

The Financial Communication and the Accounting - Audit - Valuation Trinomial

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Abstract

At this time, financial communication faces various obstacles concerning the homogenization of communication types. Moreover, due to globalization, communication on capital markets confronts with a very visible changing process. Thus, people from different parts of the world managed to pass over language barriers but still face the ones in the financial communication field. It is well known that most financial decisions are based on the information from the financial statements. But, both the form and the conceptual language used in order to elaborate these financial statements present numerous conflict marks. In order to attenuate these conflict marks, the IASB, having as main target the financial reporting homogenization, elaborated the IFRS. At this time, Romania also faces economic, politic, social and cultural irreversible processes, of great interest for accounting: the growth of number and economic power of multinational companies; the economic globalization, especially of the financial markets; the growth of capitalization and the appearance and development of new financial products.

Keywords: financial communication, accounting, audit, valuation, standards

Introduction

The only solution in order to achieve these targets is the Romanian accounting system harmonization to the Acquis demands and, implicitly, the effective applying of the IFRS. But, at the “conciliation table” should be invited all the producers and users of financial information.

Even if the IASB assembles most of the financial information users’ categories, the role of Romanian formalizers remains essential concerning the convergence and regulation of the accounting profession.

Gratifying is the fact that they realized the necessity of alignment to the Acquis norms concerning the financial reporting. Once they chose this way, there is no turning back. As it follows, by the adopted norms, they were made significant contributions to the international framework assimilation.

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The chosen order of these terms is not random, because the order itself dictates the usual flow of financial information from producers to users. (Feleagă, Malciu, 2006)

Thus, the accounting information is elaborated taking into consideration the strategies and policies admitted by law and adopted by the entity. This fact generates the concept of “creative accounting”.

Whereas the accounting treatment used by the entity in order to elaborate the financial statements involves numerous valences of calculating and interpreting, it is necessary a certification of the accounting information quality in order to eliminate or even attenuate the effects of creative accounting.

A pertinent conclusion concerning both, the accounting engineering and the appearing errors or the informational system’s deficiencies, could be formulated only by financial auditors as if the SNA 200 mentions: “the objective of the financial statements’ audit aims the expressing of auditor’s opinion on the fact that the financial statements of the company are elaborated, in all their significant aspects, in accordance to the established requests.”

At their turn, the investors, the creditors or other users of accounting information appeal to the connected services of another category of specialists, namely the valuers. They use the information

from the financial statements, elaborated by the entity and approved by an independent auditor in order to make economic and financial analyses which aim the company's valuation in market terms.

Both the profession of auditor and the profession of valuator are subjected, as the profession of accountant, to the harmonization to the international standards process. (Domnişoru, 2011)

Thus, by the National Audit Standards (SNA) and the National Valuation Standards (SEV) it is desired an alignment to the legacy European framework regarding the financial statements' audit and the companies' valuation.

At national level, the audit profession was settled by OMF 75/1999, regarding the financial audit activity. The 44 audit standards harmonized to the International Standards of Audit (ISA) establish the general framework for auditing the financial statements, the auditors' responsibility, the audit planning, the risks valuation, the audit samples' selection and references to the auditor's conclusions and to the financial statements' reporting.

In what concerns the relation accounting - valuation, the bound proves itself very tight because most of the issues that specialists face within elaborating the financial statements are directly connected to the financial structures' valuation.

For sure, the valuation issue in the accounting field raises numerous question marks regarding the valuation basis or the valuation methodology itself.

In what follows, we are going to point some aspects regarding the value concept both from the companies' valuation and the accounting point of view.

The International Valuation Standards Committee (IVSC) tries to give a most accurate definition for the "market value" concept, considered by valuers as being the fair value of financial structures from the balance sheet.

By these standards is delimited a set of alternative valuation bases, there are referring to the valuation report, there are established valuation norms, useful for the financial reporting or for the loans guarantee or there are proposed practices for valuating different financial structures, as the mobile goods or properties' valuation.

The Romanian normalisers managed to synthesize in the National Valuation Standards (SEV), both the section of

conceptualising the valuation demarche and the practical part of such a profession.

An important reference point in the process of reforming the actual accounting system is the approach of the “fair value” concept in the accounting activity, very well defined in the SEV.

This concept could have numerous forms, concerning the way of calculating it, because of the frequent opinion divergences that appear among various accounting information users.

Therefore, a valuator prefers the “market value” of an asset if there is a market on which that asset can be sold¹.

But a manager chooses for a fair value in order to reflect the economic potential of the analysed asset and namely the value of use, determined by actualising the future benefits obtained by using the asset, valued as part of the holding company’s activity.

As it follows, the financial statements format must be established in accordance with all the participants to the general activity of the entity. In what concerns the background of financial statements, the solution for the entity’s economic activity accurate image could be efficient only the “deregulation” process is a successful one.

Also, against the numerous differences that exist between the norms of IAS and FAS, the actual modifications describe a homogenization trend of the international accounting framework.

Conclusions

All of these confirm the necessity of a new direction for the Romanian accounting system in order to accomplish the needs of the accounting information users.

Even if, by the new regulations in this field, our country moves away more and more from the spirit of IASB conceptual framework, we keep the hope of a new step on which the Romanian normalisers to choose a rather economic approach, caused by fiscal pressure, in order to lead to an extensive informing.

Even if their mission looks even difficult a “cause - effect” analysing could offer viable solutions for the problems the accountants of our country face with.

¹ Issue treated by IAS 16.

It is also true the fact that any law is subjective, but being established clear and concise application norms, based on previous simulations, it could be created an efficient applying framework.

Moreover, a financial reporting improvement should not be based on delivering big quantities of information, but rather on less quantitative and high quality information.

Even if the elaborating of the financial statements is dictated by the provisions of the European Directives, it should also take into consideration the specific of the national economy, the specific of the social actors' necessities, the own financial culture and, not at last, the political factor influence, that puts an enormous pressure on the accounting profession, by a big pollution with abundant fiscal elements.

Moreover, it was abandoned the rallying to the IAS, that propose flexible solutions concerning the financial statements' format and concerning the accounting policies and strategies, being replaced with the provisions of European Directives, much more rigid.

The mission of Romanian normalisers concerning the harmonization of the Romanian accounting framework to the international one is not easy at all, but we consider opportune an approach to the ideas of IASB and, in the same time, to the innovations brought by FASB.

Even if a unification of the UE countries on this field is desirable, the European Directives provisions don't seem appropriate for this fact. The IASB projects look much more appropriate in order to come true this ideal.

Very important opinions on the international accounting convergence have the valuator and the financial auditors by their legal representative, namely the ANEVAR (The National Association of Authorised Valuators from Romania) and namely CAFR (The Chamber of Financial Auditors from Romania). Also, we should not forget the union representatives and the bank creditors.

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