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THE ACCOUNTING EVOLUTION OF POST-COMMUNIST PERIOD IN ROMANIA

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Abstract. *The goal of this paper is to present the way in which the accounting system in Romania evolved in the post-communist period, more exactly after 1989. In this work we aim to pursue the presentation of the most important changes of the accounting and how she reached the present stage on various periods of time starting with 1989.*

Key words: *harmonization, post-communist period, Romanian accounting system*

JEL Classification*: M41, M49*

Introduction

Since the earliest times, since the only traces of accounting existence existed only on pictographic tablets where the assets owned (more than 5000 years ago) were, and to today's accounting system, which is achieved through electronic computers, the progress that has taken place in the accounting system is remarkable (Hlaciuc E., 2015, course notes).

The degree to which the achievement of the accounting system in different historical epochs has been developed is not the same for every age, as economic life differs from one period to the next, and the evolution of science and technology.

Damian S. (2011, p.7), believes that an analysis of Romanian accounting in the post-December period can not be made today without knowing and understanding the evolutions of the national accounting thinking from its first manifestations.

Romania, as a country in full transition to a market economy, has always been looking for its own way in the process of implementing and regulating accounting (Pântea, 2009). According to Matiş, Pop et al. (2007), the true consolidation of the Romanian accounting reform began with its harmonization with European Directives and International Accounting Standards (OMFP No. 403/1999), for large and very large entities and its harmonization only with the European Directives (OMFP no. 306/2002), for small entities.

Until the fall of communism in 1989, Romania's economy was a centralized and planned (socialist) state, that is, the state constantly controlled the activities of the enterprises, and the role of the accounting system was to justify the facts and to control later. After the fall of communism, Romania faced various problems, one of the most important being the choice of an accounting model to inspire it (Savu et al, 2013, p.1).

The Romanian normalizers within the Romanian Ministry of Finance and University have chosen to completely change the accounting system because it was no longer appropriate in relation to that period and its improvement was considered insufficient. The criteria for choosing a new accounting system were not based on criteria of superiority, but on its adaptability to the conditions of Romania. At the same time, taxation was regarded as an inconvenience, which is secondary, but with time it has come to the conclusion that its involvement in accounting will bring added rigor, order, and will contribute, at least partially, to stopping the evolution of the underground economy.

Thus, with the transition to a market economy, a French accounting system began to operate. According to Feleagă N. and Ionascu I. (1993) "the new Romanian accounting system is a system inspired by the French experience, aligned with the requirements of the European and international norms, in which the Romanian normalizers" put the patina "on Romanian specifics".

A difference between the system of centralized economy and the market economy is that the new accounting system is based on accounting judgments formulated following a few new principles, namely the principle of continuity of activity, the principle of exercise independence, the principle of predation, etc.

Regarding the methods of research, the most frequently used work is the comparative method, and the arguments justifying this method are that it allowed us to identify the similarities, but also the differences existing between each period to which we reported (the system the centralized economy to the market economy system). Therefore, the analysis of the used bibliographical sources, the comparative studies as well as the interpretations of the specialists from the national and international literature, have allowed us to analyze the content of the issues addressed.

Characteristics of accounting in Romania during 1949-1989

As a result of the political changes after the Second World War, the communist period followed, which established a planned and centralized economy. The Romanian economy has undergone a rapid industrialization process of Soviet origin, based on the heavy and extractive industries, on the fuel, transport and construction sectors, all monopolized by the state (Gianina M, 2015, p. 40)

Following the nationalization of 1948, the state plan was introduced in 1949 and, as a result, in this period the accounting takes the form of socialist accounting, normalized, inspired by the Soviet model. Translations of books from the Soviet literature were made: Galperin I.M. et al.- Theoretical accountancy course, Jebrack M.H. - Short bookkeeping course for accountants in industrial enterprises (Calu, 2005, 188).

Two years later, in 1951, the 1949 accounts plan was revised to fully adapt to the economic context. Even though it has undergone changes in the course of economic change, the 1949 account plan was used until 1971, when accounting legislation undergoes changes, new accounts with the same conceptual framework. This convergence of Romanian accounting to Soviet accounting lasts until 1990, when the accounting system until then was stripped of communist clothes.

Several features of the Soviet-style accounting system, consistent with a centralized economy, for utea, noticed why it was necessary to move to the French inspirational accounting system, which corresponds to the market economy:

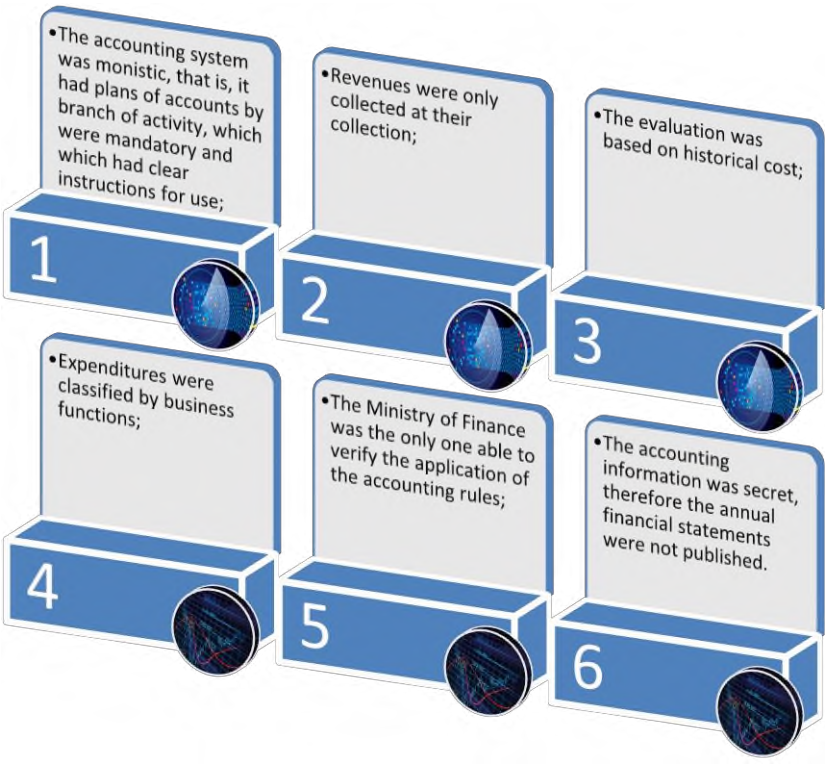


Fig. 1. Features of the Sovietic-style accounting system
Source: Own elaboration

In addition to these characteristics, financial statements, which were not published, of a secret nature, were complementary to statistical statements, with a dual role: a plan-to-control plan for the current period and a source of information for future planning. In such a system, accounting records are much more important than financial statements, Nobes and Parker (2008, pp. 24-37).

Albu (2012, pp. 16-19), states that "for 40 years, the Communist Romanian accounting system had a lower status and was largely a kind of clerical accounting. In terms of research and accounting education, the Soviet experience had to be followed, and too little pre-communist legacy was developed. "

The accounting system in Romania in the post-communist period

2.1 The Romanian accounting system in the period 1990-1993

According to Horomne E, (2012, p. 376), the period 1990-1993 was an intermediate one, in which the old accounting system was just cosmetic, with no changes of essence. Three pressure groups were created: conservative group, pro-American group and pro-French group. After the Romanian normalizers in the field of accounting analyzed during this period the Fourth Directive and the practices and experience in the normalization process in Germany France and the United Kingdom, the French group won the case: "the French accounting model through the links with the macroeconomics that it offers, allow Romania to build a national accounting. "(Khouatra, 2004, p. 9).

Thus, in 1991 was issued the Accounting Law 82/1991, which regulates the management and organization of the accounting. Also during this period (1992), was born: the Consultative Accounting College, a body similar to the National Accounting Council in France; Body of Chartered Accountants and Authorized Accountants in Romania, a body that has allowed since 1994 the organization of courses to acquire the status of an accountant expert and authorized accountant, titles that were not used up to that time.

2.2 The Romanian accounting system in the period 1994-1998

In 1994, the new accounting system was completed, effective as of January 1, 1994. In the first quarter of the year, companies were able to conduct parallel or double-circuit accounting, ie according both to the regulations of the new accounting framework and to the old accounting system .

On the background of Romania's accession to the European Union, 1997 marks a landmark in the evolution of Romanian accounting. By starting the Romanian Accounting System Development Program by the Ministry of Finance together with the Institute of Chartered Accountants in Scotland, we wanted the harmonization of Romanian accounting with European Directives and International Accounting Standards. In this respect, a timetable for introducing IAS at that time, IFRSs, was subsequently developed.

2.3 The Romanian accounting system in 1999-2005

The process of harmonizing our accounting with European Directives and International Accounting Standards began with the commencement of Order no. 403/1999 (Hlaciuc, 2015, pp. 1-14). The regulations of this order were applied experimentally in 2000 by 13 companies and national companies, which have been audited by major international audit firms. This year, the first version of the IASs and their implementation guidelines appear. The changes proposed by this order were major: the completion of the financial statements with the cash flow statement, the statement of changes in equity, annexes, the occurrence of the deferred tax concept, the preparation of the consolidated financial statements.

In 2001, Order 403 was repealed and OMFP no. 94 regarding the approval of the Accounting Regulations harmonized with the Fourth EEC Directive and the International Accounting Standards, which are applied by BVB quoted companies, some autonomous regies, companies and national companies, as well as other enterprises of national interest, or by entities fulfilling certain criteria.

For companies that do not meet the criteria set out in Order 94/2001 comes into force Order 306/2002 which approves simplified accounting regulations harmonized with the European Directives.

At the end of 2005, when Romania was preparing to join the European Union, it was anticipated the idea of maintaining two accounting systems (Socoliuc M., Boghean F., 2007, p. 186):

- ✓ One based on International Financial Reporting Standards (IFRS), which applies only to public interest entities, banks and large listed companies;
- ✓ A simple one, based only on the IVth Directive and the VIIth Directive.

2.4 The Romanian accounting system for the period 2006 to present

This period, which is the current stage of the accounting reform in Romania, is characterized by reprints of Accounting Act No. 82/1991, Issuance of Order of the Ministry of Public Finance for the approval of accounting regulations compliant with the European Directives and Issues of Order regarding adoption of IFRS / IAS.

The desire of the Romanian accounting standardiser, namely the Ministry of Public Finance, to achieve the compliance of the Romanian accounting regulations with the Directives, is materialized in the elaboration of OMFP 1752/2005, which was subsequently repealed and replaced with OMFP 3055/2009. By issuing the Order of the Minister of Public Finance no. 3055/2009 on accounting regulations compliant with the European Directives, although there are no changes regarding the format of the financial statements, there are changes referring to the monthly valuation of monetary items denominated in foreign currency, the monthly assessment of claims and debts denominated in RON but whose settlement is made in accordance with the foreign exchange, the accounting in the accounting for the differences resulting from the comparison of the exchange rates, the correction on the account of the carried over result of those errors considered significant and related to the previous financial years, the accounting of the financial leasing contracts (given that only certain categories of entities may be the lessor), the accounting treatment of the trade discounts granted (or received), the application of the economic prevalence principle to the legal curate.

In 2012, the Ministry of Public Finance Order no. 1286/2012 for the Approval of Accounting Regulations compliant with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market, which specifies that companies listed on the Bucharest Stock Exchange will compulsorily prepare financial statements in compliance with IFRS.

But the most important event at the moment is the emergence of accounting regulations in line with Directive 2013/34 / EU.

Regarding the adoption of IFRS / IAS, this process has been achieved gradually. Ionaşcu et al. (2014) considers that there are two steps in the process of adopting international standards: a voluntary implementation phase of IFRS / IAS and a mandatory implementation phase.

Conclusions

In conclusion, the accounting system in Romania underwent major changes and evolved from one period to the next. From a Soviet accounting system, a French inspirational accounting system has been developed, which has been modeled according to the economic needs of Romania. Therefore, all these changes have been imposed by the process of globalization, obtaining a common language on the international level and Romania's accession to the European Union (EU).

Accounting is an instrument of management, information and communication for an entity, regarding its patrimonial situation. Accounting information can be provided to management, employees, customers, investors, suppliers, etc., and they must be satisfactory, conformable and accurate.

It is important that in Romania accounting has managed to keep pace with the requirements of globalization of the national economy, and is still in the process of development. I do not think the development of the accounting system will ever cease, and this is a good thing, because there is always room for improvement.

By reviewing the main moments of Romanian accounting development, we can state that the evolution of Romanian accounting is influenced by the international context of the development of contemporary accounting.

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