
Prudence vs. Credibility. A Formal Comparative Analysis between Romanian Accounting Regulations and IFRS

*Claudia Cătălina CIOCAN, Ph. D. Student
„Alexandru Ioan Cuza” University, Iași,
Faculty of Economics and Business Administration,
e-mail: ciocan_claudia_catalina@yahoo.com*

ABSTRACT

Starting from the controversial influence that prudence may have on the credibility of accounting information and from the fact that there are different views of the global accounting systems on this concept, the present research aims to analyze the level of formal convergence between the Romanian accounting regulations and the International Financial Reporting Standards (IFRS) on the application of prudence. In this regard, the requirements for provisions, property, plant and equipment, inventories and receivables were considered, with a focus on asset depreciation and impairment losses, elements that were considered in this case as being representative for prudence in accounting. Using the Jaccard coefficients, the paper compares the requirements of the Romanian accounting regulations, represented by OMFP no. 1802/2014 with the ones presented in IAS 16 „Property, plant and equipment”, IAS 36 „Impairment of Assets”, IAS 38 „Intangible Assets”, IAS 37 „Provisions, Contingent Liabilities and Contingent Assets”, IAS 32 „Financial Instruments: presentation” and IFRS 9 „Financial Instruments”. The results show that the highest degree of convergence is identified for the provisions, and the lowest for financial assets. Also, the requirements on depreciation and impairment losses presented in OMFP no. 1802/2014 differ significantly from those presented in IFRSs.

Keywords: Romanian accounting regulations, IFRS, similarity, convergence, accounting policies

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