2004) Inventories were valued at total cost, even if it was higher commercial value.

The annual financial statements were the same for any enterprise regardless of size or importance of the activity. Management accounting was then integrated into the general accounts, subject to government regulations. The techniques were not used either inflation or funds flows because of price fixity.

The new accounting system is dualistic, that in addition to financial accounting records should be taken and accounting management with a strong overlap between the two. Financial accounting, normalized strong need to consider heritage circuit, to provide the data needed for the annual financial statements, and not least, to use such information. Management accounting, but "covers analytical inventory management, revenue calculation, services, activities, functions analytical results forecast spending and income" and is up to the company how to organize it. (Bogdan & Lezeu, 2004)

General accounting framework draws on the objectives of accounting and accounting conventions from Directive IV and Plan of Accounts of France. Also there are certain criteria which are as plausible accounting information for its users, namely it must be relevant, reliable and comparable achievable through normalization. Given that their preparation is done according to

the principles, rules, conventions related general Romanian law provides a clear description information is correct and complete all transactions.

"Accounting is regarded as a management tool for the enterprise, information and communication on the financial situation and results regarding the situation for investors, tax authorities, business partners, bodies synthesis of information and foresight." (Bogdan & Lezeu, 2004)

Implementation of the new system stops us from accounting technique but should be seen as a key element of economic reform, the internal organization of firms to understand the term outcome or "transparency" of financial information and that of change "behavior in relation to the role of social accounting ". (Bogdan & Lezeu, 2004)

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