



**IMPLEMENTATION OF
INTERNATIONAL
AUDITING AND ACCOUNTING
STANADARDS IN SEE**

Svetlana Ichizli

MEMBER IMPLEMENTATION OF INTERNATIONAL ACCOUNTING STANDARDS: RESULTS OF SEEPAD SURVEY AND RELATED RESEARCH

Implemented – 10 out of 13

Albania

Bulgaria

Hungary

Montenegro

Serbia

Bosnia and Herzegovina

Croatia

Moldova

Romania

Yugoslavia

MEMBER IMPLEMENTATION OF INTERNATIONAL ACCOUNTING STANDARDS: RESULTS OF SEEPAD SURVEY AND RELATED RESEARCH

Inconclusive (1)

Macedonia:

- *SEEPAD/JUNE 2000, BANJA LUKA, IAS, ISA promoted;*
- *IASB WEB SITE ON 5/10/02 indicates partial adoption of IAS, listed companies must follow IAS*
- *IAS PLUS, Deloitte Touche Tohmatsu, 5/10/02 indicates use of IAS required for all domestic listed companies*

MEMBER IMPLEMENTATION OF INTERNATIONAL ACCOUNTING STANDARDS: RESULTS OF SEEPAD SURVEY AND RELATED RESEARCH

Inconclusive (2)

Slovakia:

- *IASB website on 5/10/02 indicates that IAS, US-GAAP, UK-GAAP, or NATIONAL-GAAP MAY BE USED. Reconciliation with IAS is NOT required*
- *IAS PLUS website on 5/10/02 indicates use of IAS not permitted*

MEMBER IMPLEMENTATION OF INTERNATIONAL ACCOUNTING STANDARDS: RESULTS OF SEEPAD SURVEY AND RELATED RESEARCH

Inconclusive (3)

Turkey:

- *IASB website on 5/10/02 indicates that IAS, US- GAAP, or UK-GAAP MAY BE USED, foreign companies must follow their own GAAP and reconciliation with IAS MAY be required, domestic companies must follow Turkish GAAP*
- *IAS PLUS website on 5/10/02 indicates use of IAS permitted*

MEMBER IMPLEMENTATION OF INTERNATIONAL AUDITING STANDARDS: RESULTS OF SEEPAD SURVEY AND RELATED RESEARCH

Implemented – 9 out of 13

Albania

Bosnia and Herzegovina

Bulgaria

Croatia

Hungary

Moldova

Montenegro

Romania

Serbia

Yugoslavia

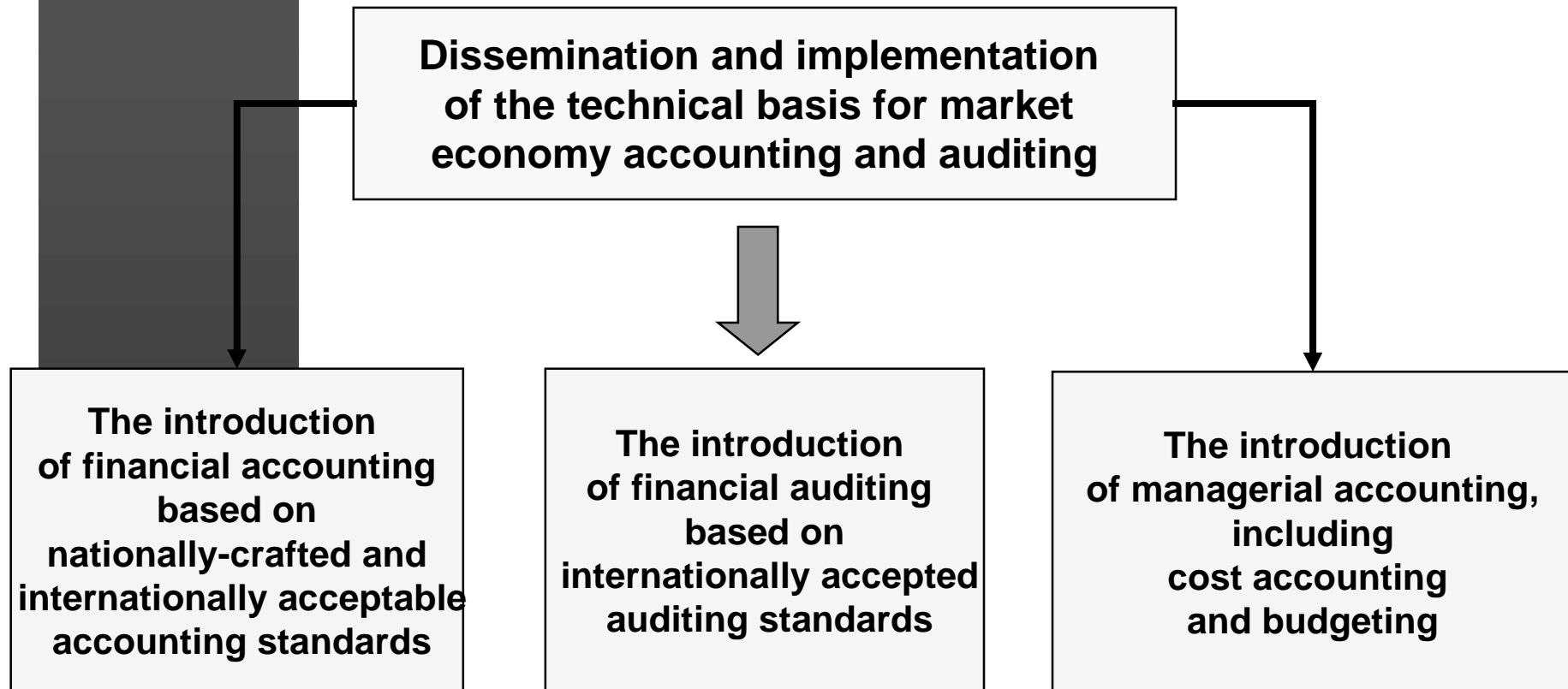
MEMBER IMPLEMENTATION OF INTERNATIONAL AUDITING STANDARDS: RESULTS OF SEEPAD SURVEY AND RELATED RESEARCH

Inconclusive: Macedonia

- *SEEPAD/JUNE 2000, BANJA LUKA, ISA promoted;*

No information available: Slovakia, Turkey

ACCOUNTING REFORM INITIATIVES



ACCOUNTING REFORM INITIATIVES FEATURES

*The introduction
of financial
accounting
based on
nationally-crafted and
internationally
acceptable
accounting
standards*

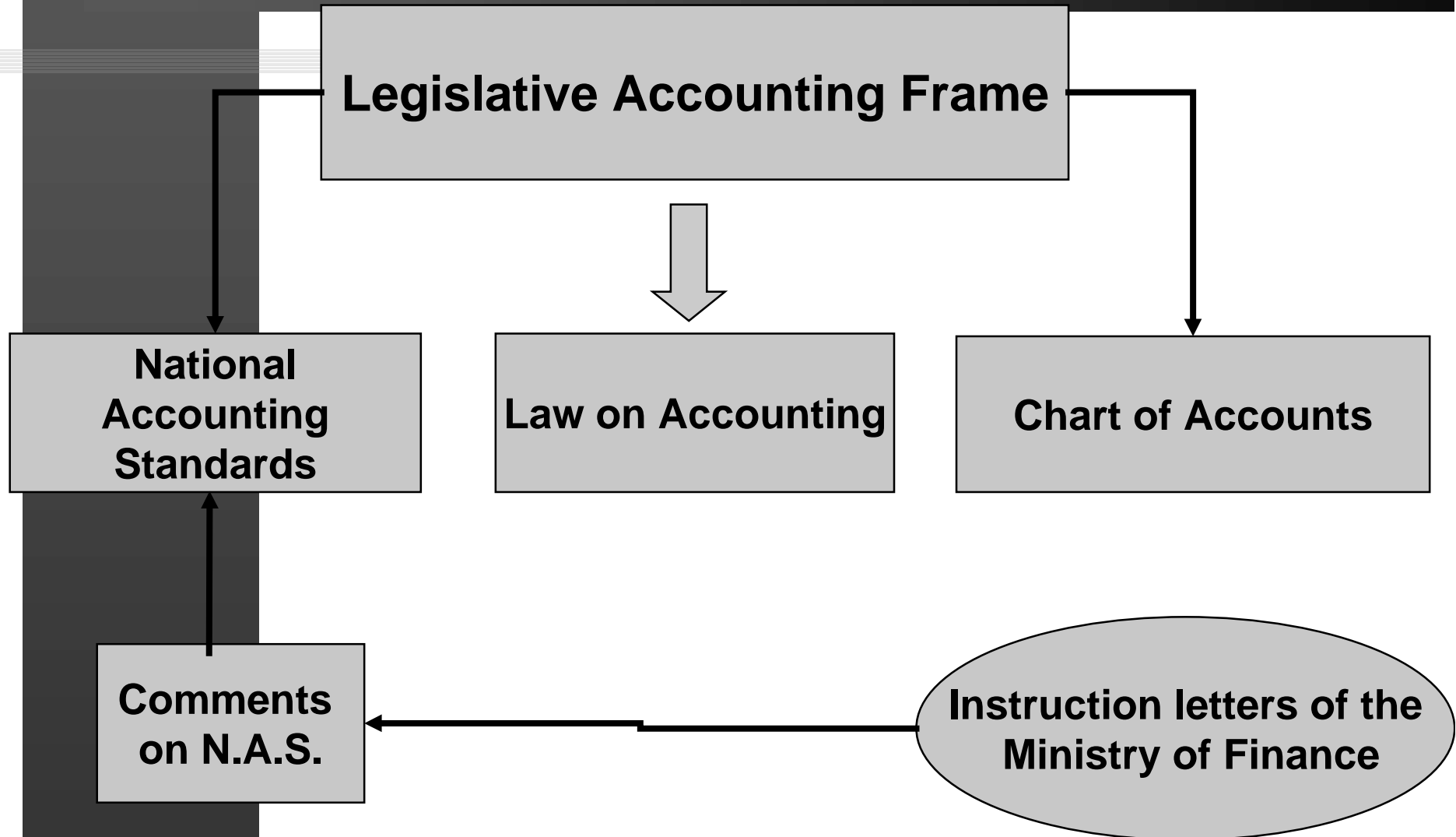
**Once introduced,
financial accounting helps
provide reliable
financial information
to enterprise managers,
shareholders and
domestic and international
investors**

ACCOUNTING REFORM INITIATIVES FEATURES

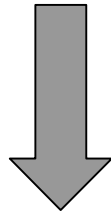
*The introduction
of financial auditing
based on
internationally
accepted
auditing standards*

Auditing assists in providing the much-needed, independent oversight of commercial and governmental activities. The most importantly, it aids in assuring that consistent, accurate and uniform information is compiled and presented in a manner that would facilitate economic decision-making

ACCOUNTING REFORM LEGISLATIVE FRAMEWORK



ESTABLISHING THE LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK FOR NATIONAL ACCOUNTING AND AUDITING



National accounting standards based on internationally acceptable accounting standards developed in conjunction with enterprises, the government, regulatory bodies and the accounting profession

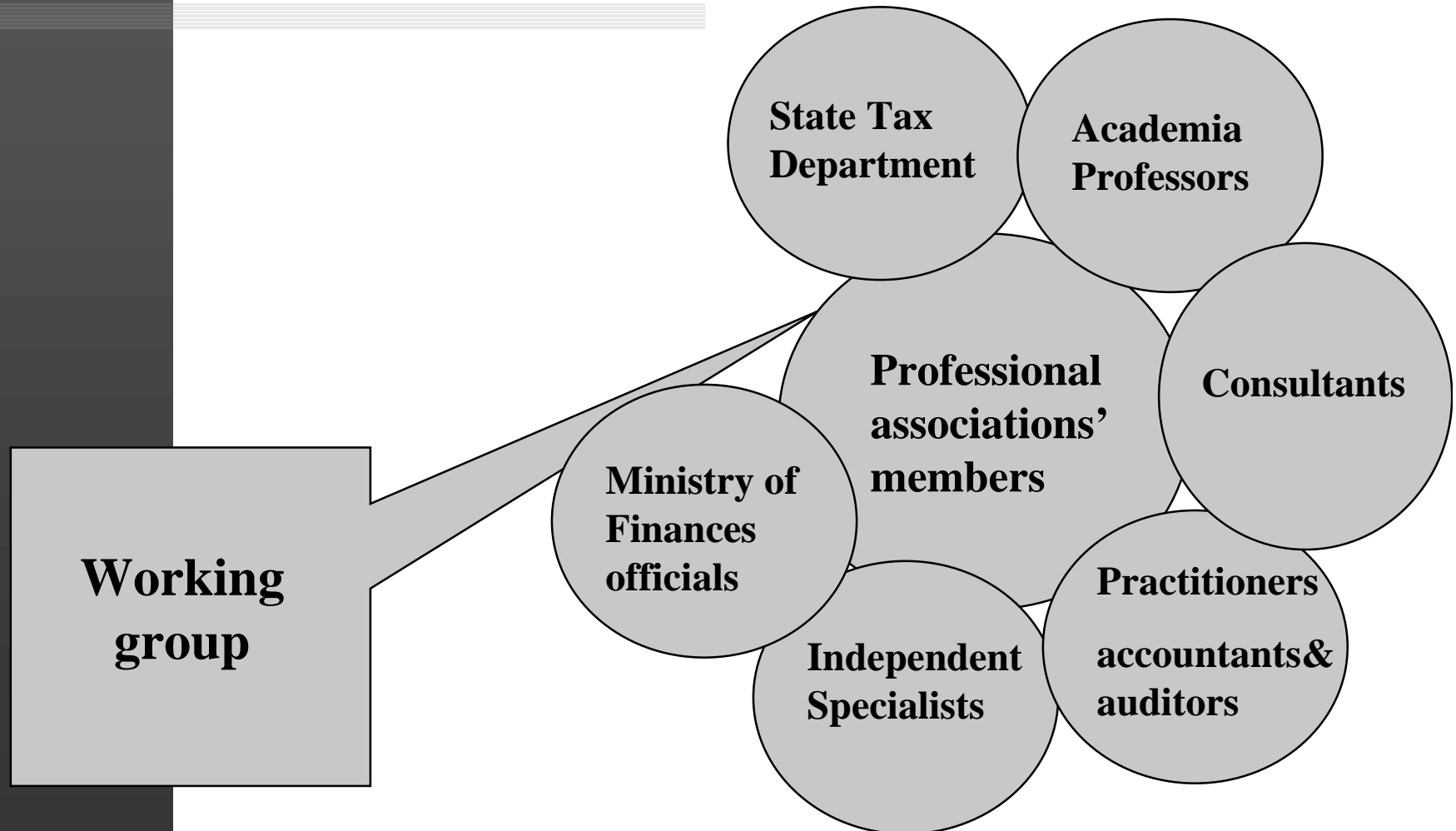


Informed demand for consistent, reliable, accurate financial information, prepared and reported for both internal and external users

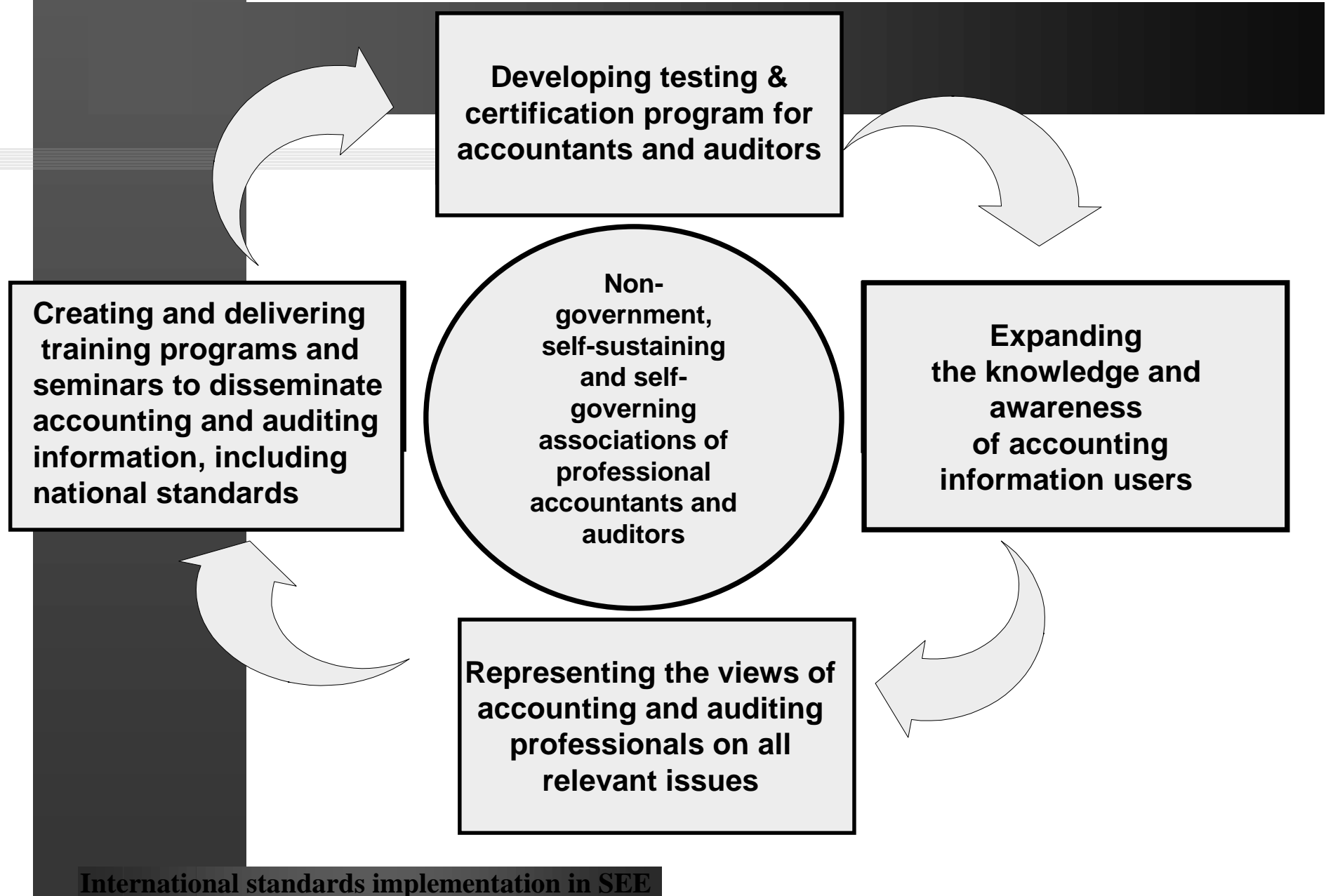
ELABORATION OF THE NATIONAL ACCOUNTING / AUDITING STANDARDS




MODEL OF THE SEE COUNTRIES WORKING GROUP ON ELABORATION OF THE NATIONAL ACCOUNTING/AUDITING STANDARDS/LAWS



PROFESSIONAL ASSOCIATIONS OBJECTIVES



REFORMING ACCOUNTING EDUCATION AT THE INSTITUTIONAL LEVEL



Designing and implementing new accounting and auditing curriculum

Training the faculty of the institutions

Offering programs of accounting and auditing that produce accounting graduates familiar with national standards and internationally acceptable standards of accounting

IMPLEMENTATION PROBLEMS WITH NAS/IAS (1)

- **Law on Accounting/Auditing reflecting International Standards practice**

- ✓ **Romania, Bulgaria** - IAS and ISA fully adopted and harmonized

- ✓ **Moldova** – Government decision # 1187, December 1997, NAS published on December 30, 1997, Chart of accounts on January 15, 1998 to be implemented started on January 1, 1998. No real terms of implementation have been fixed, that hampered the progress, especially, in regions

IMPLEMENTATION PROBLEMS WITH NAS/IAS (2)

- **Different implementation period/terms**

- ✓ **Romania** – January 1, 2002 – listed companies are compelled to conduct their accounting according IAS, audit to be performed according to ISA; year 2001- studying/dissemination/implementation

- ✓ **Moldova** – Government decision # 1187, December 1997, NAS published on December 30, 1997, Chart of accounts on January 15, 1998 to be implemented started on January 1, 1998. No real terms of implementation have been fixed, that hampered the progress, especially, in regions. Laws that are promoting IAS and ISA are still not adopted

IMPLEMENTATION PROBLEMS WITH NAS/IAS (3)

- **Different implementation period/terms**

Bulgaria:

Until the International Accounting Standards come into force the 37 National Accounting Standards have been approved by a Decree No 37/13.02.2002 of the Council of Ministers / pro in State Gazette No 22/ 28.02.2002/ and will be applied within the transition period – from 01.01.2002 till 31.12.2002 and 31.12.2004 respectively, elaborated on the basis of the IAS approved as of 01.01.2001 in respect of their title and contents. IAS will come into force in 2005

IMPLEMENTATION PROBLEMS WITH NAS/IAS (4)

- **Different number of adopted/implemented standards**

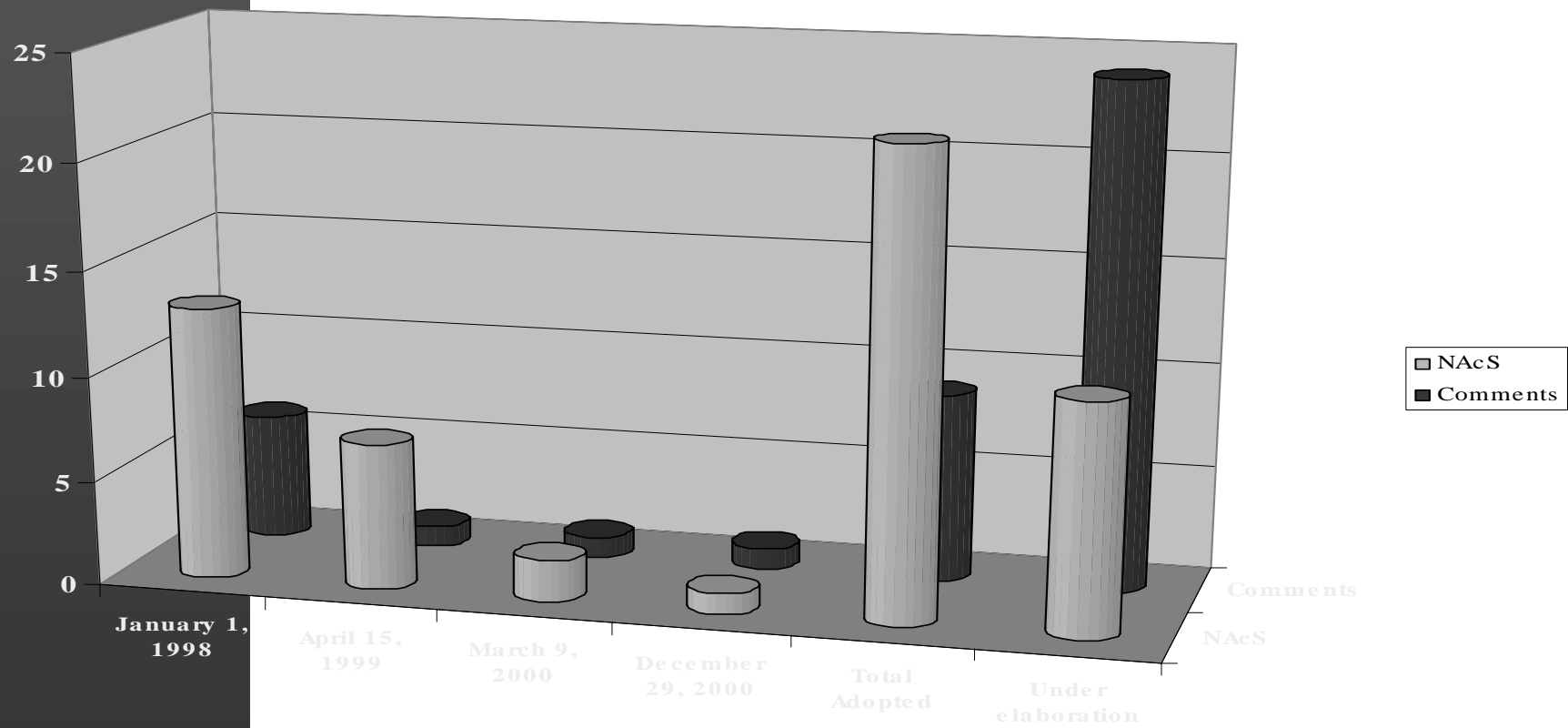
Moldova:

Planned -- 36 NAS and commentaries;

Realized -- 1998 – 13 standards and comments; April 15, 1999 – 7/1;
March 9, 2000 – 2/1; December 1, 2000 – 1/1

OR 22 NAS and 9 Commentaries

Elaborated and Implemented National Accounting Standards and Comments in the Republic of Moldova 01/1997-05/2002



IMPLEMENTATION PROBLEMS WITH NAS/IAS (5)

- **Different number of adopted/implemented standards**

Bulgaria: 37 NAS and come into force as of 01/01/2002

Yugoslavia : in addition to IAS three NAS were designed (NAS 31 Professional qualifications for business bookkeeping, NAS 33 Accounting software, NAS 34 Consolidated accounting reports)

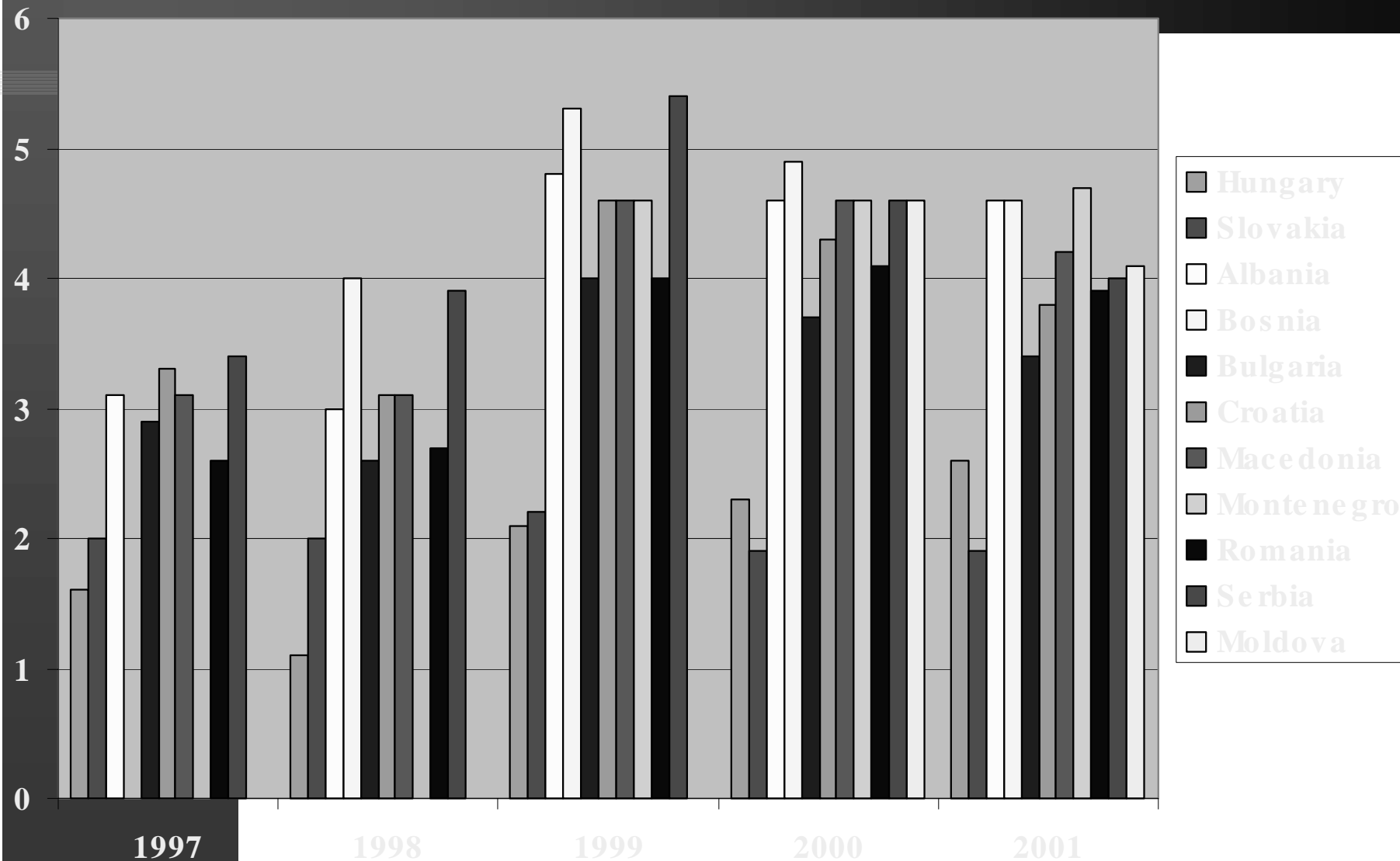
IMPLEMENTATION PROBLEMS WITH NAS/IAS (6)

- **Different levels of preparation and training of the specialists in the field**
- **Increased demand for CPE** (*90 hours in 3 years, about every reported country*)
- **Lack of sufficient volume of the didactic and methodological literature on new accounting and auditing systems**

IMPLEMENTATION PROBLEMS WITH NAS/IAS (7)

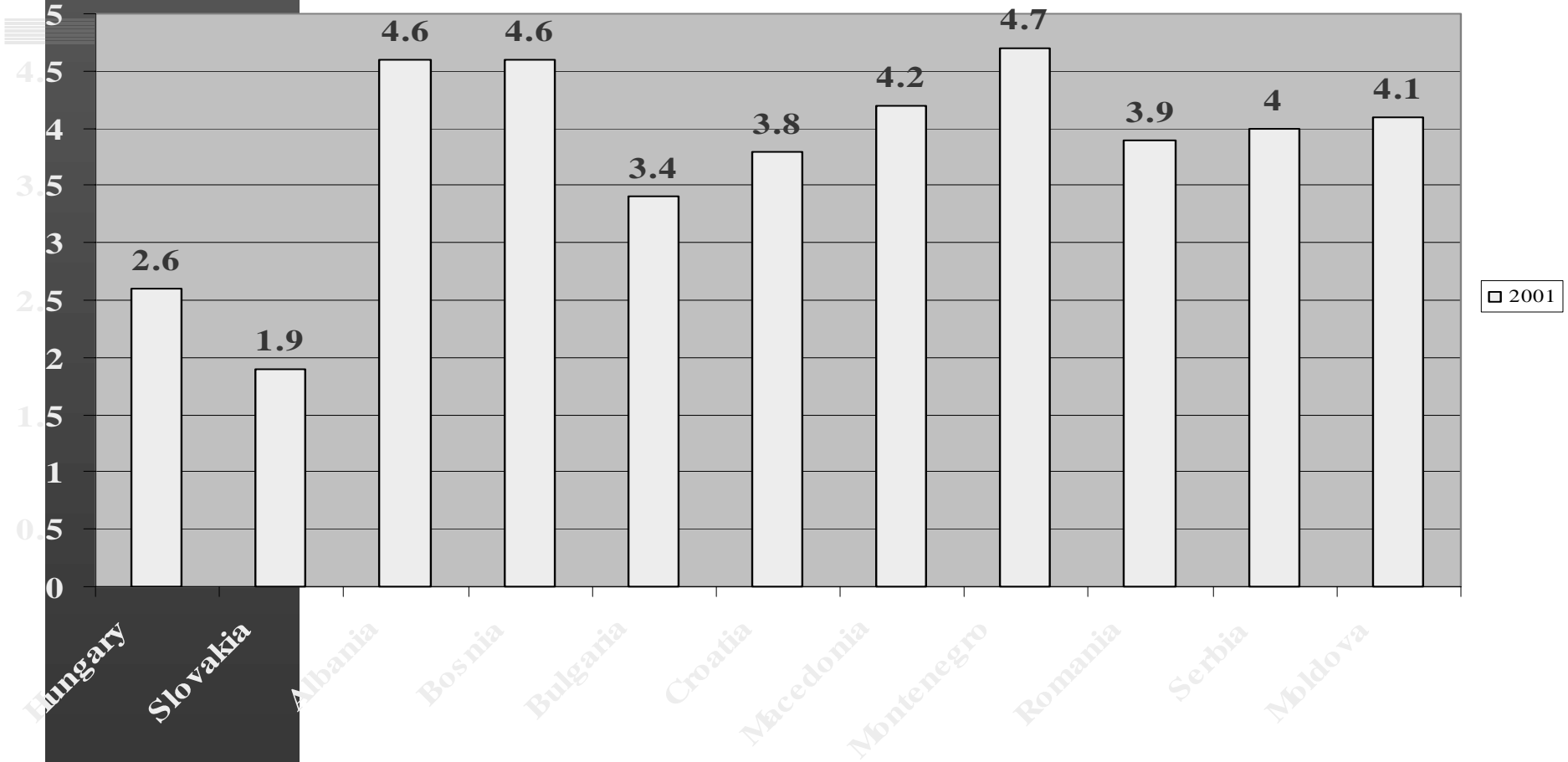
- **Harmonization of educational programs within high schools, colleges and universities**
- **Different level of approach of the relations between accounting and taxation**
- **Different number of so-called pilot-enterprises in charge of the standards implementation**

1997-2001 NGO Sustainability Index



International standards implementation in SEE

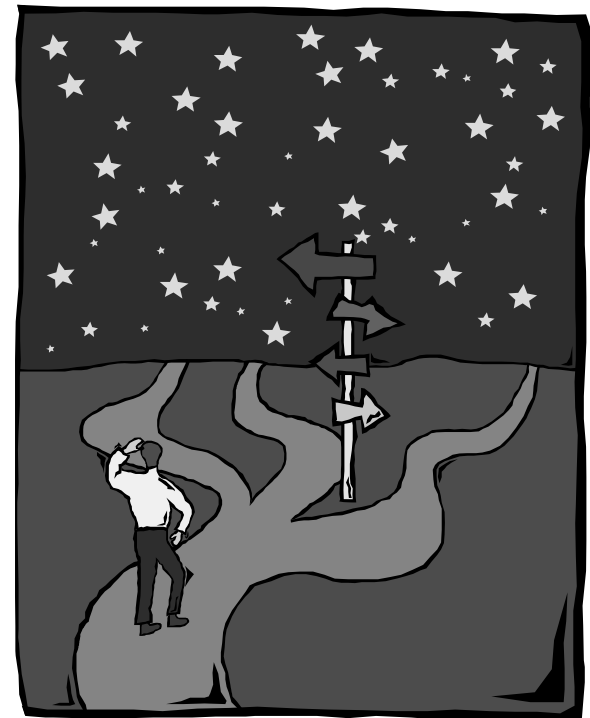
2001 NGO Sustainability Index





" You should only suffer a lot,
then all sufferers become so
close to you and you almost
know what is to be said to
them..."

N.Gogol



ACCOUNTING/AUDITING REFORMS RESULTS

Before implementation

After implementation

