



Regulation of the Romanian Accountancy Profession – 100 Years Celebration. A History Lesson for Today's Professionals

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Abstract

On July 15th 1921, the Official Journal of Romania witnessed the publication of the Law on the organization of the Body of Licensed and Expert Accountants.

The longtime wish of higher school of business graduates thus became true, they established their first association in 1888. Since then, until the law was published, the regulation of the accountancy profession was the main topic of various discussions and attitudes, of several pleadings addressed to public authorities and debates held at the meetings of a multitude of institutes representing these graduates' interests, grouped within the Union of Business Schools Graduates, subsequently the Body of Higher Schools of Business Graduates, which acquired legal personality in 1916.

There were also other subjects, directly related to accountants' activity, that drew the graduates' attention, both before and after the law was published, such as: censors' statute, accounting expertise, visas on trade registers; business education reform; the Body's relations with authorities.

A number of public figures linked their faith to asserting the accountancy profession, its regulation and the ongoing representation of its interests. We should mention here, among many other, Nicolae Butculescu, I. St. Rasidescu, Vasile M. Ioachim, Petru Drăgănescu-Brateș, Grigore Trancu-Iași, George Alesseanu, Spiridon Iacobescu, Alexandru Sorescu.

An important activity of the Body was the organisation of congresses. They began taking place every two years, uninterruptedly, starting 1923 until 1939.

The activity of the Body of Expert and Licensed Accountants was influenced by the political and social events of its time, especially since 1935. Beginning with 1940, its activity saw a significant decrease.

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On 13 March 1951, by the decree of the Presidium of the Great National Assembly of the People's Republic of Romania, the Body was disbanded. The first legal acts regulating the accounting expertise activity in line with period-specific trends were published in 1957 and 1958.

After 1989, the Romanian accountancy profession regained its statute and is represented by the two professional bodies, the Body of Expert and Licensed Accountants of Romania and the Chamber of Financial Auditors of Romania. These bodies, and along with them, Romanian professional accountants, joined the regional, European and international professional organizations.

Key words: *accountancy profession; history of the accountancy profession; Romanian accountancy profession*

JEL Classification: *M40, M41, N93, N94*

Introduction

The regulation of the Romanian accounting profession dates back 100 years. The law on the organization of the *Body of Expert and Licensed Accountants of Romania* was voted by the Chamber of Deputies on 18 June 1921, by the Senate on the 1st of July 1921, signed by King Ferdinand on 13 July 1921 and published in the Official Journal of 15 July 1921.

This event was the success of more than 30 years of intensive and ongoing efforts of promoting accounting professionals. The actions carried out by people who devoted most of their time to supporting professional associations led to this moment, and even afterwards, they continued to fight for the enforcement of the law and the acknowledgement of the accountancy profession.

These godsend individuals, the majority of which were graduates of higher schools of business, some of them professors at the Academy of Higher Business and Trade Studies, laid the foundations of the profession today. Their memory deserves to be honored and cherished.

Even if, in time, various circumstances led to the existence of two professional qualifications within the Romanian accountancy profession, of expert accountant and financial auditor, the people back then, during that period, formed an accountancy profession that provided the professional services nowadays shared and separated between the two professional bodies. The censors of that

period, for example, can be considered the ancestors of the current financial auditors.

A journey back in time is needed and important, in order to highlight the significant stages of the emergence and development of the Romanian accountancy profession, while naming the people without which these would not have been possible.

The beginnings

We consider that the first significant moment in the process of emergence and development of the Romanian accountancy profession is represented by the education reform initiated by the ruler Alexandru Ioan Cuza.

Even before this there were accountants and accounting records. The rulers of Wallachia and Moldavia kept rigorous books on stewardship, receipts and tribute paid to the Ottoman Empire. Merchants had their own rules of recording business and sent their young to study trade in Italy and other Western European countries. Accounting literature already witnessed important benchmarks, such as the works of Emanoil Ioan Nichifor, Dimitrie Jarcu and Ion Ionescu de la Brad.

In November 1864, the *Law on education applicable in the Romanian United Principalities* was published, establishing the primary mandatory education for children of both sexes, between 8 to 12 years.

Section III of this law, *On science education*, stipulates: "Business schools are to be established in the cities of Bucuresti, Iasi, Galați, Brăila, Ploesti, Craiova and Turnu-Severinu." Children between 12 and 18 years were admitted to these schools, former graduates of primary school. The length of studies was set to 4 years.

That year, Theodor Ștefănescu, son of a merchant, student at St. Sava high-school in Bucharest, left high-school, together with 4 other colleagues and enrolled at the recently opened business school.

Theodor Ștefănescu

He was born in Bucharest in the year 1842. An important part of his activity was related to the accountancy chair of the Higher School of Business in Bucharest, of which he was a professor until 1901. He was also the principal of this school. His accountancy course, published in 1874, entitled "Double party accountancy course", was republished several times.

In 1880, upon the establishment of the National Bank of Romania, he was appointed as its director, being reelected seven times within his 28 years of service. He was vice-governor and even governor between 1907-1909. From this position, he supported many series of graduates of higher schools of business in choosing their profession.

Nicolae Butculescu was a deserving student of the higher school of business in Bucharest. He had Theodor Ștefănescu as one of his professors and he graduated in 1886. In the first issue of the *General Business and Accountancy Magazine*, no. 1/1908, the article *The role of business schools graduates* was published, from which we shall now quote: "When business schools were first created in our country, the objective was to provide the country with young trained and active, capable of taking a leading role in business, at some point. Unfortunately, this desire, at least from the Romanian perspective, did not fulfil, given that only a few sons of merchants enrolled at the business schools."

Nicolae Butculescu

He graduated business studies in Anvers, in 1889 and, upon his return to the country, he enrolled at the Business Studies Club. His name is linked to all the significant events asserting the Romanian accountancy profession, both before and after its regulation by law.

He acted as vice-manager and manager of the Royal House.

He was Dean and Honorary Dean of the Body of Licensed and Expert Accountants of Romania until his passing, in 1944.

After the country gained its independence, in 1878, the economic situation made it difficult for the graduates of the higher schools of business. It was then when the idea of an individual professional association was born, capable of debating all pending concerns and representing professional interests. Consequently, in 1888 the first grouping of graduates was formed, under the name "The Club of Higher Business Schools Graduates", which subsequently changed its name into "The Association of Higher Business Schools Graduates". Afterwards there were other professional bodies that emerged, representing the interests of various categories of graduates.

Steps towards the regulation of the accountancy profession

On 22 April 1901, when Professor Theodor Ștefănescu was celebrated on the occasion of his retirement, after 30 years of teaching, the participating graduates began discussing the older idea of requiring the regulation of the right to carry out accounting expertise. The discussions took the form of a memoire addressed to the President of the Bucharest Chamber of Commerce. Among the participants, we can name Nicolae Butculescu and Grigore Trancu-Iași.

During the first congress of the graduates of the higher business schools, in 1906, one of the topics focused on "the need for regulating the accountant and expert accountant profession", together with other issues related to their activity. This meeting anticipated the establishment, in 1907, of the Union of Graduates of Higher Business Schools, by the merger of existing associations, under the chairmanship of I. H. Rasidescu. During this same congress the launch of a magazine was also decided.

In 1908, the first issue of the *General Business and Accountancy Magazine* (RGCC) was published, coordinated by the Union of Graduates of Higher Business Schools, headquartered in Bucharest. When the first issue was published, on 31 January 1908, the editorial board consisted of:

- St. Rasidescu, merchant and trader, President of the Union of Graduates of Higher Business Schools, Bucharest
- G. Lucian Boltuș, with a Ph. D. in Public Science, Head Accountant of the Central Agricultural Credit institution
- Ulpiu Hodoș, trader, former professor at the business school
- N. Butculescu, Business science graduate, former professor at the business school
- Al. G. Spirescu, Former bank director, professor at the Herăstrău Agriculture School
- G. M. Eftimiu, Banker, diplomat of the Higher School of Political Sciences in Paris
- Gheorghiu, accountant at the Natural Gas and Electricity Company

- Otto Herbst, representative of the national paper factories
- V. I. Stănculescu, accountant at the Agricultural Bank and Romanian Weaving Factory
- Isac Rosen, accountant, professor at the “Cultura” business school
- Th. Sersca, official within the Public Debt Department
- I C. Negrescu, accountant at the public liability company “Petrolifera”, editorial secretary
- G. Plopeanu, accountant at Public Sugar Refining Factory, manager, Bucharest

Among other collaborations, we can name the following:

- I G. Munteanu, Principal of the Galați Higher School of Business, business graduate
- Chr. Staicovici, Secretary of the Bucharest Chamber of Commerce
- Gh. Alesseanu, Professor at the Bucharest Higher School of Business, Secretary of the High Court of Accounts
- G. L. Trancu, Lawyer and Professor at the Galați Higher School of Business
- Spiridon Iacobescu, Head accountant of the Bucharest Trading Bank
- Petre Drăgănescu, Lipsca, State scholarship holder, business studies
- D. Mociorniță, Paris. State scholarship holder, business studies

In 1908, the *General Business and Accountancy Magazine* publishes the announcement of the Ministry of Trade and Industry on the call addressed to higher business schools' graduates for two business and trade practice abroad.

I. St. Rasidescu

Graduate of the Bucharest higher business school in 1883, on the 22 June of the same year he joined the National Bank of Romania, where he worked until 1890. He started a trade and business activity that led, in 1915, to one of the most developed

businesses in the field of graphic art, the Institute of Graphic Art “Carol Gobl” S-sor I. St. Rasidescu. In 1915, at the age of 50, I. St. Rasidescu acted as Chair of the Body of Higher Schools of Business Graduates, President of the Trade Council, member of the Bucharest Chamber of Commerce and of the Workers Association.

He attended the first assembly in 1888 when the establishment of the Graduates Club was decided. Unfortunately, he passed the following year, in 1916.

In November 1908, the *General Business and Accountancy Magazine* publishes the pleading addressed to the Ministry of Trade and Industry by the unions of higher schools of business graduates, on the organization of the Body of Accountants.

At the end of 1908, there were 14 “bodies” of graduates, on whose flags it was written on one side “Honesty and Work”, and on the other “Protecting the interests of our profession by obtaining a law meant to restrict and determine accountants’ duties and rights”.

During the XIth Congress of the Chambers of Commerce and Industry, held in Focșani between 21-22 May 1910, several measures related to business education were proposed, such as:

1. Business secondary schools are to be established in all county capitals;
2. Higher business schools are to be established in all county capitals where there are branches of the Chamber of Commerce;
3. Business university courses are to be organized by the universities in Iași and Bucharest.

In 1912, the *General Business and Accountancy Magazine* publishes a letter addressed to fellow deputies, given that five graduates of the business schools were deputies, among which the secretary of Ministry of Trade and Industry, summing up graduates’ claims:

«1. The law on the body of accountants – as it is well known, nowadays anyone, absolutely anyone, can be an accountant. No qualification is required, no permit to carry out this profession – therefore no obligation is involved, no responsibility, no penalty can be imposed to an accountant.»

2. Modification of a part of the commercial code on public limited companies – All public limited companies should have, in their managing boards, especially in the censors' board, at least a graduate of a business school, whether elected or appointed.
3. All ministries and State-owned companies should exclusively use for their accounting services business school graduates.
4. Expert accounting – there is no norm, no regulation for the judges when selecting an expert accountant
5. Business education – business professors are not adequately trained
6. The body of higher schools of business graduates should be acknowledged as an autonomous legal person»

Establishment of the Academy of Higher Business and Trade Studies

In October 1912, The Body of Higher Schools of Business Graduates sent a pleading to N. Xenopol, the minister of Trade and Industry, on the need of establishing a higher business education institution, a Business Academy, a Trade Faculty, in order to overcome certain social- related issues: matching the cultural level represented by the MSc diplomas awarded to the leaders of various Romanian public and private activity areas of the time; and this Business Academy will provide the teaching staff for many of the national business schools.

In the 3rd issue/1913 of the General Business and Accountancy Magazine the explanatory memorandum of the ministry of Trade and Industry, N. Xenopol, was published, related the draft law on the creation of the Academy of Higher Business and Trade Studies: «However, we completely lack a business education system, of a truly high quality, a school which, according to the dean of the Cologne business faculty, is capable to train young students who will serve the big trade by “understanding the subtleties of the economic architecture, which tend to increasingly overcome national barriers” and teach them to quickly move from findings to practice and “enables them to meaningfully acquire the rich intellectual and moral culture offered by the economic scene itself, to all those adequately equipped to receive it”.

At that time, all countries set the foundations of this business education, of a truly high quality.

If 15 years ago there were only 5 or 6 of these schools in the entire world, and barely three in Europe..., today there is no civilized country without at least a Business Academy or Faculty, accompanied by several secondary or higher schools- such as those existing in our country, which, in certain areas, are tens or even hundred years old.

In our country, the need for such an education system is felt nowadays more than ever. Besides the duty – dictated by the progress registered by all other countries – of matching our merchants and traders with their foreign fellows, to allow them to fight with the same weapons, the political transformation should be taken into account, which is on the point of taking place in the immediate proximity of our borders.»

The law on the establishment of the Academy of Higher Business and Trade Studies was published in the Official Journal of Romania no. 12 of 13 April 1913.

Moving forward towards regulation

On 17 February 1916, King Ferdinand signed the law acknowledging the legal personality of the “Body of Higher Schools of Business Graduates”.

In 1918, the “Association of Graduates in Business Science” was set up, as well as the “Business Studies” Club. During the Club’s meeting on the 5th of May 1919, Petru Drăgănescu-Brateș hold a speech during the conference on *The status of Expert Accountants in Romania*, when he gave the notion of „expert accountant” a larger meaning than that of legal accounting expertise. Following this conference, it was agreed that a draft norm on the regulation of the expert accountant was to be prepared, by Prof. Vasile M. Ioachim, Ph. D. and Petru Drăgănescu-Brateș, Ph. D. This draft was amended by provisions regarding the accountancy profession in general, upon the recommendation of N. Butculescu to take into account the 1908 draft. This draft was debated by the members of the Business Studies Club. It was also made available, at national level, and shared among all

accountants, but few proposals and observations were received.

Vasile M. Ioachim

Vasile M. Ioachim (1891-1976) was an assistant, lecturer and professor at the Academy of Higher Business and Trade Studies.

He attended the higher business school in Ploiești, based on a scholarship awarded by the State. He also attended the Higher Business School in Berlin (1911-1912), where he was the student of Werner Sombart. Beginning with 1912, he worked for the National Bank of Romania and the Bucharest Chamber of Commerce and Industry.

Between 1921-1939 he was the manager of the Body. In 1925 he also appears as vice-president of the Ploiești Stock Exchange, and in 1927 as the latter's President.

He was vice-president of the Body of Higher Schools of Business Graduates.

The Official Journal of 10 September 1920 saw published the explanatory memorandum presented in the Assembly of Deputies of the draft law on the regulation of the accountant and expert accountant profession.

Petre Drăgănescu Brateș

Petre Drăgănescu Brateș graduated the Bucharest higher school of business, valedictorian in 1904.

In 1915, in the first issue of the General Business and Accountancy Magazine, the Managing Board comprises, among others, Petre Drăgănescu, National Bank, Professor.

Petre Drăgănescu opened the series of conferences of the Business Studies Club in 1919 with the conference entitled "The status of Expert Accountants in Romania" and he marked the second year of the Club on the 5th of December 1920 with the conference "Business Education in Romania in connection with the country's economic needs".

In 1924, in relation with Petre Drăgănescu, in the section entitled "Fellows" from the General Business and Accountancy Magazine, it is mentioned that he left for Vienna to work on the closing balance sheet of the previous Austro-Hungarian Bank.

In February 1921, the labor minister, Grigore Trancu-Iași, and the deputy and questor of the Chamber, Virgil Slăvescu were invited, among others, at a graduation charity event. On this occasion, Grigore Trancu-Iași asked Virgil Slăvescu to work on the draft law. The very second day, the draft was back on the table and sent to the Chamber's President to be submitted to the Labor Commission for debate. Virgil Slăvescu was also one of the members of this commission.

Grigore Trancu-Iași

Born on 23 October 1873, in Târgu Frumos, Iași county, in the household of the Armenian merchant Lazăr Trancu, former mayor assistant and central figure in the city. Between 1884 and 1890 he attended the courses of the Business school in Iași, where he was the student of Constantin Petrescu. In 1901 he enrolled the Law Faculty of the „Al.I. Cuza” University.

Beginning with 1933, after obtaining his PhD title in economic science, he was appointed professor at the Academy of Higher Business and Trade Studies of Bucharest. During his academic activity of more than 25 years (1913-1939), Grigore Trancu-Iași contributed to the development of the Romanian economic education.

In 1917 he founded the Labor Party, which was only active for a year and in 1918 he joined the People's Party, founded by Alexandru Averescu. In the inter-war period, he was member of two governments led by Averescu: as a Labor and Social Protection Minister – ministry created by his initiative – between March 1920 – December 1921 and Minister of Labor, Cooperation and Social Security, between March 1926 – June 1927.

He was member of the associations of higher schools of business graduates, as a supporter and promoter of the law regulating the accountant profession. He was honorary president of the Body of Licensed and Expert Accountants until his passing, in 1940.

On the 1st of April 1921, the Labor Commission issued a favorable report on the draft law, accompanied by several amendments, before the law was debated by the Assembly of Deputies. One of the commission members was Virgil Madgearu, the future minister.

These amendments were not accepted by the initiators of the law, the higher business schools graduates, who organized two "protest meetings", on April 10 and 17. Nicolae Butculescu, Vasile M. Ioachim, G. Leonte, T. A.

Teodoru, N. Arghir, S. Blumenfeld, C. Hurmuzache represented the graduates' interests and presented their arguments.

On June 18th, the law was voted by the Chamber of Deputies. An essential role was played by the deputy D. R. Ioanițescu, president of the commission, professor of the Business Academy. On July 1st, the Senate also voted the law. It was signed by King Ferdinand on 13 July 1921 and published in the Official Journal of 15 July 1921.

The activity of the Body of Licensed and Expert Accountants

Even from its initial stage, the law depicted a democratic exercise, difficult to match, even for our current period. Thus, the Superior Council of the Body comprised appointed and elected members. Appointed members ensured the continuity of measures meant to stabilize the profession within its normal coordinates and represented at the highest level the professionals' interests, based on geographical considerations. All eight regions of the Greater Romania had a representative in the Superior Council, elected by the branches in each region.

The law on the organization of the "Body of Licensed and Expert Accountants of Romania", in its 1921 form, provided the following:

"The Superior Council is composed of:

- a) the president of the Bucharest Chamber of Commerce, or a delegate;
- b) the rector of the Bucharest Academy of Higher Business and Trade Studies or a delegate and an accounting professor;
- c) a director of the Romanian National Bank;
- d) the director of the Business School or a delegate;
- e) the president of the Body of Higher Schools of Business Graduates or a delegate;
- f) the president of Bucharest branch and three elected members of the Bucharest branch;
- g) a representative of the branches in Muntenia, Oltenia, Dobrogea, Moldova, Transylvania, Banat, Bucovina and Basarabia, elected by the branch committee of each of the 8 regions."

On 6 November 1921 the first Superior Council of Body was constituted, with the following structure:

- Grigore Trancu-lași, honorary president
- Nicolae Butculescu, president and dean of the Body
- Gheorghe Leonte, secretary general
- Vasile M. Ioachim, vice-president of the Ploiești Stock Exchange, Muntenia delegate – director
- Petru Drăgănescu-Brateș, superior officer at the National Bank, Bucovina delegate, standing delegation member
- Dem. Constantinescu, standing delegation member
- Nicolae Arghir, director in the Ministry of Trade and Commerce, member
- Stanislas Cihoski, rector of the Academy of Higher Business and Trade Studies, member
- Dimitrie Dumitriu, director of the Râmnicu Vâlcea branch of the National Bank of Romania, Oltenia delegate, member
- Grigore Eremia, director in the National Bank, member
- C. Lungu, director of the Chișinău branch of the National Bank of Romania, Basarabia delegate, member
- Ion Negrescu, vice-director at the Affordable Housing Company, member
- Spiridon Iacobescu, professor of the Academy of Higher Business and Trade Studies, member
- Ilie Mecu, director of the Constanța branch of the National Bank of Romania, Dobrogea delegate, member
- V. Th. Orghidan, vice-president of the Bucharest Stock Exchange, member
- V. Popovici, trade inspector, Banat delegate, member
- E. Pașcanu, director of the Bucharest Higher School of Business, member
- V. Puiu, director of the Galați branch of the National Bank of Romania, Moldova delegate, member
- D. Rațiu, director of the Agricultural Bank in Cluj, Transylvania delegate, member
- Christian D. Staicovici, secretary general of the Bucharest Chamber of Commerce, member

After the law was issued, the main interests of the Body management were to ensure its enforcement.

In 1921, Spiridon Iacobescu makes certain observations in the *General Business and Accountancy Magazine*, after the law was published, on issues to be taken into account: the practice of the accountancy profession; expertise and counter-expertise; censorship in public limited liability companies.

During the meeting of 1 September 1922, the report presented by the standing delegation to the Superior Council mentions that the composition of the Council was amended by regional delegates: Dominic Rațiu – director of the Agricultural Bank in Cluj, Transylvania delegate, member; V. Puiu – director of the Râmnicu Vâlcea branch of the National Bank of Romania, Oltenia delegate; C. Lungu, director of the Chișinău branch of the National Bank of Romania, Basarabia delegate; Petre Drăgănescu from the National Bank, Bucovina delegate and V. M. Ioachim, director of the Body, Muntenia delegate. At that time, the Body comprised 49 branches, the most recent ones from Basarabia: Soroca, Tighina and Bălți, from Ardeal: Lugoj and Zalău, and from Muntenia: Dâmbovița.

The main issues the management of the Body focused on were discussed in the management bodies meetings, were reflected by various articles published in the *General Business and Accountancy Magazine* and/or debated during the congresses held beginning with 1923. These issues mainly consisted of the following:

Business and accounting expertise

Art. VI of the law on the organization of the Body of Expert and Licensed Accountants stipulates: "Financial, administrative and legal authorities shall use an expert accountant from the body's register for any expertise related to bankruptcy and default cases, judgements where accounts and tax charges are imposed, inventories and balance sheet-related arbitrage, shared management, revenues and expenses decisions, based on experience and rotation criteria, to the extent possible."

Unfortunately, this provision was not taken over in the Commercial Code, therefore, many years after the law was published, the management of the Body fought for its application.

In 1928, a deputy inquired the ministry of justice why legal courts appointed as business experts individuals other

than those stipulated by law, namely the members of the Body. As a consequence, the minister of justice sent a message to all national legal courts to abide by the law.

In 1934, the Body sent a pleading to the minister of finance regarding the appointment of expert accountants by the appeal commissions. The appointment was made by the Ministry of Finances who only included in the list 30-40 expert accountants in Bucharest and 3-4 regional experts, thus affecting the Body's appointment. We shall hereby quote from the pleading: "We have been fighting for years to stop the de facto monopole on the expertise activity, which always caused severe and rightful dissatisfaction. If we were not able to reach the legal courts on the rotation stipulated by law, in terms of tax expertise we managed to give a shape to this principle, by introducing a limitation to a single expertise per month, with the support of the minister back then, Virgil Madgearu. Because of this legal disposition, last year, from the 220 expert accountants listed in the ministry-approved register, 150 accountants carried out expertise services, compared to 10-20 as before. Whereas now, by limiting the number of individuals entitled to carry out tax expertise services to 30, the monopole is being reintroduced, and this time under a legal umbrella."

Company censors

Regarding the censors, the law stipulated, under art. V: "At least one of the members of the censors' committee of public limited companies with a capital of at least 5 million lei, established after the publication of this law, shall be expert or licensed accountants, observing all the requirements imposed by the code of commerce."

The first article on censorship was published in 1914 in the *General Business and Accountancy Magazine*, signed by Alexandru Sorescu, at that time officer of the Trading Bank, future professor of the Academy of Higher Business and Trade Studies.

On this topic, the law was again applied with difficulty, following several pleadings addressed to authorities.

In July 1921, Alexandru Sorescu already raises several issues in the article "Accountants, beware!", where he notices that the publication of the law was a difficult process, but its application is even more difficult. In terms of the legal provision to have at least an expert accountant in the censors' committee of public limited companies whose capital equals at least 5.000.000 lei, he

mentions that these companies do not hurry to apply this requirement. He highlights the challenge comprised by the fact that the law did not foresee any non-compliance sanctions.

Closing and endorsing traders' registers

The code of commerce stipulated that trade registers had to be annually closed and endorsed, for conformity, by commercial courts.

On the status of accountants, the law mentioned, under art. II: "The profession of licensed accountants working for the State and commercial undertakings, of a capital exceeding 500.000 lei, which are loan beneficiaries, as well as the expert accountant professionals working with legal, administrative, financial authorities, shall only be carried out by individuals- members of this body.", and under art. V: "The undertakings in art. II will not be entitled to receive the endorsement visa on their registers from the commercial courts, unless their registers are signed by a licensed accountant." But the same law stipulated that the entrepreneurs keeping their registers by themselves were exempted from this obligation.

Moreover, it was found that, when endorsing registers, the court made observations on their accuracy, which exceeded their powers.

In 1925, the Bucharest Court of Appeal received a claim from "Alianța" public limited company, contesting the closing visa of the court on the ledger, arguing that it was inadequately kept, since daily operations were not registered; it admitted the appeal and ruled that the court "shall apply on the registers kept by the undertaking, upon their submission at year end, under the last record, the Court visa in the wording expressly dictated by this text, without any control on the adequacy and order of the register operations."

In 1933, the proposal for the General Ledger to be introduced as mandatory register was approved. At that time, the mandatory registers were the ledger and the inventory. Also, another proposal was to have the registers adequacy certified in advance by the signature of an expert or licensed accountant.

Introducing double party accounting in public administration

This topic was an ongoing concern for Body members, but the public administration's attitude did not always raise to the expectations.

In 1925 a pleading was sent to the minister of finances, claiming that the appointment of specialized staff was limited to those observing the requirements in the respective Body law and the accountants were not included in these provisions.

In 1929 a public accounting reorganization process was launched, calling upon foreign experts from countries where this reform had been initiated but without a broad consultation with Romanian experts. Prof. G. Alesseanu had been appointed as a member of the newly created commission, however, despite all assurances expressed by the minister of finances, M. Popovici, Romanian experts were not consulted.

Trade schools graduates' enrolling at law faculties

An issue on which the management of the Body sent countless pleadings to various education ministers and covered many years was the request that trade schools graduates, higher or secondary courses, were allowed to take the law faculty exam. Even after the reforms of the education system, which no longer foresaw such situations, these graduates' access was restricted. For example, higher studies graduates were allowed to take the exam including at the Academy of Business Studies.

The Congresses of the Body

In accordance with the regulatory provisions on the organization and functioning of the Body, congresses were organized every two years, beginning with 1923. They were true discussion fora on different challenges often faced by Body members. The topics under debate were directly and openly presented, under all their positive and negative aspects. During every Congress, V. M. Ioachim, the chair of the Superior Council, presented a report on his activity and a general report of the Body.

The first congress was held in **Bucharest**, on 27 – 28 May 1923, at the Carol I Foundation. Here is a quote from the article signed by Petru Drăgănescu-Brateş published before the Congress in the *General Business and Accountancy Magazine*, entitled “Our Congress”: “Why did we choose the month of May? Because it is the nicest weather to travel, because the needs of spring weigh on us less than the needs of autumn, in terms of mind and pocket and the impetus of the mind is freer and more spontaneous. Why the agenda comprises general cultural-economic topics instead of professional business issues, such as the debate surrounding the law on the Body of accountants? Because it was felt that our first gathering should not focus on small, petty talks, centered on profession; instead, starting from strengthening general interests, we will have afterwards the time to step towards consolidating our individual interests or our group-restricted issues.”

The second Congress was held in **Cluj**, in 1925.

The chair of this Congress was Nicolae Chirculescu. Here is a quote from his address: “Gentlemen! This is a reward of our work when we think from where our colleagues started and where we are now, from the darkness of the offices, lacking any solidarity, a toy in anyone’s hands, our colleague was splashed with mud the second day and thrown away like a squeezed lemon, since his work was no longer needed. Things have changed. Now you are a strong force and the proof is our Congress today and the topics to be discussed. These are general and relevant issues, which will show that we raise to the challenges of the problems we encounter.

Gentlemen! Allow me to say, when you gained certain rights, you must show your worthiness. Each one of us needs to highlight his work, to make proof of his honesty, to develop himself.”

In his Report, V. M. Ioachim mentioned that the number of regional branches reached 56.

The membership structure of the Body of Licensed and Expert Accountants at 31 December 1924 was:

| Expert accountants | Licensed accountants | Trainees | TOTAL |
|--------------------|----------------------|----------|-------|
| 2013 | 4901 | 453 | 7367 |

The number of members in all 56 branches is significantly different, depending on the geographical area and the town. The branches with a larger number of members were Ilfov, Craiova, Cluj, Galați, Oradea, Satu Mare, Timișoara. There were also branches without any expert accountants: Buzău, Călărași, Caransebeș, Deva, Orhei, Slatina, Soroca, Tecuci, Tighina.

Between the congresses, the articles published in the *General Business and Accountancy Magazine* outlined and discussed the membership of the Body.

In relation to members, in a complex article entitled *The institution of expert accountants abroad and in Romania*, V. M. Ioachim makes the following remark: “Before the 1921 law, we used to experience the same situation as in France, the only difference being that for us too few people made use of the expert accountant title, even if they were among the ones who were commissioned to carry out expertise engagements by the legal court, since this type of services were carried out by anyone, irrespective of their connection to accountancy.

In the effort to put an end to this, we went to the other extreme, because we considered as expert accountants all those who had taken a higher full time or evening business course and a number of years passed after their graduation, even if during that period they operated in agriculture, arts or army, so we managed to have more than 800 expert accountants in Bucharest.”

In his presentation on *The role of business graduates in the economic life, in relation to trade and industry*, he lists the reasons why business graduates were not significantly involved in the economic life: “I will refer to some of the main causes, to be able to analyze afterwards the means to remove them. These causes can be summed up as follows:

- 1) The material and social condition of students, namely business schools’ graduates
- 2) The lack of a defense mechanism of our profession
- 3) The lack of solidarity in relation to the Body
- 4) The preconceived ideas
- 5) The development of our economic life.”

In terms of the relation between the Body of Higher Schools of Business Graduates and the Superior Council of the Body of Expert and Licensed Accountants, in the former’s report for 1926, it is mentioned that: “the cultural activity and the social-economic stage go hand in hand.”

The third Congress was held in **Chişinău** on 14 – 15 October 1927.

In the opening of the Congress in Chişinău, Grigore Trancu-Iaşi took the floor: “It was with deep emotion that we travelled to Chişinău to express the Body’s power of solidarity which, even if only 6 years old, brings together central figures of our economic and financial stage, company managers, high private and public officials, members of the academia, irrespective of their political views and religious beliefs, guided by the only wish to pave a smooth way for our nation’s economic development.”

An important point of this Congress was the debate on the balance sheet model, to be used by public limited companies and cooperative undertakings. The related statement of reasons mentioned:

“In accordance with the balance sheet scheme, voted by the International Accounting Congress in Brussels, in July 1926, the Balance Sheet Model would comprise: under assets, the accounts listed and grouped after their degree of liquidity and under debts their degree of chargeability. The suspense accounts, listed at the end of the balance sheet, outside the body of the balance sheet, will include all values held for safe-keeping, administration or consignment, listed under main categories, and the pension funds or staff social assistance funds will be listed so that their separate placing and management is clearly illustrated in the balance sheet.

The law should require that the profit or loss account is published jointly with the balance sheet and comprises under the Credit category: all sources of revenues, including their gross amounts and under Debt: all expenses divided into relevant categories, illustrating production costs and taking into consideration tax law provisions.”

In his closing remark, Grigore Trancu-Iaşi added: “If 12 years ago I would have spoken to someone and told him that in 1927, in the month of October, a Congress will take place in Chişinău, gathering accountants from the Greater Romania, joined under a single Body, I would have been called a dreamer... Let us thank once again our friends in Chişinău, who welcomed us according to the Moldavian hospitality tradition... Many think that if three Romanians gather, they will fight over political or some other type of differences of opinion. I am glad that our Body taught a valuable lesson: no personal divergence was brought forward – despite the different ideals we all have.”

The fourth Congress of 1929, took place in **Constanţa** between 22-24 June 1929 and gathered over 200 members. Following the discussions therein, several motions were adopted, one regarding “the issue of the business education”, the other on “the issue of the Assurance and Pensions Institution”. A series of proposals on the amendment of the *Commercial Code* on the functioning of stock companies were also adopted, as well as a motion on expert accountants’ liability.

The fifth Congress of 1931, was also the **VIIth International Accounting Congress** and was held in Bucharest. The event took place under the presidency of professor Nicolae Iorga, President of the Council of Ministers. The guests included foreign participants from Spain, France, Belgium, Switzerland, Brazil, Italy, USA, the Netherlands, Austria, Germany, Bulgaria, Czechoslovakia, Turkey, Poland. Rene Delaporte, President of the French Union of Accounting Associations was one of the central figures attending this Congress.

In 1932 the first *General Directory of Romanian Accountants* was published, prepared by Alexandru Botez, Superior Council member and Constantin Vicol, lawyer. It was issued and published by the former’s printing house, called *Profit şi Pierdere*. This directory comprises a register of the Body, structured at county-level and for every county information on the respective region is included, its capital, number of inhabitants and the main economic activities in the region. The opening date of each regional branch is indicated. Then, the expert and licensed accountants, as well as the trainees are listed in alphabetical order, for some of them the address is mentioned, for some others the relevant education.

During the sixth Congress of 1933, organized on **Cernăuţi**, many of the discussions were centered on accounting unemployment – an important issue for the members. We hereby quote from the Congress question of order: “The members of the Body of Expert and Licensed Accountants, gathered within the VIth Congress in Cernăuţi, notice that the accounting unemployment is caused, let aside the economic crisis, by the legal and administrative measures, disregarding accounting and its benefits.

The Body hereby adopts a pledge to fight these measures and procedures, especially against the imposition system based on assessment and by rejecting trade registers.”

Beginning with 1935, the national events and circumstances, especially from a political point of view, led the Body's ongoing actions in the members' interests, always aware of the internal situation.

The VIIth Congress took place in **Timișoara**, on 22-23 September 1935. During his presentation, V. M. Ioachim refers to 67 branches aggregating 12.000 members. He complains that certain courts still use experts lacking the qualification required by law. The cooperation law included expert accountants providing expertise services in the field of cooperative establishments.

The VIIIth Congress of the Body was organized in **Galați**, on 19-22 June 1937. Looking back, V. M. Ioachim makes a summary of the possible achievements (which he calls desires) following the discussions and motions of previous Congresses:

- The introduction of double party accounting for State, municipal and local companies, by the 1929 law, a main discussion of the 1925 Congress held in Cluj;
- The balance sheet model, which was the main focus of the Chișinău Congress in 1927, was introduced, for that time, only for banks, by the Banking law of 1934;
- The amendment of the Commercial Code, debated during the congresses of Bucharest – 1923, Constanța – 1929 and Bucharest – 1933, was given appropriate follow-up;
- The business education reform debates were taken over in the recent reform, namely the continuity between the secondary and higher courses, the employment of professors among the graduates of the Academy of Higher Business and Trade Studies;
- The access of members, which were private servants, in the field of social assurance, due to the 1933 law;
- The benefits participation, a topic discussed during the Congress in Cluj, was required by law, for municipal companies and State – owned enterprises.

It was only in 1937, that the law on the Body was amended and included the provision that in order to register as a member, one had to be graduate of a high national or international business studies academy or graduate of a higher full-time business school.

In 1939, by the amendment of the Commercial Code, the closing and stamping of registers was taken over by the Registry of Commerce, instead of the courts. It was in the same year that the annual exercise notion was introduced by the tax law.

The last Congress of the Body, its IXth, was held between 26-27 February 1939, in **Brașov**. Concluding that economic skills based on titles and expertise were not acknowledged, as well as identifying the lack of enrollment norms for public and private services, the proposal for a College of Economists took shape (the Economic, Cooperation and Accounting College), to be in charge of control, discipline and professional qualification, as well as of qualification recognition, based on titles and the establishment of differences and various member categories.

From 1940, the branches of the Body were managed by interim commissions, appointed by labour minister decision. However, their activity decreased, in the light of the historical turmoil. Until 1946, the *General Business and Accountancy Magazine* continued to publish many articles highlighting the difficulties of the economic life and the expression of members' patriotism, by the voice of the Body management.

The *Body of Licensed and Expert Accountants of Romania* was disbanded by decree of the Presidium of the Great National Assembly of the People's Republic of Romania no. 40 of 10 March 1951, published in the Official Journal no. 31 of 13 March 1951. The decree was based on the Decision of the Council of Ministers no. 201 of 8 March 1951. Following this decree, all Body assets were taken over by the Scientific Association of Engineers and Technicians – ASIT. Between 1951-1953 this association comprised an "Accounting Registry" division.

The subsequent events casted a shadow on the accounting expertise activity and on the professional accountant profession, as a whole. New unprecedented rules changed the profession, despite all prior efforts and perseverance. Censors were no longer needed. Accounting lost its importance and was submitted to forces that no longer saw its true value. Accounting expertise was only later regulated, by two decrees of 1957 and 1958, in a limited form, subject to administrative procedures, far from the practice before. A decree in 1971 set out the framework governing the accountancy expertise until 1989.

On a final note: An arch over time

Romanian accountancy profession arose and developed in strong connection with the progress of the Romanian society in the modern age. Essential social transformations, such as industrialization, the development of the monetary and credit system, the reform of the education system, the evolution of the local capital and so on, called for the development of the accounting system and the rise of professionals. They came forward and played their part with responsibility and devotion. Major historical events completed the picture of circumstances shaping society. Their way of overcoming hardship and turmoil, still standing, not giving up their ideals and professional purposes, teaches us a valuable lesson.

After 1989, the accountancy profession took back its regulated character, as an independent and autonomous profession. The first step was the establishment, in 1992, of the professional association, the *Body of Licensed and Expert Accountants of Romania* (after the creation, in 1190, of a *General Association of Technical and Accounting Experts*), which set up local branches and organized professional training courses. In 1994, the Government Ordinance no. 65 established the *Body of Expert and Licensed Accountants of Romania*, as a legal non-profit public interest person.

This legal act also stipulated the requirements for obtaining the expert or licensed accountant title. Soon

after its set up, the Body was directly involved in the reform of the Romanian accounting system, initiated in 1994.

Towards the end of the '90s, the economic and accounting reforms triggered the need for an important professional accountant, existing in all worldwide developed economies, the financial auditor. It was in this context that the Government Emergency Ordinance no. 75/1999 was issued, laying down the requirements for obtaining the financial auditor qualification and the setting up the *Chamber of Financial Auditors of Romania*, legal public interest non-profit person, the professional body in charge of financial auditors.

Today, the two professional bodies are full members of the *International Federation of Accountants* – IFAC, of *Accountancy Europe* and of various regional structures. They also play an active part in discussing all relevant issues affecting professional accountants, having in mind their ongoing challenges, such as new information technologies, the digitalization of information and communication, business diversity, as well as the ever-changing demands of the economic environment.

A fact is certain: the Romanian accountancy profession proved its importance for the European and international profession. We only need to welcome and face challenges.

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