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## **ACCOUNTING IN ROMANIA VS UKRAINE: COMPARISON AND MAIN DIFFERENCES**

In recent times, many changes have taken place in the field of accounting. These changes affected the accounting systems in Ukraine and in Romania. The main task for the research of the accounting in these countries is to study the regulation of accounting and reporting and to determine the main differences between national standards and IFRS, financial statements, and their comparison.

Accounting and reporting regulations in Romania and in Ukraine are extremely important. The main legislation governing accounting and financial reporting in Romania is the Accounting Law [1] published in 2005 and amended by Law 259/2007 of the Ministry of Finance [1], including subsequent amendments and additions to related legislation. According to the Accounting Law, it is mandatory for all legal entities and authorized persons; accounting records must be administered in the Romanian language and in the national currency. And for internal informational purposes, organizations may choose any currency when filing a statement.

The legal principles of regulation, organization of accounting, bookkeeping, and accounting reporting in Ukraine are determined by the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" [2]. This law applies to all legal entities created in accordance with the legislation of Ukraine, regardless of their organizational and legal forms and forms of ownership, as well as

to representative offices of foreign economic entities that are required to keep accounting records and submit financial statements in accordance with the law.

Romania's financial statements consist of current accounts, trial balance audits, prepared at least annually, or periods of regular preparation of financial statements [3].

Romanian public institutions must submit to the Treasury and public accounting organizations the information about open accounts, balance sheet and budget accounting for payment correctness visa, the balances on the available accounts, if necessary, should match the corresponding accounts opened in the money units.

At the same time, the financial reporting of Ukraine should satisfy the needs of those users who cannot demand reports compiled with consideration of their specific information needs. It is mandatory to publish financial statements in official media and those, equivalent to them.

The Ministry of Economy and Finance (MEF) has the statutory responsibility for issuing Romanian accounting standards. The MEF created the Accounting and Financial Reporting Council to consult on the development of these standards. The Body of Expert and Licensed Accountants of Romania (CECCAR) is a member of the Council. Other members of the Council include representatives of state bodies and ministries, a number of other professional organizations, and scientists. CECCAR is also responsible for the forming of International Accounting Standards (IAS) and IFRS in Romanian. Romania has already started applying IFRS for all companies. As a member state of the European Union, Romania applies IFRS, the Rules which were adopted by the European Union in 2002.

Until 2005, Romanian accounting standards contained an explicit requirement to review IFRS if matters were not covered by Romanian accounting standards. But the Order of the Minister of Finance 1752/2005 [3] removed the requirement to review IFRS.

The need to apply IFRS in the accounting practice of Ukrainian enterprises is due to the integration of the country's economy into the world community. Ukrainian companies must prepare financial statements in accordance with IFRS, first of all, when it comes to: attracting foreign investments, the possibility of establishing long-term trade relations with the Western partners; creation of joint ventures; issue of securities on the international market.

The main advantage of IFRS is that they fulfill the role of an international language in the business environment, to which the business world strives as a single format of communication. The legislative basis for the application of IFRS is the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

The range of entities that must apply IFRS is as follows: since 2012, public joint-stock companies, banks, insurers; since 2013, non-state pension funds and other financial institutions; since 2014, entities conducting auxiliary activity in the field of financial services and insurance. All other business entities have the right to voluntarily switch to the application of IFRS. It should also be noted that current international standards are not intended for use by small and medium-sized enterprises, which significantly narrows the scope of their distribution.

Only IFRS, officially published on the official website of the Ministry of Finance of Ukraine and not conflicting with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", are allowed to be applied In Ukraine.

There are many obstacles on the way of transition to international standards. In international practice, a regulated form of financial reporting and chart of accounts is not used, unlike in Ukraine. In order to mitigate this situation, the Ministry of Finance of Ukraine, as the regulator in the field of accounting, ordered to loosen strict regulations by approving a new chart of accounts (which no longer contains sub-accounts) and a form of financial reporting, including in accordance with international standards.

The transition to IFRS is a difficult and quite painful process for every enterprise, therefore it requires efforts on the part of public services, but at the same time, we understand that it is a necessary element in the European integration of Ukraine.

The development of Romanian accounting rules is aimed at bringing them closer to international accounting standards. It is possible to notice the existence of some similarities between the Romanian accounting standards and IFRS, but also a number of differences today, which consist in the following classification: reporting by segments, interim financial reporting, intangible and tangible assets in accordance with national accounting standards, income tax in accordance with national accounting standards, changes in accounting methods and cost adjustments, effects of exchange rate changes in accordance with national accounting standards, consolidated financial statements and combinations of persons, information on transactions with related parties. IFRS in Romania are used unchanged as national standards, but with additional explanations.

Despite the fact that IFRS served as the basis for the creation of Ukrainian national accounting standards, currently there are disagreements between them. It should be noted that international standards have both positive and negative features. Their objective advantages over national standards in individual countries are: clear economic logic; generalization of the best modern global practice in the field of the accounting process; ease of perception for users of financial information all over the world. The shortcomings of IFRS include: the generalized nature of the standards, which provide for a sufficiently wide variety of accounting methods; lack of detailed interpretations and examples of comparison of standards with specific situations.

The advantages of preparing financial statements according to international standards are undeniable for most users of financial statements. IFRS can be regarded as a tool for globalization of the economy and world economic relations. Ukraine's accession to the

EU requires the harmonization of Ukrainian national accounting standards and IFRS. Undoubtedly, this will facilitate the cooperation of domestic enterprises with foreign partners, especially in the trade sector, since a significant amount of products sold to the population of Ukraine are imported.

Based on the above, as we can see, the accounting and reporting of the countries are quite similar, as they apply to all legal entities. The Chart of Accounts is an important document regulating the accounting of Ukraine, with the only difference that there is only one Chart of Accounts in Romania, while there are four of them in Ukraine.

Romanian accounting standards meet the requirements of international financial reporting standards (IFRS), and Ukrainian accounting standards, despite the fact that IFRS served as the basis for the creation of national accounting standards of Ukraine, currently there are discrepancies between Ukrainian national accounting standards and IFRS.

One of the most characteristic trends in the development of accounting in Ukraine is the active promotion of ideas laid down in international accounting and reporting standards.

It should be taken into account that any obligations used by IFRS in financial reporting for some economic entities continue in the European Union for several years, and therefore Romania could consider the gradual implementation of certain parts. It should not do this only because of external pressure; it should be done to achieve a more accurate picture, to conduct financial operations and to increase competitiveness.

### **References:**

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