
Convergence of Romanian accounting regulations with IFRS. A longitudinal analysis

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Abstract

In this paper we analyse the evolution in the level of convergence of the Romanian accounting regulations with IFRS in the last decade. We focus our study on the accounting topics covered by IAS16, IAS17, IAS41 and SIC15. We find that in 2005 the regulations exhibit a good level of convergence for property, plant and equipment, a medium level of convergence for lease accounting and divergence for accounting for the agricultural activity. The overall convergence level improved over time for all the topics analysed. These results indicate that the companies with dual reporting may incur lower costs in applying IFRS. Moreover, the national regulations offer the opportunity for a higher level of comparability in Romania of the financial statements prepared under IFRS with those prepared under national regulations. However, we underline that the institutional factors (such as the tax influence over accounting) might negatively affect the convergence of practices.

Keywords: Convergence, IFRS, Romanian accounting regulations, longitudinal analysis.

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