

Accounting harmonization and regulation

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Accounting harmonization

- Accounting systems can be described by:
 - - accounting principles,
 - - valuation bases,
 - - accounting methods,
 - - final accounting statements;

There are many accounting systems in the world –
that causes in incomparability accounting data...

Accounting harmonization

Accounting systems distinguish by:

- the way and level of regulation,
- definition of users of accounting information,
- relationship to taxes,
- valuation bases,
- basic accounting principles;

Way and level of regulation

- External regulation:
 - - bookkeeping is regulated from the state level or level of professional organization,
 - - the level of regulation differs...
- Self-regulation:
 - - the streamline of bookkeeping is done by the business
 - - the business follows certain bookkeeping principles and methods;

Users of accounting information

- The structure of financial statement is given by information needs of users of accounting information:
 - - investors – current or potential
 - - information about profitability,
 - - creditors – banks, leasing companies, ...
 - - information of liquidity, indebtedness, ...

Tax x accounting

- Conflict of interests:
 - - true and fair view,
 - - fiscal policy, ...
- Accounting systems independent on tax systems....
- Accounting systems connected with income tax,...
- Tax evidence as an accounting system, ...

Valuation bases

- The main difference is caused by the level of historical cost usage
- The way how to take into account inflation:
 - - not at all
 - - convert the amounts on the end of accounting period to purchase power
 - - accounting based on current prices

Accounting principles and bases

- Basic principle: true and fair view
- Substance over form
- Prudence principle

Historical classification of accounting systems

- anglo-saxon group
- continental group (german, french)
- south-american group
- joint-group

- Czech Republic – continental group, german part

Accounting harmonization

= world-wide harmonization of accounting and financial reporting in different countries with the main aim of information comparability;

Accounting harmonization

- Benefits of harmonization:
 - - comparability of accounting information;
- Barriers of harmonization:
 - - nationalism,
 - - connection of accounting with taxes,
 - - language barriers;

Accounting Standardization

= world-wide accepted accounting concept,

= tool of accounting harmonization:

- FASB (USA) – Financial Accounting Standard Board

- IASC (Europe) – International Accounting Standard Committee

Tools of harmonization

- IAS/IFRS
- IFRS for SME
 - - International Financial Reporting Standards
- US GAAP
 - - Generally Accepted Accounting Principles
- EU Directives

IFRS for SMEs

- IFRS for SMEs present the possible way for harmonization on the level of small and medium-sized enterprises...
- New aspect of harmonization – comparison not only in time, but on the level of separate subjects....

US GAAP

- detailed,
- more concrete,...

- very low level of alternative approaches
- light version for small enterprises (IFRS for SMEs)

IAS / IFRS

- Based on conceptual framework
- More alternative approaches
- The main distinguish towards US GAAP are in recognition of revenues and financial instruments
- Primarily based on true and fair view
- Tax independent

EU directives

- The lack of conceptual framework
- Mainly requirements of creditors
- Very general formulation
- Define the form of financial statements

Accounting harmonization

- IAS/IFRS versus US GAAP
 - - convergence process

- IAS/IFRS versus EU Directives

Thank you for your attention
