Aspecte conceptuale si tehnice privind viitoare reglementari contabile pentru IMM-uri in Europa

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Conceptual and technical study regarding future accounting regulation for SMEs in Europe

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ABSTRACT The economic theories and the accounting regulations deriving from them should be reconsidered for SMEs. At global level, there are accomplishments in this respect – IASB IFRS for SMEs – or intentions – European Commission proposals for certain simplifications of the European directives. However, for these actions to be successful, further investigations concerning the theoretical and technical implications are necessary. In this study, we present our opinion concerning the theoretic influences (reconsideration of the conceptual framework) and the technical influences (change in the disclosure requirements and change in the content of the standards, namely recognition and valuation) implied by a standard for SMEs.

Key words: SMEs accounting standard, agency theory, shareholder-manager, stakeholders, IFRS for SMEs

JEL classification: M48

1. Introduction

The need for a unique and simplified standard for SMEs was expressed with a higher and higher voice in recent years. First of all, it is IASB who felt this need, as a consequence of the complexity of the full IFRS and of the different reporting requirements in the other countries than the US, whose accounting standards had inspired the international standards. In June 2004, IASB published a discussion paper containing its proposals to develop a separate set of standards for SMEs. (Pacter, 2007). The project is expected to end in the fourth quarter of 2008.

At conceptual level, there are reserves on the capacity of the IASB conceptual framework to reflect the different objectives of the stakeholders of the proposed SME standard (SMES) and which is based on the same principles as the full IFRS. The skeptics about the usefulness of an international standard for SMEs show that IASB should have paid more attention to the needs of the stakeholders and should have had a „more conceptual” approach in order to take into consideration the different objectives of a „differentiate accountancy” (Epstein and Jermakowicz, 2007).

At technical level, IASB proposes a change in the publication requirements, as well as a change in the content of the standards, more precisely, acceptance and
assessment. Moreover, the wording of the project was reformulated in English in order to simplify the expression and to facilitate the translation. As far as Europe is concerned, the European Commission, through its Committee for Accounting Regulation, launched a topic of discussion on the simplification of the accounting rules for SMEs and possible amendments to the IVth and VIIth European Directives during its meeting in November 2006 (European Commission, 2006). The solution aimed was introducing new rules, more relevant, which should replace the old ones, more complex and heavy. The European specialists are not willing to take over the IASB standard for SMEs (IFRS for SMEs) as such for the Members States and their accounting systems (Deaconu et al., 2007). The European simplification process was based on a questionnaire addressed to the standard setters from the Member States. On the basis of this questionnaire, the European Commission launched a communication regarding its vision on the simplification of the Community company law, accounting and auditing (July 2007).

In the end, the opinions expressed in the European literature on the reasons for a standard dedicated to SMEs coincide with the declared intentions of the European Commission. However, the analysis in the literature are deeper and recommend a better justification, based on studies on how IASB or the European Commission should conceive such a standard (Evans, 2005). Moreover, the academic world and the professional associations recommend the launch of studies concerning a precise knowledge of the stakeholders and of their needs related to the reporting of a SME, since such studies are not sufficient at present.

Other studies performed in certain European countries mention the fact that a potential standard for SMEs, either international or European, should also take into consideration a changing of the accounting conceptual framework. At a technical level, the progress of the European process of simplifying the accounting standards for SMEs has raised problems related to the identification of the accounting information important for the SMEs, to the opportunity of increasing the size threshold for qualifying an entity as a SME, to expanding the exceptions from application of present directives for SMEs, to the amendment and elimination of certain options, to the simplification of the accounting rules for SMEs, to the reduction of disclosure obligations.

2. Related studies and research methodology

In order to develop the topic, we have opted at the same time for an external approach (by studying specialized literature and regulations) and for an internal approach that consists in presenting the point of view of an EU Member State. The studies we have used are, first of all, of technical nature, represented by the provisions on SMEs from the Fourth European Directive and other European legislative acts defining the EU policy for SMEs, namely the investigation launched by the European Commission on November 2006 by consulting the Member States on simplifying the Fourth Directive or even establishing a separate set of standards for SMEs. Secondly, we have used a study on the financial reporting standards launched by the EAA Committee presenting the conclusions of a revision of the literature concerning the implications of a standard for SMEs in Europe (Evans, 2005), as well as other studies from the specific literature directly consulted.
To the conclusions resulted from the analysis of the documents, we have added the conclusions reached through a case study on the Romanian market, and which was based on a questionnaire-based survey technique.

Our research is a theoretic study with technical aspects, using the archival research and a field study as a method of data collection. The data collected through the questionnaire-based study were treated with SPSS software, version 16 for Windows, which allowed us to apply descriptive statistics techniques, statistics significance testing techniques, and correlation analysis techniques (Chi-square, Contingency Coefficient).

3. Conceptual aspects implied by a standard for SMEs

In order to develop technical aspects related to a standard for SMEs, it is first necessary to make clear the conceptual aspects. By conceptual aspects we understand the manner in which the objectives and users of the accounting information produced by a SME should be defined.

Usually, the accounting standards are the resultant of the accounting theory (1), the accounting objectives (2), and the interests of the main groups of stakeholders (3). As far as the accounting needs of a SME are concerned, we think that the accounting theory (1) is the same for all entities, namely the definition of the accounting concepts and the basic accounting principles. But, it is necessary to have a different look on the accounting objectives (2) and on the current normative principles deriving from them (e.g., substance over form, materiality), as well as on the main groups of stakeholders and their interests (3).

We consider that SMEs rather seek to survive and to be stable than to maximize their profit, and, maybe to register the increase necessary to one shareholder. Moreover, the stakeholders of SME information are not represented by the mass population, but by the shareholder-manager, the State, and, maybe, one or two creditors.

As far as the stakeholders of SME information are concerned, the opinions expressed in the specialized literature converge. Thus, it is stated that in the case of SMEs, the agency role played by the accounts is limited to the relation shareholder-manager and bank, and the management function is usually absent in the case of small companies (Collis and Jarvis, 2000; Hamilton and Lawrence, 2001, quoted by Evans et al., 2005). In exchange, there are differences in approaching the accounting conceptual framework appropriate for SMEs. Certain authors support the development of a conceptual framework specific to SMEs (Collis and Jarvis, 2000; Hamilton and Lawrence, 2001, quoted by Evans et al., 2005). According to other opinions, it would be sufficient to have only one conceptual framework, and, consequently, only one set of financial statements that should answer all needs, with differences only in the reporting methods according to sector, tax requirements and size of the company (Zappa, 1950; Amodeo, 1970; Ferrero, 1991 quoted by Evans et al., 2005). However, there is an almost overall consensus that it is unlikely for the IASB conceptual framework, on which its project for SMEs is based, to have universal (European) validity.

In our opinion, an accounting conceptual framework should contain, first of all, elements specific to the accounting theory, and, then, accounting objectives and normative principles developed on the basis of these elements. Starting from this, we consider that there should exist, with no doubt, differences related to the accounting objective and principles of SME accountancy (a). It would be good to perform this through a unique conceptual framework addressed to big companies as well as to
SMEs, but that should contain differences related to the latter. In geographical terms, we are not for a unique conceptual framework, but for several conceptual frameworks, because of cultural diversity (b).

(a) There should be a standard specific to SMEs or the existent standards for big companies should be simplified, because the accounting objective and the information stakeholders are different. We argue for this by using the classical theory of the firm, of the entrepreneur or of the shareholder-manager, supported by Jensen and Meckling (1976) and by Alchian and Demsetz (1972), quoted by Foss et al. (1999). This type of firm has a contractual structure that includes joint input production, several input owners, one party who is common to all the contracts of the joint inputs, who has the right to renegotiate any input’s contract independently of contracts with other input owners, who holds the residual claims and who has the right to sell his central contractual residual status (Fama, 1980). All this has been demonstrated by the partial results of the questionnaire-based investigation presented in this study (Deaconu et al., 2008).

(b) we do not recommend a unique standard for SMEs for all accounting systems (e.g. IASB) because of the cultural diversity that has stronger impact within the SMEs that usually have no international links and no strong need for a common language (we have a different opinion when talking about big multinational companies). We also support this by the results obtained from the questionnaire processing in the case of Romania (point 4.2.).

Various studies have proven the impact of the cultural diversity at economic (and hence accounting) level. For instance, Palich and Gomez-Mejia (1999) show that culturally related international firms will enjoy greater efficiencies than culturally diverse multinationals.

4. Technical aspects implied by a standard for SMEs

4.1. Technical aspects identified in international and European regulations

On the basis of our analysis, we have synthesized the following conclusions related to the IASB standard for SMEs (Deaconu, 2006):

(a) There are two approaches concerning the content of the standards for SMEs, out of which a reduced version of IFRS was chosen. Consideration was given to a series of simplifications concerning the recognition and assessment, as well as the simplification of the presentations and descriptions according to the needs of the stakeholders and to the consideration of the cost efficiency level, according to the IASB general framework.

(b) Full IFRS simplification was materialized in: eliminating topics not relevant, eliminating certain choices of accounting treatments and simplifying methods for recognition and measurement.

Among the elements eliminated from the full IFRS set, there are (Epstein and Jermakowicz, 2007): general price-level-adjusted reporting in a hyperinflationary environment, equity-settled, share-based payment or interim reporting. Here are some examples of elimination of certain options: the direct method for reporting operating cash-flow, capitalization of borrowing costs or the fair value model for investment property. As far as recognition and measurement are concerned, the simplifications were made for: financial instruments, derecognizing, goodwill impairment and other 10 elements.
On the other hand, in the discussion paper launched by the European Commission in July 2007, there are the conclusions of the preliminary analysis performed in several Member States that demonstrates that in the field of company, including SME, accounting and auditing, the administrative costs determined according to the Community legislation are rather high. The communication presents as main measures proposed by the Commission (European Commission 2007c): either the repeal of the directives on company law concerning essentially the national situations, or the repeal of certain mandatory information requirements; a simplification of the requirements related to information applied for companies and their subsidiaries; a new reduction in requirements related to financial information and auditing of accounts for SMEs. In concrete terms, it is proposed to perform a differentiation of the European entities according to sub criteria related to size, and according to the type of stakeholders. In the first case, there are micro companies and small entities within the SMEs, which are suggested to be excluded from the application of the accounting directives, and, respectively, from the obligation to disclose accounting information. In the second case, there is a distinction between the SMEs with a small number of external stakeholders, for which there are proposals of simplifications that were specific to small entities. Eventually, there are proposals of simplifications of the directives applicable to all SMEs, relating to: consolidation, deferred tax, and elimination of disclosure obligations.

4.2. Case study management

The case study was performed using the questionnaire technique. The sample consists of 72 entities performing an economic activity. The management period lasted from October 200 to January 2008. The structure according to field activity is 30% production, 30% trade, 20% building, and 20% services. The respondents were the accounting professionals, usually employees of the entity, who know the issue of our study as well as the information needs of the entity. The answers were collected directly by a team coordinated by the authors of this study. The geographic distribution was not taken into consideration, and the subjects were not selected randomly, but following observations concerning the fulfillment of the criteria related to size, and according to data accessibility.

Before drafting the questionnaire, a preliminary survey was performed, consisting of discussions with certain SMEs. Following the preliminary survey, the interviewees were offered for consultation an explanatory document concerning the intentions of the research, and the current situation of the issue under study, his definition of certain concepts, and the presentation of certain explicit classification criteria. This approach was meant to assure preciseness and relevance of the answers.

The structure of the questionnaire consists of the presentation of the objective of the action, of the international context concerning the issue, of the situation in Romania concerning the SMEs in relation to the international accounting standards and to the European directives, of the adopted classification criteria for SMEs.

A first set of questions meant to define the profile of the respondents; 6 questions refer to the explanatory variables of the respondents’ attitude concerning the opportunity and way of designing a standard specific for the SMEs, namely the average number of employees, annual turnover, total amount of assets, ownership structure (privat or public), number of shareholders with mention made if the shareholders or one shareholder are/is also manager(s) of the entity, main financing resource.
A second set of questions made it clear, on the one hand, the practical aspects concerning a standard for SMEs, and which are not developed in this study. On the other hand, there are questions meant to clarify the technical aspects related to the classification as SME, and the content of a specific standard. In concrete terms, these questions dealt with the opportunity to increase the thresholds for classifying an entity as SME, the method of applying in Romania the simplifications proposed to the entities by the regulations in force, the existence of new possibilities for simplification, the possible application by SME of IFRS or of treatments recommended by IFRS, the statement of SMEs objectives, the optimum structure for SMEs.

4.3. Results of the research on the Romanian market

Among the questions in the questionnaire, this study is interested in the technical questions, specifically dealing with concrete solutions/proposals for simplification. These questions have been correlated and statistically tested with the explanatory variables from the first set of questions of the questionnaire. In some of the tests, statistical relevance was found, as well as more or less strong dependency, demonstrated for our sample, of the opinions concerning the SMEs on the characteristics of the interviewees. Beside the demonstrated correlations, our interpretation is based on descriptive statistics elements. All these led us to the following statements, presented in groups, according to sets of questions (elements) having the same objective. Thus, we have:

4.3.1. Questions testing the opportunity to adopt the standard for SMEs suggested by IASB

The general opinion is that a standard for SMEs or, at least, the simplification of the current accounting regulations would be appropriate. However, the IASB solution of such a standard is rejected, which is another argument in favor of our idea expressed in this study, namely the cultural and accounting system differences, which imposes prudence when adopting IFRS for SME in Europe. One of the instruments that support the idea to reject the IFRS for SME is the question concerning its structure, for which we suggested three options, i.e. according to the chart of accounts, to the nature of the elements in the financial statements, and to the IFRS structure. After analyzing all the correlations of this variable with all the explanatory variables, it is found that the structure according to IFRS is generally rejected. The other two classifications were preferred, with a relatively equal number of opinions. Thus, the older SMEs, which know better the evolution of the accounting standards (Figure 1), whose main financing resources are their own capitals, and which have less than 5 shareholders, have opted in favor of the classification according to the nature of elements. Then, the classification according to the chart of accounts, namely turnover (Table 1), total assets, and number of employees, was the option of the smallest SMEs, differentiated according to quantitative criteria, present also in Romania, and which represent the European mentality, also traditional in Romania.
Between the two variables there is a statistical relation (sig = 0.054, which is close to the theoretical value of 0.05), but of lesser intensity, with a contingency coefficient C of 0.333.

### Table 1. Options concerning the SMEs standard structure in correlation with their size measured according to turnover

<table>
<thead>
<tr>
<th>Annual turnover (Eur)</th>
<th>According to the chart of accounts</th>
<th>According to the nature of the elements in the financial statements</th>
<th>According to the IAS/IFRS structure (per cases, for instance Leasing, Combinations of companies)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;2000000</td>
<td>30,2%</td>
<td>27,0%</td>
<td>4,8%</td>
<td>61,9%</td>
</tr>
<tr>
<td>2000000-5000000</td>
<td>9,5%</td>
<td>6,3%</td>
<td>7,9%</td>
<td>23,8%</td>
</tr>
<tr>
<td>5000000-7300000</td>
<td></td>
<td>4,8%</td>
<td></td>
<td>4,8%</td>
</tr>
<tr>
<td>&gt;7300000</td>
<td>3,2%</td>
<td>6,3%</td>
<td></td>
<td>9,5%</td>
</tr>
<tr>
<td>Total</td>
<td>42,9%</td>
<td>44,4%</td>
<td>12,7%</td>
<td>100,0%</td>
</tr>
</tbody>
</table>

The correlation has a statistical significance (as in the case of one of the other quantitative criteria, i.e. the average number of employees), where $\chi^2 = 13.043$, and sig = 0.042. The intensity of the relation is given by the value of C, i.e. 0.407.

Another instrument that supports the idea to reject IFRS for SME is related to the implementation of IFRS in parallel with the national accounting regulations, which comply with the European directives (Order of the Minister of Public Finances no 1752/2005). IFRS implementation in Romania is optional, and it is mandatory only for the financial institutes and listed companies. The answer of 99% of the SMEs to the question concerning the implementation of IFRS was negative. This proves the fact that SMEs are not familiar with IFRS, hence the difficulty to adopt IFRS for SME.
4.3.2. Questions testing the objectives and the structure (content organization) of a SME

The purpose of the first question was to receive free answers concerning the objectives of a SME. Out of the valid answers, 62% are explicit answers, while the other interviewees have not given an answer. The most frequent reason for that was their lack of information on the subject. The classification of the answers in homogenous classes determined the following findings: 90% of the answers present the objectives of a SME in close relation with the simplification of the current regulations in order to make them really useful for their direct addressees. The other answers focus on the accounting simplification in correlation with the separation from taxation and legal regulations. The answers that declare simplification as a main objective take into consideration the unitary understanding of terms and, hence, business development, decrease of bureaucracy, better image of patrimony and performance. In these answers, the beneficiaries of simplification are either the shareholders, or the state, as direct stakeholders, or the accounting profession. There are answers concerning the method of simplification: disclosure (25%), content (25%), disclosure and content of the financial statements (10%).

The second question is the one analyzed under point 4.3.1. above, concerning the structure of the content of a SME. Thus, it was opted for the classification according to the nature of the elements in the financial statements. The structure according to the chart of accounts was also preferred. It can be seen that there is a mixture of traditional mentality (according to the chart of accounts) and modern mentality, according to the nature of elements, which shows, in our opinion, a better professional ability of the interviewees (accounting experts).

4.3.3. Questions testing the simplification method of the current accounting regulations in Romania

These questions were further grouped according to their message into three subcategories, i.e. questions related to the simplification of standards in general, questions related to exemptions concerning certain accounting treatments, and, eventually, questions referring to actions on the requirements in current regulations. Thus, we have:

A. Questions concerning the simplification of standards in general

We have included here the opinion of the interviewees concerning the opportunity to increase the threshold for classifying an entity as SME, so that as many entities as possible should use simplified accounting. If we analyze the treatments concerning the correlation between this question and the characteristics of the interviewed entities, we can find a predominant positive answer (see for example Table 2). Thus, the option for an increase in the number of entities that should benefit from simplifications is unanimous, with one exception concerning the „financing resource” explanatory variable. In this case, the SMEs financed from own capitals are in favor of increase, while the entities whose main financing resource is the financial credit are against it (only 30% as compared to 70% represented by the entities financed from own capitals). This fact proves the separation from the prudence judgment, which is based on as many and as explicit accounting rules as possible for the SME financed from own resources (Figure 2).
Table 2. Correlation between the option to increase the number of entities that should use simplified regulations and the size of the entity expressed as average number of employees

<table>
<thead>
<tr>
<th>Average employee number</th>
<th>NO</th>
<th>YES</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-49</td>
<td>26.1%</td>
<td>36.2%</td>
<td>62.3%</td>
</tr>
<tr>
<td>50-99</td>
<td>8.7%</td>
<td>7.2%</td>
<td>15.9%</td>
</tr>
<tr>
<td>100-149</td>
<td>4.3%</td>
<td>1.4%</td>
<td>5.8%</td>
</tr>
<tr>
<td>150-199</td>
<td>4.3%</td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td>&gt;200</td>
<td>2.9%</td>
<td>8.7%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Total</td>
<td>46.4%</td>
<td>53.6%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

If we consider a risk level of 10%, we can state that there is a statistical relation between the variables ($\chi^2 = 8.17$ sig = 0.085 < 0.1, which means below the maximum accepted amount).

Figure 2. Correlation between the option to increase the number of entities that should use simplified regulations and the main financing resource

B. Questions concerning exemptions related to the accounting treatments

One of the first questions of the questionnaire referred to 5 types of exemptions provided for in the Romanian regulations, i.e. the possibility to produce simplified
financial statements (a), application of the principle of substance over form in the case of these entities only for their consolidated accounts (b), the possibility to report less information in the explanatory notes (c), lack of obligation to apply the materiality principle (d), lack of obligation to audit the financial statements (e). (Table 3). The statistical treatment analysis shows that all existent exemptions have been used, but, generally, (a), (c) and (e) were preferred. A deeper analysis on the basis of the explanatory variables leads us to further remarks:

- The smallest entities (according to the total assets), i.e. the SME with public capital (only 8% of the total analyzed entities) have preferred the exemption from the application of the materiality principle;

- SMEs with more than 15 shareholders have considerably used the exemption concerning the lack of application of the principle of substance over form, which might indicate that the entities with more shareholders give more attention to accounting.

A second question related to exemptions concerning accounting treatments refers to new exemptions wanted by the interviewees beside the existing ones. The answers were free and indicated a generalized affirmative answer for all explanatory variables. Among these answers, the strongest one is the answer concerning the correlation according to the age of the entities (Table 4).

**Table 3. Options for SMEs concerning the exemptions offered by current regulations**

<table>
<thead>
<tr>
<th>Responses</th>
<th>N</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. The possibility to produce simplified financial statements</td>
<td>47</td>
<td>29.6%</td>
</tr>
<tr>
<td>b. The principle of substance over form that is applied to these entities only for their consolidated accounts</td>
<td>19</td>
<td>11.9%</td>
</tr>
<tr>
<td>c. The possibility to report more limited information than the information required from big entities within the explanatory notes</td>
<td>42</td>
<td>26.4%</td>
</tr>
<tr>
<td>d. Lack of obligation to apply the materiality principle</td>
<td>17</td>
<td>10.7%</td>
</tr>
<tr>
<td>e. Lack of obligation to audit the financial statements</td>
<td>34</td>
<td>21.4%</td>
</tr>
<tr>
<td>Total</td>
<td>159</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Table 4. Options for SMEs concerning new exemptions applicable beside the current regulations, considering the age of the entities**

<table>
<thead>
<tr>
<th>Would there also be other exemptions that the regulations should foresee?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>until 1992</td>
<td>3</td>
</tr>
<tr>
<td>1993-2000</td>
<td>10</td>
</tr>
</tbody>
</table>
The correlation has a statistical significance with $\chi^2 = 6.599$ and sig = 0.037. The intensity of the relation is given by the contingency coefficient $C = 0.303$.

**C. Questions concerning actions on current accounting requirements**

We have included here the question concerning the exemptions from certain accounting treatments referring to the opportunity to provide for other exemptions in the future. We have suggested the interviewees the following possibilities: alternative treatment concerning changes in the accounting policies and correction of fundamental mistakes (1), more permissive activation of the development expenditure (2), extended capitalization of interest expenditure (3), inapplicability of the fair value concept (4). The interviewees declared themselves in favor of new exemptions, mainly the ones we suggested. The answer is suggestive within the correlation of the variable with the age of the entities (Table 5). Besides, we give other findings:

- Usually, the order of preference is (2), (3), and (4);
- Inapplicability of the fair value is preferred by older SMEs, with better accounting experience, and it is situated on the second place after a higher permissivity for the activation of the development expenditure;
- Medium-size SMEs also support the simplification concerning the treatment of the change in the accounting policies and in the correction of errors;
- SMEs with private capital and the ones with less than 5 shareholders are the strongest supporters of inapplicability of the fair value.

**Table 5. Options of SMEs concerning future simplifications of the accounting regulations**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Changes in the accounting policies and correction of fundamental mistakes, which should be treated in such a way as to avoid their contradiction with the principle of intangibility of the opening balance sheet;</td>
<td>Count</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% within variables</td>
<td>12.9%</td>
<td>20.5%</td>
<td>22.9%</td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td>The development expenditure, for which the activation conditions should be more permissive than in the case of big companies, in order to facilitate their development;</td>
<td>Count</td>
<td>10</td>
<td>12</td>
<td>8</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% within variables</td>
<td>32.3%</td>
<td>30.8%</td>
<td>22.9%</td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>The interest expenditure, for which capitalization should be allowed not only for fixed assets obtained within a long production cycle, but also for the other fixed assets;</td>
<td>Count</td>
<td>8</td>
<td>9</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% within variables</td>
<td>25.8%</td>
<td>23.1%</td>
<td>31.4%</td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td>The fair value, a very complex concept, with multiple time- and financial effort consuming practical solutions, should not be required in the case of SMEs;</td>
<td>Count</td>
<td>9</td>
<td>10</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% within variables</td>
<td>29.0%</td>
<td>25.6%</td>
<td>22.9%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>Count</td>
<td>31</td>
<td>39</td>
<td>35</td>
<td>105</td>
</tr>
</tbody>
</table>
5. Conclusions

This study debates and concludes on a standard specific for SMEs. It is focused on conceptual and technical aspects.

On the basis of our analysis of theory, accounting standards and literature dedicated to SME accounting – which is very limited at present – we show that, within the existent conceptual framework, it is necessary to interpret normative objectives and principles specific to SMEs. They require a simplified accounting system due to the specific stakeholders and their needs.

The technical aspects are clarified through analysis of documents (IASB project for SME, European Commission and Member States documents concerning the European project for the simplification of rules applicable to SMEs), and through a questionnaire-based survey launched on the Romanian market. The conclusions of the research can be summarized as follows: it is not appropriate to adopt IFRS for SME in Europe because of the cultural diversity and of the variety of accounting systems; it is necessary to perform content and reporting simplifications of SME accounting and to increase the threshold for those to which they are addressed; the Romanian market presents other technical options as well, i.e. structuring of SME specific regulations according to the nature of elements rather than according to the chart of accounts, the increase of the number of exemptions and simplifications of certain accounting treatments as compared to the existing ones.

The limits of the case study are as follows:

- we cannot state that the results of the enquiry can be generalized at the level of Romania; many of the respondents’ answers are very balanced without determining a quantifiable statistical significance, which is due, in our opinion, to the topicality of the subject for the Romanian practice. The Romanian accounting standards are in line with the European directives since 1 January 2006, and the simplifications for SMEs proposed by the directives have been taken over only 10,4% (European Commission, 2007d);

- The respondents are accounting professionals and we started from the prerequisite that they represent all the stakeholders and their needs, but we have not tested this assumption previously.

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