

Istrate, Costel

Article

Impact of IFRS on the accounting numbers of Romanian listed companies

Journal of Accounting and Management Information Systems (JAMIS)

Provided in Cooperation with:

The Bucharest University of Economic Studies

Suggested Citation: Istrate, Costel (2014) : Impact of IFRS on the accounting numbers of Romanian listed companies, Journal of Accounting and Management Information Systems (JAMIS), ISSN 2559-6004, Bucharest University of Economic Studies, Bucharest, Vol. 13, Iss. 3, pp. 466-491

This Version is available at:

<https://hdl.handle.net/10419/310563>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<http://creativecommons.org/licenses/by/4.0/>

Impact of IFRS on the accounting numbers of Romanian listed companies

Costel Istrate^{a,1}

^a *Alexandru Ioan Cuza University of Iași, Romania*

Abstract: The accession of Romania to EU – in 2007 - confirmed the mandatory application IFRS in the consolidated financial statements of Romanian listed companies. From 2012, the application of IFRS is extended to the separate financial statements of the listed companies. Applying the Gray index of comparability, we attempt to measure the impact of the transition to IFRS on the accounting figures for the comparative year 2011. Our findings (slight increase of equities, decrease in income, ROA, ROE, ROS, increase in leverage) suggests that the impact of IFRS on Romanian companies is not very important and is not always in the same direction as the changes that occurs in countries that belong to the European continental accounting model.

Keywords: IFRS impact, Romania, index of comparability, European accounting system, neutrality

JEL codes: M41

1. Introduction

Romanian listed companies have the obligation to publish separate IFRS financial statements, starting with 2012. This important event give us the opportunity to compare and to analyze 2011 accounting numbers available in both Romanian and international standards. The history of IAS/IFRS in Romania starts in the 1990s. King *et al.* (2001) and Albu & Albu (2012) argue that the starting point of this phase in the development of Romanian accounting is the year 1996. However, the first normative act that imposes international standards dates back to 1999¹ (OMF

¹ *Corresponding author:* Costel Istrate, Department of Accounting, Management Information Systems and Statistics, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration, Iași, Bd. Carol I, nr. 22, tel. (+40) 232 20 15 99; email: istratel@uaic.ro

409/1999). The main raisons behind this choice made by Romanian authorities are connected to recommendations issued by international financial bodies (World Bank and International Monetary Fund) that at the time, were financing the economic reforms initiated in Romania. Thus, after almost a decade of accounting practice that was strongly inspired by the French model, Romania tried a radical change (Ionașcu *et al.*, 2007) and started to familiarize itself with international standards coming from a completely different culture. The initial efforts of a (partial) transition to the IAS should have materialized in financial statements drawn in compliance with the IAS, by a series of Romanian companies, according to a calendar that staged this process up to the year 2005. Albu *et al.* (2013) argue that the level of compliance to the IAS was low. It was Romania's candidacy to EU inclusion that gave an impetus to the introduction of international standards for certain Romanian entities (Bunget *et al.*, 2009).

The accounting profession in Romania had to make significant efforts to assimilate the accounting practice of French inspiration, which was enforced beginning with 1994. This first transition was prepared for two or three years, which allowed Romanian companies to become familiar with new concepts and rules. The length of this process is comparable – all proportions guarded – to Europe's own passage to the IFRS. We have invoked these calendars so as to draw a comparison with the 2012 compulsory transition of Romanian listed companies to the IFRS. The first financial year with individual financial statements drawn according to the IFRS is 2012, while the decision was published in June 2012. Thus, the preparation time that companies had in order to pass to the IFRS was extremely short. It is true, however, that the international standards were not absolutely new for Romanian companies: between 2000 and 2005, Romanian entities of public interest (among which were especially those listed on the stock exchange) applied accounting regulations that were declared harmonized to the IAS (and to the EU directives). Therefore, we can suppose that this period of familiarization with the mechanisms, the language, and the philosophy of international standards have allowed Romanian accountants to acquire the basic knowledge that allowed them to perform the first application of the IFRS for the 2012 financial statements. However, Romania's historic position and the francophone sources of its accounting regulations after the fall of communism made it difficult for international standards to be assimilated by most Romanian accountants.

Nobes (2008) proposes a classification of European countries into two groups. Romania does not feature in this classification, but we can position it in the second group (Class B), together with all the other ex-communist countries; the main characteristic features of this group are: a less important financial market, government regulation and a rather fiscal orientation. Under the circumstances, we could expect the enforcement of the IFRS to have significant consequences on accounting figures. But during the 2012 transition to the IFRS, several factors had to be considered, that probably led to a certain anticipation of some of the IFRS

specific rules². We refer here especially to the persistence of certain accounting policies used from 2001 until 2005 and which had to be in compliance with the IAS. At the same time, we have to consider the fact that Romanian accounting standards (RAS) that been applied since 2006, even though they declare themselves in agreement with European directives, comprised quite a few options whose direct origins are IFRS. Săcărin (2014) adds to these explanations a possible lack of agreement in the enforcement of the IFRS. In our analysis, we shall focus only on individual financial statements of listed Romanians entities, which can have an impact on our results. For instance, there is no goodwill; in the case of listed entities that belong to groups, the eliminations ensuing from consolidation could lead to changes in the published accounting figures. In the case of Romania, the impact of the IFRS is equally influenced by the weakness of control mechanisms and by the Ministry of Finance's attitude as a regulator (Albu *et al.*, 2013).

Thus, our paper proceeds by providing a literature review (section 2), followed by the formulation of hypotheses (section 3), the presentation of our methodology and sample (section 4), the results (section 5) and finally, the conclusions and limits of our study (section 6).

2. Literature review

Research on the impact of accounting standards is rich. At the same time, the use of Gray's comparability index is quite frequent. We shall, therefore, structure this literature review section into three parts: the application of Gray's index in the study of the comparability of accounting information; the impact of the IFRS on accounting figures, especially on the occasion of the compulsory introduction of the IFRS in Europe (in 2005 and after), and the impact of the application of the IAS/IFRS in Romania (see also Istrate, 2013).

2.1 The use of Gray index to measure the comparability of accounting standards

Gray (1980) proposes an *index of conservatism* so as to compare the net income of certain companies from Great Britain, France and Germany with the same income restated by using the criteria of an organization of financial analysts (European Federation of Financial Analysts Societies - EFFAS). The same author returned to the use of the index, in a team project (Weetman & Gray, 1991), that analyzed the differences between the US GAAP and certain national accounting norms (British, Dutch and Swedish) enforced by companies listed in the United States and which have to restate their financial statements so as to be accepted on the American financial markets. Weetman & Gray (1991) analyze data from the financial years 1986, 1987 and 1988 and suggest, apart from Gray's conservatism index (1980),

partial conservatism indexes that measure the impact of certain standards (inventories, deferred taxes, goodwill, extraordinary items, capitalization of interests and the research-development expenses). Later, the two authors (Weetman et. al, 1998) conducted an analysis of the differences between British standards, on the one hand, and the US GAAP and the IAS, on the other hand. Another team to which Gray contributed (Street *et al.*, 2000) used the comparability index (the term *conservatism index* is placed between inverted commas) to measure differences between the US GAAP and the IAS, on the basis of reconciliations published by foreign companies listed in the United States.

Evraert & Trebucq (2002) analyze the differences between the figures in French accounting standards and the US GAAP for French groups listed in New York, by using Gray's conservatism index for income, equity and return on equity- ROE - (for the years 1998, 1999 and 2000). Evraert & Trebucq (2002) noticed an average over-evaluation of almost 50% of French ROE in comparison with figures resulting from the use of the US GAAP. Balsari *et al.* (2009) analyzed the differences between Turkish regulations and the IFRS and, by applying Gray's comparability index to several financial indicators, they did not identify significant influences of the transition to the IFRS. Gray *et al.* (2009) continued the series of their studies that analyze the differences between US GAAP and European standards. This time, Europe is considered from the perspective of two sets of accounting standards: for the period 2002 – 2004, Gray *et al.* (2009) take into account national regulations, while for the period starting in 2005, they use IFRS data. The results reported by Gray *et al.* (2009) are quite opposite: for the pre-IFRS period, equities in national standards are significantly lower than US GAAP equities, for the entire sample; on the contrary, IFRS-EU income is higher than US GAAP income (2004-2006). Anyway, Gray *et al.* (2009) noticed a clear demarcation between British standards and the accounting regulations of other European countries in their sample. Gray's index is applied by Liu (2009) and Liu *et al.* (2010) who found that, despite a visible raise of the convergence between the US GAAP and the IFRS, during the period 2004-2006 and in 2007, there were still significant divergences between the two sets of accounting standards.

2.2 Impact of the transition to IFRS in Europe

There are numerous studies on the effects of the IFRS on financial statements, as well as on the impact on financial markets. In this literature review we shall mainly consider studies on the impact of the IFRS on figures published in financial statements. Aisbitt (2006) noticed that, for the FTSE 100 companies, the modifications of equities took two directions: when comparing the application of the IFRS to the application of UK GAAP, there were increases as well as decreases. Before the actual application of the IFRS, Jermakowicz & Gornik-Tomaszewski (2006) analyzed responses about company expectations concerning the transition to the IFRS: increases of net income and equities. The authors did not

find a significant correlation between the possible increase in equities/income and the countries' belonging to the continental group, which is considered more conservative. Hung & Subramanyam (2007) found a confirmation of German companies' orientation towards conservatism and income smoothing: the total of fixed assets, equities and IFRS net income significantly surpass the levels calculated according to German standards. Haller *et al.* (2009) use Gray's comparability index (a global index, but also partial indexes) to measure the impact of the IFRS on equities and net income of German companies, and found significant differences.

For the case of Greece, Tsalavoutas & Evans (2010) found that on average, the passage to the IFRS did not yield significant effects on equities. However, IFRS figures are much higher than figures according to Greek norms, with extremes in both directions. As far as income is concerned, Tsalavoutas & Evans (2010) noticed a significant increase: IFRS figures are higher than figures according to Greek norms.

Fifield *et al.* (2011) studied the transition to the IFRS in Great Britain, Ireland and Italy (they too use Gray's index, among other measures) and found that IFRS net income is, on average, higher than the income according to former standards. For equities, Fifield *et al.* (2011) found that impacts are more divergent: there is an increase for Great Britain and Italy and a decrease in the case of Ireland. For Spain, Callao *et al.* (2007) noticed important differences in the values of certain indicators of asset liquidity and return of assets, return on equities and of income. Fitó *et al.* (2012) analyzed the case of certain Spanish companies that did not have to apply the IFRS in 2005, but in 2007-2008; then, too, they noticed important differences among financial statement indicators and among performance indicators.

Hellman (2011) applied Gray's index to measure differences between Swedish standards and the IFRS and noticed an important increase in income and more moderate increases in assets, liabilities and equities.

A more comprehensive study on the effects of the transition to the IFRS (Clarkson *et al.*, 2011) takes into account almost 3,500 companies and reaches conclusions that confirm the dichotomy between *common law* vs. *code law* accounting systems. The differences noticed between BVPS (book value per share) and EPS (earnings per share) are that *common law* countries have different profiles in comparison with *code law* countries. Aubert & Grudnitski (2011) noted important increases in the ROE in several European countries when the IFRS were applied. The difference between the continental accounting model and the Anglo-Saxon model is considered by Callao Gastón *et al.* (2010) in their study on the impact of the adoption of the IFRS on accounting figures in Spain and Great Britain: they found that the impact was significant in the two countries, with more marked differences in Great Britain. Aharony *et al.* (2010) calculated a global index of comparability

that cumulates the effect of modifications in income and equity when it became compulsory to apply the IFRS in the EU. They also measured divergences between national norms and the IFRS, without being interested in the direction of these modifications. Gray's comparability index is used by O'Connel & Sullivan (2008) to estimate the impact of the IFRS on the very large companies in seven European countries and found a significant increase of the 2004 income.

France was considered a country whose accounting norms were the most divergent in relation to the IFRS (Ding *et al.*, 2007). Under the circumstances, Cormier *et al.* (2009) estimated that the transition to the IFRS would lead to significant changes in the accounting practice of French companies. Marchal *et al.* (2007) analyzed the impact of the IFRS for 291 non-financial French groups and found a limited decrease (2%) of equity, even though, for two thirds of the studied population, equity increased. As far as income is concerned, Marchal *et al.* (2007) found an important increase (38% on average); leverage also registered an increase (16%). Demaria and Dufour (2007) argue that the choice of accounting policies made by companies that apply the IFRS for the first time was not guided by conservatism. In their turn, for SBF 120 companies, Cazavan-Jeny & Jeanjean (2009) found a limited impact (even though it is significant statistically) on several aggregates, among which are income and equity. Boukari & Richard (2007) found a slight decrease of equity due to the passage to the IFRS; on the contrary, net income increased strongly, especially due to the end put to the amortization of the goodwill.

Ferreira Silva *et al.* (2009) identified significant impacts of the passage to the IFRS on the balance sheet and profit and loss account indicators in Portuguese listed companies (increase of assets, equity, debts and income). Teixeira Lopez & Couto Viana (2008) applied Gray's index on the same Portuguese companies and found that 70% of the cases are in the neutral and pessimist zones (as they were defined by Gray), which means that the IFRS led to accounting practices that were slightly less conservative than Portuguese norms.

In Finland, Lantto & Sahlström (2009) measured the impact of the IFRS on financial ratios and noted that the transition had important effects: a considerable increase in profitability, a more moderate increase of liabilities, a significant decrease of PER.

2.3 On the IAS/IFRS application in Romania

Ionașcu *et al.* (2014) offer us a very clear picture of the literature on the IFRS adoption in Romania. They found that "the literature discussing this topic is in its incipient stages (...) and mainly consists of studies of perception with a rather few studies providing empirical evidence on the actual consequences of IFRS implementation" (Ionașcu *et al.* 2014). The second stage in the compulsory application of the IFRS in Romania started in 2012. Albu *et al.* (2013) found that

on the whole, the level of conformity is relatively low in Romania, even though there are significant differences between entities. Săcărin (2014) uses indexes that measure the absolute impact (IFRS value – RAS Value) and the relative impact to calculate the influence of the transition to the IFRS on some financial indicators. He found an increase in equity, a decrease in net income, an important decrease of the return on equity (ROE), a relative stability of solvability and leverage. Săcărin analyzes data at 31 decembre 2011 and at 1 january 2011 and eliminate from his sample the companies in insolvency. Pășcan & Țurcaș (2012) analyzed the effects on consolidated financial statements during certain Romanian groups' voluntary transition to the IFRS, at different dates. The sample of Pășcan & Țurcaș (2012) comprises 14 entities that published consolidated financial statements and found that the passage to the IFRS influenced the net income of these groups in very divergent directions – there are significant differences from one group to another.

3. Hypotheses

Romania can be ranked as belonging to the European continental accounting model – a *code law* country, whose accounting rules are strongly influenced by principles originating in European countries such as France. Such arguments can be found in Feleagă (1995), Ionașcu *et al.* (2007), and Istrate (2012). Albu *et al.* (2013) noted that the application of the IFRS in Romania is a complex and interesting process; the Romanian experience, in this case, was influenced by the fact that the IFRS must be introduced in *code law* countries. In general, the modification of accounting figures occasioned by the compulsory application of the IFRS in Europe, in *code law* countries, has led to an increase in income and equities (Table no. 1), which seems to confirm that accounting practice in these countries is more conservative (Cuzdriorean *et al.* 2012).

In order to identify *code law* countries, we resort to the classification used by Clarkson *et al.* (2011), from which we eliminate certain countries (Danemark, Netherlands, Norway), and limit ourselves to countries from Nobes' group B (2008). In Table no. 1, we noticed that on average, the IFRS lead to an increase of net income and equities in companies belonging to the European continental model and which fall under the *code law* tradition. This allows us to formulate the first two hypotheses:

H1: The application of the IFRS in Romania led to an increase in equities for the comparative year.

H2: The application of the IFRS in Romania led to an increase in net income for the comparative year.

Table 1. Impact of IFRS on some financial numbers, for 2004

Country	Authors	Indicators	Average sense of the modification	Percentage of cases with +/-	
				+	-
Belgium	Clarkson et al., 2011	EPS	+	56,9	43,1
		BVPS	+	72,2	27,8
Finland	Clarkson et al., 2011	EPS	+	66,3	33,7
		BVPS	+	75,2	19,8
France	Boukari & Richard, 2007	Net income	+	76,00	24,00
		Equities	-	58,00	42,00
	Clarkson et al., 2011	EPS	+	69,2	25,4
		BVPS	+	68,6	31,4
Germany	Haller et al., 2009	Net income	+		
		Equities	+		
	Clarkson et al., 2011	EPS	+	58,4	37,8
		BVPS	+	74,6	25,4
Greece	Clarkson et al., 2011	EPS	-	50,7	47,2
		BVPS	+	63,2	36,8
Italy	Clarkson et al., 2011	EPS	+	70,0	27,5
		BVPS	+	75,8	24,2
	Cordazzo, 2013	Net income	+		
		Equities	-		
		ROE	+		
Portugal	Ferreira Silva et al., 2009	Net income	+		
		Equities	+		
	Clarkson et al., 2011	EPS	+	75,0	25,0
		BVPS	-	50,0	50,0
Spain	Callao et al., 2010	Net income	+		
		Equities	+		
		Leverage	+		
	Clarkson et al., 2011	EPS	-	47,7	48,6
		BVPS	+	46,8	53,2
Sweden	Clarkson et al., 2011	EPS	+	74,2	12,0
		BVPS	+	82,9	17,1
Average code law countries	Clarkson et al., 2011	EPS	+	64,4	29,6
		BVPS	+	67,7	32,2

A financial indicator that combines equities and income is return on equities (ROE). Studies on the effects of the passage to the IFRS in countries that we take as our reference have found that the increase in income is more important than the average increase in equities (Marchal, 2007; Boukari & Richard, 2007; Tsalavoutas & Evans, 2010; Hellman, 2011; Aubert & Grudnitski, 2011; Ferreira Silva *et al.*, 2009). Under the circumstances, we propose the following hypothesis:

H3 : ROE for the comparative year 2011 is more significant when we calculate it according to the IFRS than according to the RAS.

Aubert & Grudnitski (2011) analyzed the impact of the IFRS on numerous accounting indicators, in the case of countries from the EU, for the year 2004. As far as return on assets (net income / total assets - ROA) is concerned, they noticed, on average, a decrease for most countries that we took as benchmarks: Belgium, France, Germany, Greece, Portugal, Spain, and Sweden. For the two other countries (Finland and Italy), Aubert & Grudnitski (2011) calculated an increase. Under the circumstances, we suggest the following hypothesis:

H4: The application of the IFRS in Romania led to a decrease in ROA for the comparative year.

Differences between the IFRS and the former GAAP can have an impact on company liabilities. Marchal *et al.* (2007) found an increase in liabilities for French groups; Callao *et al.* (2010) also noticed an increase for Spanish entities; for Greece, Tsalavoutas & Evans (2010) identified an increase in liabilities. We suggest the following hypothesis:

H5: the passage of Romanian companies to the IFRS is translated by an increase in leverage (total liabilities/ total assets) in comparison with RAS, for the comparative year.

4. Methodology and sample

The compulsory application of the IFRS in individual financial statements for the year 2012 allows us to identify, in these financial statements, the figures concerning the impact of the IFRS on assets, liabilities, revenues and charges for the financial year 2011. It is this year, therefore, that will be the focus of our study.

4.1 Measure of the differences between IFRS and RAS

We have compared accounting figures from financial statements from the year 2011, which are drawn according to RAS, with comparative figures for the year 2011, published in financial statements from 2012 that were drawn in compliance with the IFRS. In order to avoid differences in format, we have also checked the tables of reconciliation RAS - IFRS that were also available in 2012 financial statements. Data collection was done manually. The instrument that we use in this study is Gray's comparability index. In the initial version (Formula no. 1), Gray (1980) aimed to measure differences in terms of conservatism among the accounting practices of certain countries.

$$Ic = 1 - \left(\frac{\text{Adjusted profit} - \text{Disclosed profit}}{|\text{Adjusted profit}|} \right) \quad (1)$$

This formula, introduced by Gray, has become a landmark in research on the differences among various accounting standards, even though, sometimes, it is slightly modified. Thus, Haller *et al.* (2009), Tsalavoutas & Evans (2010), Fifield *et al.* (2011) and Hellman (2011) use, for the denominator, figures in former GAAP, since these standards represent the starting point of the analysis. We shall use this modified version of Gray's comparability index (Formula no. 3).

$$\text{Index of comparability (IC)} = 1 - \left(\frac{\text{IFRS numbers} - \text{RAS numbers}}{|\text{RAS numbers}|} \right) \quad (2)$$

The interpretation of results is simple:

- the IC index > 1 when the IFRS figures are lower than RAS figures;
- the IC index < 1 when the figures IFRS are higher than RAS figures;
- the IC index = 1 when the IFRS figures are equal to RAS figures.

For the interpretation of results, Gray (1980) suggests, in terms of a scale of conservatism, that we adapt for the purpose of this study:

- conservatism (IFRS are more prudent than the former GAAP) : IC > 1,05 ;
- neutrality (IFRS and the former GAAP lead to very close figures) : 0,95 < IC < 1,05 ;
- optimism (IFRS figure are higher than former GAAP figures): IC < 0,95.

Previous studies have used a variable number of indicators: Gray (1980) started with net income, sometimes equities were added (for instance, Palacios Manzano *et al.*, 2007, Haller *et al.*, 2009), ROE (Evrart & Trébucq, 2002); Balsari and al (2009) apply a formula of the comparability index for seven indicators, while Tsalavoutas & Evans (2010) use four (equities, income, liabilities and liquidity ratio). Callao Gastón *et al.* (2010) measure the impact of the IFRS for a list of 13 financial indicators. Săcărin (2014) analyze the differences between RAS and IFRS for a number of 7 indicators (total assets, equity, liabilities, net income, ROE, solvability and leverage). He reports data for his entire sample (56 companies), and by sector, for the beginning and the ending of the comparative year 2011. In our study, the indicators selected for the analysis of the impact of the IFRS are: equity, net income, operating income, ROE, ROA and ROS (return on sales). All these indicators are related to the performance of entities and they can be interpreted in Gray's terms (1980): conservatism, neutrality, and optimism. In order to complete the picture of the IFRS's quantitative effects, we shall add another indicator: leverage.

After the identification of the CI for the 7 accounting figures selected, we apply a statistical test in order to obtain the confirmation of our empirical findings. Thus,

we apply Student (t) test for the variables equity, net income and operating income and Student test for paired sample for the ratios ROE, leverage and ROA.

4.2 Sample

The obligation to apply the IFRS in individual financial statements was introduced by the OMFP 881/2012, which makes reference to all entities listed on a regulated market. Because the definition of the regulated market was not very clear in the Romanian legislation, the institution that surveys the financial market drew the list of entities that had to apply the IFRS (<http://www.cnvmr.ro/pdf/diverse/Lista-societati-incidente-OMF-2012.pdf>, a list which we consulted on the 5th of April 2013). This list includes 68 listed entities, classified according to the three BVB categories. To these entities, we can add the three listed banks that have also been applying the IFRS since 2012. This list of 68 entities must be diminished by 2 companies that have delisted from the Bucharest Stock Exchange. We are then left with 66 companies, of which one closed on 30.09 and it published its firsts IFRS financial statements later (all the others closed on 31.12). In November 2013, 81 entities were quoted on the BVB, of which three were admitted in 2013 and they are not part of our sample; we lack comparative data on the transition to the IFRS. Eight entities that are in the business of financial intermediation are not concerned by the obligation to apply the IFRS. In Table no. 2, we have justified the dimensions of our sample. The final sample comprises 68 listed companies. Our results will be presented for the 68 entities together, but we shall eliminate the three banks from the sample, in a second stage, for the sake of focusing on more homogeneous companies from the point of view of their activities and applicable standards.

In the analysis of the impact of the IFRS, we shall make calculations for the entire sample, but we shall also separate them by category of quotation: there are 18 entities quoted in the first tier (BVB I – where access conditions are stricter) and the 50 other entities belong to the BVB II/III tier. We group together these two categories because there was only one company in the 3rd category. Among the 18 entities of the BVB I, there are three banks: first, the results are calculated including banks, but we shall suggest a second series of calculations without banks. All the other members of the sample are engaged in non-financial activities.

In order to identify the total impact of the IFRS on the individual financial statements of the listed Romanians entities, we shall present the following information:

- the averages of comparability indexes by category and for the entire sample;
- the number of entities by intervals : $IC \leq 0.95$; $0.95 < IC \leq 1.05$; $IC > 1.05$;

- the percentage of entities whose index is lower/higher than 1.00 (similar to Clarkson *et al.* (2011) who highlight the percentage of companies that register an increase/a decrease of EPS and BVPS).

Table 2. Components of the sample

Panel 1 – Starting from the total number of listed companies to BVB in November 2013	
<i>Explanation</i>	<i>Number of companies</i>
Total number of listed companies at BVB, la BVB in November 2013	81
Companies with financial intermediation activities – does not apply IFRS	-8
Companies listed in 2013 and without comparative figures for 2011	-4
Companies with closing date different from 31.12.2011	-1
Companies in our sample	68
Panel 2 – Starting from the list published by the regulator on the Romanian Stock Exchange (CNVM)	
<i>Explanation</i>	<i>Number of companies</i>
Total number of companies in the CNVM list	68
Companies delisted in 2012	-2
Banks regulated by the National Bank of Romania, but applying IFRS	+3
Companies with closing date different from 31.12.2011	-1
Companies in our sample	68

In the calculation of the average values of comparability indexes, outliers can have a significant effect. Following Gray *et al.* (2009), we shall recalculate after eliminating these outliers. Gray (2009) proposed to calculate the Q1 and Q3 inter-Quartiles, to determine the interquartile interval ($IQR = Q3 - Q1$) and to eliminate the observations that are situated outside the interval $[Q1 - 1,5IQR ; Q3 + 1,5IQR]$.

5. Results and discussions

In order to test the H1-H5 hypotheses, we have calculated Gray's comparability index for equity (H1), income (H2), ROE (H3), ROA (H4) and leverage (H5). In order to complete and check our results, we have also calculated the comparability index for operating income and for ROS. Our results are, of course, very similar to those reported by Săcărin (2014). But our paper adds to that of Săcărin (2014) some elements: the sample is more important (we have not eliminated companies in insolvency), our methodology is slightly different, our hypotheses try to connect the Romanian situation to the European *code law* countries, and we perform statistical tests to better describe the relation between RAS numbers and IFRS numbers.

5.1 Impact on equity

As for the average impact of the IFRS on equity (Table no 3), our H1 hypothesis seems to be confirmed, with a significant increase of the indicator for the entire sample as well as for each category, before or after the elimination of banks. But this result must be relativised because there are outliers that influence it strongly. After the elimination of these outliers – which are quite numerous (almost 20% of the recorded observations) – the figures become much more neutral, and the average impact is situated in the interval of neutrality, even with a tendency towards the decrease of equity.

Table 3. Averages of IC – equity

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
Total average	0,8212 n=68	0,8943 n=18	0,7950 n=50
Average after the elimination of outliers	1,0193 n=54	0,9740 n=16	1,0286 n=41
<i>Panel 2 – Sample non-financial activities (without banks)</i>			
Total average	0,8230 n=65	0,9164 n=15	0,7950 n=50
Average after the elimination of outliers	1,0244 n=52	0,9966 n=12	1,0286 n=41

Table no. 4 shows that half of the listed Romanian companies fall within the interval of neutrality ($0.95 < IC \leq 1.05$) in what the effect of the IFRS on equity is concerned, with only 15 cases, out of 68, of a significant increase. Nevertheless, the situation of BVB I companies is a little different, with almost half of the companies registering an increase of the indicator ($IC \leq 0.95$), while more BVB II/III companies register a decrease of equities. On the whole, the percentage of entities whose IFRS equity are higher than RAS equity ($IC < 1$) is 32.35% (more important for BVB I). This conclusion is even more marked after the exclusion of banks in our sample.

The H1 hypothesis is partially confirmed – The modification of equity among Romanian listed companies due to the transition to IFRS is situated rather within the interval of neutrality with a few extremes that lead, on the whole, to an increase. But, by eliminating outliers, the impact is limited and it even shows a slight decrease in equity.

Table 4. Number of entities by IC interval – equity

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample –Gray (1980) intervals</i>			
IC ≤ 0,95 (IFRS > RAS)	15	8	7
0,95 < IC ≤ 1,05 – neutrality	34	7	27
IC > 1,05 (IFRS < RAS)	19	3	16
Total	68	18	50
<i>Panel 2 – Total sample– IC <1 or IC > 1</i>			
Percentage of entities with IC < 1	32,35	44,44	28,00
Percentage of entities with IC > 1	54,41	44,44	58,00
<i>Panel 3 – Sample non-financial activities (without banks)</i>			
IC ≤ 0,95 (IFRS > RAS)	12	5	7
0,95 < IC ≤ 1,05 – neutrality	34	7	27
IC > 1,05 (IFRS < RAS)	19	3	16
Total	65	15	50

5.2 Impact on net income

The averages of the indexes of comparability IFRS income vs RAS income that we show in Table no. 5 highlight a significant decrease of this indicator. The effect calculated in the transition to the IFRS on the net income of Romanian listed companies is absolutely adverse to the H2 hypothesis. For BVB I companies, the decrease is much less significant before the elimination of banks. Except for financial companies, the average value of comparability indexes is clearly situated beyond 1.05, which suggests, in Gray's terms (1980), more conservative IFRS, in what concerns the measure of the 2011 income – than RAS.

Table 5. Averages of IC –net income

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
Total average	1,3259	1,0220	1,4352
	n=68	n=18	n=50
Average after the elimination of outliers	1,0064	0,9938	1,0103
	n=50	n=12	n=42
<i>Panel 2 – Sample non-financial activities (without banks)</i>			
Total average	1,3523	1,0759	1,4352
	n=65	n=15	n=50
Average after the elimination of outliers	1,0073	0,9985	1,0103
	n=50	n=10	n=42

In this case, outliers are very numerous (almost 25% of the registered data) and obviously, after their elimination, the IC average is much smoother: it shows,

however, a slight decrease in the net income, except in the case of BVB I companies that register a very small increase.

Concerning the number of companies according to the comparability interval, the tendency towards a decrease in income is confirmed, even though there is a majority of companies that are situated within an interval of neutrality; the percentage of companies whose income decreases is higher than the percentage of companies that register an increase, except for BVB I. In this case, an increase in income features in 50% of the observations.

Table no. 6. Number of entities by IC interval –net income

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
IC ≤ 0,95 (IFRS > RAS)	12	3	9
0,95 < IC ≤ 1,05 – neutrality	39	12	27
IC > 1,05 (IFRS < RAS)	17	3	14
Total	68	18	50
<i>Panel 2 – Total sample– IC <1 or IC > 1</i>			
Percentage of entities with IC < 1	32,35	50,00	26,00
Percentage of entities with IC > 1	41,18	27,78	46,00
<i>Panel 3 – Sample non-financial activities (without banks)</i>			
IC ≤ 0,95 (IFRS > RAS)	11	2	9
0,95 < IC ≤ 1,05 – neutrality	37	10	27
IC > 1,05 (IFRS < RAS)	17	3	14
Total	65	15	50

The H2 hypothesis is not confirmed: on average, the restatement of the net income occasioned by the transition to the IFRS does not lead to an increase. On the contrary, it is only BVB I companies that register increases (half of them), but this tendency is compensated by strong decreases in other companies from the same category. Our results can only partially be compared to those from other studies, mainly because we work on individual financial statements, while the other authors generally focus on consolidated financial statements. This observation is very important in the case of the net income, because the goodwill is absent from our figures – in fact, one of the important sources of difference between the IFRS income and the income of former GAAP was the elimination of the amortization of the goodwill (Lantto & Sahlström, 2009).

5.3 Impact on operating income

In order to complete the analysis of the impact of the IFRS on income, we shall calculate the IC for the operating income (Table no. 7). The conclusions are still

clearer than for the net income: restatements due to the IFRS have led to the decrease of the operating income, both before and after the elimination of outliers.

Table 7. Averages of IC – operating income

	Total	BVB I	BVB II/III
<i>Sample – non-financial activities (without banks)</i>			
Total average	1,2114 n=65	1,1389 n=15	1,2332 n=50
Average after the elimination of outliers	1,0290 n=52	1,0174 n=11	1,0355 n=40

This tendency is confirmed by the number of entities that are situated above an IC=1: their percentage is largely higher than the ones of observations IC < 1 (Table no. 8). There, also, most entities are situated within the interval of neutrality (0.95 < IC < 1.05).

Table 8- Number of entities by IC interval – operating income

	Total	BVB I	BVB II/III
<i>Panel 1 – Sample – non-financial activities (without banks) – IC < 1 ou IC > 1</i>			
Percentage of entities with IC < 1	26,15	20,00	28,00
Percentage of entities with IC > 1	53,85	60,00	52,00
<i>Panel 2 – Sample – non-financial activities (without banks)</i>			
IC ≤ 0,95 (IFRS > RAS)	11	3	8
0,95 < IC ≤ 1,05 – neutrality	33	7	26
IC > 1,05 (IFRS < RAS)	21	5	16
Total	65	15	50

5.4 Impact on some financial ratios

Table 9. Averages of IC – ROE

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
Total average	1,6432 n=68	1,4714 n=18	1,7051 n=50
Average after the elimination of outliers	1,0279 n=52	1,0540 n=15	1,0040 n=46
<i>Panel 2 – Sample non-financial activities (without banks))</i>			
Total average	1,6845 n=65	1,6159 n=15	1,7051 n=50
Average after the elimination of outliers	1,0323 n=50	1,1052 n=14	1,0040 n=46

The hypotheses concerning the impact of the IFRS on equity and on income were partially confirmed and only for equity. One can therefore expect the direction of the modification of some profitability ratios to be the same as in the case of the net income. In the Table no 9, the average comparability indexes show a significant decrease in ROE due to the passage to the IFRS, which **invalidates the H3 hypothesis**.

Table 10. Number of entities by IC interval – ROE

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
IC ≤ 0,95 (IFRS > RAS)	17	4	13
0,95 < IC ≤ 1,05 – neutrality	23	4	19
IC > 1,05 (IFRS < RAS)	28	10	18
Total	68	18	50
<i>Panel 2 – Total sample– IC <1 or IC > 1</i>			
Percentage of entities with IC < 1	35,29	33,33	36,00
Percentage of entities with IC > 1	54,41	55,56	54,00
<i>Panel 3 – Sample non-financial activities (without banks)</i>			
IC ≤ 0,95 (IFRS > RAS)	15	2	13
0,95 < IC ≤ 1,05 – neutrality	23	4	19
IC > 1,05 (IFRS < RAS)	27	9	18
Total	65	15	50

In the case of the previous indicators (equity and net income), most entities are situated within the neutrality interval; on the contrary, in the case of ROE, the decrease of this indicator is translated by the fact that most entities are situated within the interval IC > 1.05.

Table 11. Averages of IC – ROA

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
Total average	1,3292 n=68	1,0076 n=18	1,4449 n=50
Average after the elimination of outliers	1,0273 n=55	1,0301 n=13	1,0323 n=41
<i>Panel 2 – Sample non-financial activities (without banks)</i>			
Total average	1,3558 n=68	1,0588 n=15	1,4449 n=50
Average after the elimination of outliers	1,0333 n=52	1,0370 n=11	1,0323 n=41

In order to consider, indirectly, the impact of the IFRS on the entities' total assets, we calculated ROA (by applying the comparability index formula to the total assets, we noticed a very slight modification, in the sense of an increase). The figures presented in Table no. 11 show a significant decrease of ROA, which **confirms our H4 hypothesis**.

Table 12. Number of entities by IC interval – ROA

	Total	BVB I	BVB II/III
<i>Panel 1 – Panel 1 – Total sample</i>			
IC ≤ 0,95 (IFRS > RAS)	12	3	9
0,95 < IC ≤ 1,05 – neutrality	34	10	24
IC > 1,05 (IFRS < RAS)	22	5	17
Total	68	18	50
<i>Panel 2 – Total sample– IC <1 or IC > 1</i>			
Percentage of entities with IC < 1	38,24	44,44	36,00
Percentage of entities with IC > 1	50,00	50,00	50,00
<i>Panel 3 – Sample non-financial activities (without banks)</i>			
IC ≤ 0,95 (IFRS > RAS)	11	2	9
0,95 < IC ≤ 1,05 – neutrality	32	8	24
IC > 1,05 (IFRS < RAS)	22	5	17
Total	65	15	50

The impact of the IFRS on ROA leads, however, to the grouping of entities in the neutrality interval, with a tendency toward the decrease (table 12).

Table 13. Averages of IC – ROS

	Total	BVB I	BVB II/III
<i>Echantillon activités non-financières (sans les banques)</i>			
Total average	1,2360	1,2659	1,2270
	n=65	n=15	n=50
Average after the elimination of outliers	1,0279	1,0146	1,0295
	n=51	n=11	n=40

We have not suggested any hypothesis on the sense of the impact of the IFRS on ROS. Calculations (Table no. 13) allow one to notice a certain similarity with the results noticed for the other profitability ratios: **The decrease is significant**.

The number of entities for which return on sales diminishes is higher than 50% (Table 14).

Table 14- Number of entities by IC interval – ROS

	Total	BVB I	BVB II/III
<i>Panel 1 - Panel 1 – Sample non-financial activities</i>			
IC $\leq 0,95$ (IFRS > RAS)	13	3	10
0,95 < IC $\leq 1,05$ – neutrality	30	7	23
IC > 1,05 (IFRS < RAS)	22	5	17
Total	65	15	50
<i>Panel 2 – Sample non-financial activities – IC < 1 or IC > 1</i>			
Percentage of entities with IC < 1	26,15	20,00	28,00
Percentage of entities with IC > 1	53,85	60,00	52,00

5.5 Impact on leverage

For BVB I companies, leverage is only slightly influenced by the transition to the IFRS, with a minor increase, nevertheless. On the contrary, in the case of BVB II/III companies, there is a significant increase in leverage (Table no. 15). These results confirm our H5 hypothesis.

Table 15. Averages of IC – leverage

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
Total average	0,8736 n=68	0,9965 n=18	0,8294 n=50
Average after the elimination of outliers	0,9794 n=55	1,0013 n=15	0,9797 n=38
<i>Panel 2 – Sample non-financial activities (without banks)</i>			
Total average	0,8670 n=65	0,9926 n=15	0,8294 n=50
Average after the elimination of outliers	0,9773 n=52	0,9710 n=14	0,9797 n=38

Even though most observations are situated within an interval of neutrality, there are still more companies for which leverage increases than for which it decreases (Table no. 16).

5.6 Statistical tests

The results of the application of Student tests for 6 of our 7 variables confirm that the impact of IFRS ranks the majority of Romanian listed companies in the intervals of neutrality. Only for 2 variables (operating income and return on assets), the Student test identifies some statistical significant differences.

Table 16. Number of entities by IC interval – leverage

	Total	BVB I	BVB II/III
<i>Panel 1 – Total sample</i>			
IC $\leq 0,95$ (IFRS > RAS)	25	5	20
0,95 < IC $\leq 1,05$ – neutrality	36	9	27
IC > 1,05 (IFRS < RAS)	7	4	3
Total	68	18	50
<i>Panel 2 – Sample non-financial activities – IC < 1 or IC > 1</i>			
Percentage of entities with IC < 1	57,35	50,00	60,00
Percentage of entities with IC > 1	30,88	44,44	26,00
<i>Panel 3 – Echantillon activités non-financières (sans les banques)</i>			
IC $\leq 0,95$ (IFRS > RAS)	25	5	20
0,95 < IC $\leq 1,05$ – neutrality	33	6	27
IC > 1,05 (IFRS < RAS)	7	4	3
Total	65	15	50

6. Conclusions

The generalised enforcement of the IFRS in Europe started with the obligation of the listed groups to establish IFRS consolidated financial statements. Some EU countries extended the application of the IFRS to individual financial statements. In Romania – an EU member since 2007 – the IFRS became compulsory in the separate financial statements of listed entities beginning with the financial year 2012. This obligation represents for us a good occasion to apply, to the case of Romania, the instruments that have already been used to study the impact of the IFRS on accounting figures. In fact, the European transition to the IFRS, in 2005, generated a rich literature on the effects of international standards and on the comparability of these with former national GAAP.

We aim to measure the impact of the IFRS on the accounting figures of Romanian listed companies: equity, net income and operating income, some profitability ratios (ROE, ROA, ROS) and leverage of the comparative year 2011, for which official figures are available in 2011 according to RAS, and IFRS comparative figures are available in financial statements for 2012. The instrument that we have chosen to measure this impact is Gray's comparability index (1980), also known under its original name as conservatism index. Our sample is made up of Romanian companies listed on the Bucharest Stock Exchange – a total of 68 entities that have transitioned to the IFRS. In our study, we consider Romania to be a *code law* country that belongs to the European continental accounting system. Thus, we have formulated hypotheses suggesting that the direction of the modification of accounting figures following the application of the IFRS is the same as in other European countries that belong to the continental accounting system and that are

grouped by Nobes (2008) in his B class (a less important financial market, governmental regulation, strong influence of taxation). Thus, there are nine countries for which the literature provides us with comparative data (Belgium, Finland, France, Germany, Greece, Italy, Portugal, Spain, and Sweden). In our sample, figures do not come from consolidated financial statements, which can create problems when comparing them with the studies that we used as a model.

The results of our study demonstrate that the first hypothesis (H1 – increase in equity due to the IFRS) is partially confirmed. Most entities are situated within the interval of neutrality, with outliers that make the average for the entire sample to reflect an increase. The second hypothesis (H2 – increase in net income) is clearly refuted for the entire sample – the 2011 IFRS income is, on average, inferior to the 2011 RAS income, which can seem surprising. Several explanations can be proposed:

- individual financial statements do not include the goodwill which, through the elimination of its amortization, has contributed to the increase of group net income, noticed by literature;
- accounting policies imposed/allowed by the IFRS are more conservative than accounting policies in RAS, where the enforcement of these policies is done rigorously. In this case, the Romanian accounting system before the IFRS represents a particular form of the European continental accounting system, from which it distances itself in certain characteristic features;
- there are weaknesses in the enforcement of the IFRS. For the 68 entities included in the study, the reports of financial auditors feature the following opinions: 36 - unqualified, 10 – unqualified but with observations, 19 - qualified, 1 – impossible to express an opinion, and 2 - adverse opinions.

The conclusions on the direction of the modification of the net income due to the introduction of the IFRS are confirmed by the analysis of the operating income which also undergoes a significant average decrease. The analysis of the partial confirmation and the non-confirmation of hypotheses H1 and, respectively H2, must take into account the fact that, for most entities in our sample, the modification is situated within the interval of neutrality, which means that the IFRS had a limited impact. This situation allows us to consider that Romanian companies probably chose to enforce the IFRS in a way that distances them as little as possible from Romanian accounting standards³. At the same time, the level of compliance of Romanian companies with the IFRS can be lower than in other European countries.

The H3 hypothesis is not confirmed either. ROE diminishes significantly and, unlike other indicators, most entities are not within the interval of neutrality anymore, but within the one that shows the decrease in profitability. A hypothesis that is confirmed, even though most entities are situated within the interval of

neutrality, is the decrease of ROA (H4), which can be easily explained by the decrease of the net income and the very slight modification of total assets. Finally, the leverage of Romanian listed entities increases, which confirms our H5 hypothesis.

The analysis of the transition of Romanian listed companies to the IFRS would be more comprehensive if we were to analyze the precise reasons behind the differences between RAS and by IFRS, by calculating, possibly, partial comparability indexes. Similarly, it would be interesting to compare the situation in Romania to that in other ex-communist European countries. Further analyses could consider explanatory variables such as the type of activity deployed by the entities, the internationalization of the activity of the sample members, and the type of auditors involved.

Acknowledgements

Many thanks to David Alexander – discussant of an earlier version of the paper to 35th Congress of AFC, Lille 2014. I also have to express my gratitude to Ioan Bogdan Robu and to Sorina Chipur, for their contributions to the final version of the paper.

References

- Aharony, J., Barniv, R. & Falk, H. (2010) “The impact of mandatory IFRS adoption on equity valuation of accounting numbers for security investors in EU”, *European Accounting Review* vol. 19, no. (3): 535-578
- Aisbitt, S. (2006) “Assessing the effect of the transition to IFRS on Equity: the case of FTSE 100”, *Accounting in Europe*, vol. 3, no. 1: 117-133
- Albu, C.N., Albu, N. & Alexander, D. (2013) “When global accounting standards meet the local context Insights from an emerging economy”, *Critical Perspectives on Accounting* <http://dx.doi.org/10.1016/j.cpa.2013.03.005>
- Albu, N. & Albu, C. N. (2012) “International Financial Reporting Standards in an emerging economy: lessons from Romania”, *Australian Accounting Review*, vol. 22, no. 4: 341-352
- Albu, N., Albu, C. N., Bunea, Ș., Calu, D. A. & Gîrbină, M. M. (2011) “A story about IAS/IFRS implementation in Romania – an institutional and structuration theory perspective”, *Journal of Accounting in Emerging Economies*, vol. 1, no. 1: 76-100
- Aubert, F. & Grudnitski, G. (2011) “The impact and importance of mandatory adoption of International Financial Standards in Europe”, *Journal of International Financial Management and Accounting*, vol. 22, no. 1: 1-26
- Balsari, C. K., Ozkan, S. & Secer, C. (2009) “Financial statement effects of adopting IFRS in Turkey: the mediating effect of inflation accounting”, *Journal of International Finance and Economics*, vol. 9, no. 56: 55-68

- Barbu, E. (2002) "Les entreprises françaises et roumaines face à l'application des normes comptables internationales au début du III^{ème} millénaire", *Cahier de recherche no 2002-02*, Laboratoire Orléanais de Gestion, IAE de Grenoble
- Barbu, E., Farcane, N. & Popa, A. (2010) "Looking for an accounting identity. The case of Romania during the 20th century", *Cahier de recherche no 2010-03 E2*, CERAG, Université pierre Mendès France Grenoble 2
- Boukari, M. & Richard, J. (2007) "Les incidences comptables du passage des groupes français cotés aux IFRS", *Comptabilité – Contrôle – Audit*, vol. 13, no. 3: 155-169
- Bunget, O., Caciuc, L., Dumitrescu, A., Farcane, N. & Popa, A. (2009) "The impact of IAS/IFRS on Romanian accounting rules". On-line at <http://mpa.ub.uni-muenchen.de/id/eprint/18279> (consulted on 22 September 2013)
- Callao, S., Jarne, J. I. & Laínez, J. A. (2007) "Adoption of IFRS in Spain: effect on the comparability and relevance of financial reporting", *Journal of International Accounting, Auditing and Taxation*, vol. 16, no. 2: 148-178
- Callao Gastón, S., Ferrer García, C., Jarne Jarne, J. I. & Laínez Gadea, J. A. (2010) "IFRS adoption in Spain and the United Kingdom : Effects on accounting numbers and relevance", *Advances in Accounting. Incorporating Advances in International Accounting*, vol. 26, no. 2: 304-313
- Cazavan-Jeny, A. & Jeanjean, T. (2009) "IFRS 1: « Il faut tout changer pour que rien ne change »", *Comptabilité – Contrôle – Audit*, vol. 15, no. 1: 105 - 132
- Clarkson, P., Hanna, J. D., Richardson, G. D. & Thompson, R. (2011) "The impact of IFRS adoption on the value relevance of book value and earnings", *Journal of Contemporary Accounting & Economics*, vol. 7, no. 1: 1-17
- Cordazzo, M. (2013) "The impact of IFRS on net income and equity: evidence from Italian listed companies", *Journal of Applied Accounting Research*, vol. 14, no. 1: 54-73
- Cormier, D., Demaria, S., Lapointe-Antunes, P. & Teller, R. (2009) "First-time adoption of IFRS, managerial incentives, and value-relevance: Some French evidence", *Journal of International Accounting Research*, vol. 8, no. 2: 1-22
- Cuzdriorean, D. D., Albu, C. N. & Albu, N. (2012) "The relationship between accounting and taxation and the disconnection goal: prudence versus true and fair view", *Review of Business Research*, vol. 12, no. 2: 59-68
- Demaria, S. & Dufour, D. (2007) "Les choix des options comptables lors de la transition aux normes IAS/IFRS: quel rôle pour la prudence?", *Comptabilité, Contrôle, Audit*, no. special: 195-218
- Ding, Y., Hope, O. K., Jeanjean, T. & Stolowy, H. (2007) "Differences between domestic accounting standards and IAS: measurement determinants and implications", *Journal of Accounting and Public Policy*, vol. 26, no. 1: 1-38

- Evraert, S. & Trebucq, S. (2002) "Une analyse quantitative des différences de mesures comptables dans les contextes français et américain", *Cahiers du CRECCI – IAE*, cahier 02-2002 (on-line at http://www.iae-bordeaux.fr/index.php?option=com_content&view=article&id=217:cahier-numero-02-2002&catid=139:cahiers-de-recherche&Itemid=157, consulted at 19 may 2007)
- Feleagă, N. (1995) *Sisteme contabile comparate*, București, Editura Economică
- Ferreira Silva, F., Medeiros de Couto, G. M. & Mota Cordeiro, R. (2009) "Measuring the impact of International Financial Reporting Standards (IFRS) to financial information of Portuguese companies", *Revista Universo Contábil*, vol. 5, no. 1: 129-144
- Fifield, S., Finningham, G., Fox, A., Power, D. & Veneziani, M. (2011) "A cross-country analysis of IFRS reconciliation statements", *Journal of Applied Accounting Research*, vol. 12, no. 1: 26-42
- Fitó, A., Gómez, F. & Moya, S. (2012) "Choices in IFRS adoption in Spain: determinants and consequences", *Accounting in Europe*, vol. 9, no. 1: 61-83
- Gray, S. J. (1980) "The impact of international accounting differences from a security-analysis perspective: some European evidence", *Journal of Accounting Research*, vol. 18, no. 1: 64-76
- Gray, S. J., Linthicum, C. L. & Street, D. L. (2009) "Have European and US GAAP measures of income and equity converged under IFRS? Evidence from European companies listed in the US", *Accounting and Business Research*, vol. 39, no. 5: 431 – 447
- Haller, A., Ernstberger, J. & Froschhammer, M. (2009) "Implications of the mandatory transition from national GAAP to IFRS – empirical evidence from Germany", *Advances in Accounting. Incorporating Advances in International Accounting*, vol. 25, no. 2: 226-236
- Hellman, N. (2011) "Soft adoption and reporting incentives: a study of the impact of IFRS on financial statements in Sweden", *Journal of International Accounting Research*, vol. 10, no. 1: 61-83
- Hung, M. & Subramanyam, K. R. (2007) "Financial statement effects of adopting international accounting standards", *Review of Accounting Studies*, vol. 12, no. 4: 623-657
- Ionașcu, I., Ionașcu, M., Olimid, L. & Calu, D.A. (2007) "An Empirical Evaluation of the Costs of Harmonizing Romanian Accounting with International Regulations (EU Directives and IAS/IFRS)", *Accounting in Europe*, vol. 4, no. 2: 169-206
- Ionașcu, M., Ionașcu, I., Săcărin, M. & Minu, M. (2014) "IFRS adoption in developing countries: the case of Romania", *Accounting and Management Information Systems*, vol. 13, no. 2: 311-350
- Istrate, C. (2012) "Unde putem situa contabilitatea românească actuală în clasificarea internațională a sistemelor contabile?", in *Contabilitate, control și guvernare – Liber Amicorum în onoarea Profesorului Niculae Feleagă* (Eds. Albu, C. N., Albu, N., Feleagă, L.), Bucharest: Ed. Economică, pp. 155-166

- Istrate, C. (2013) "Impact of IFRS on accounting data – Gray index of conservatism applied to some European listed companies", *Scientific Annals of the "Alexandru Ioan Cuza" University of Iasi, Economic Sciences*, vol. 60, no. 2: 259-277
- Jermakowicz, E. K. & Gornik-Tomaszewski, S. (2006) "Implementing IFRS from the perspective of EU public traded companies", *Journal of International Accounting, Auditing and Taxation*, vol. 15, no. 2: 170 – 196
- King, N., Beattie, A., Cristescu, A.-M. & Weetman, P. (2001) "Developing accounting and audit in a transition economy: the Romanian experience", *European Accounting Review*, vol. 10, no. 1: 149-171
- Lantto, A.-M. & Sahlström, P. (2009) "Impact of International Financial Reporting Standards on key financial ratios", *Accounting & Finance*, vol. 49, no. 2: 341-361
- Liu, C. (2009) "Are IFRS and US-GAAP already comparable", *International Review of Business Research Papers*, vol. 5, no. 5: 76-84
- Liu, C., O'Farrel, G. & Yao, L. (2010) "Net income comparability between EU-IFRS and US-GAAP before Release no. 33-8879: evidence from fifty US-listed European Union companies", *International Journal of Business, Accounting and Finance*, vol. 4, no. 1: 49-62
- Marchal, S., Boukari, M. & Cayssials, J. L. (2007) "L'impact des normes IAS/IFRS sur les données comptables des groupes français" *Bulletin de la Banque de France*, no. 163: 27-42
- Nobes, C. (2008) "Accounting classification in the IFRS era" *Australian Accounting Review*, vol. 18, no. 3: 191-198
- O'Connell, V. & Sullivan, K. (2008) "The Impact of Mandatory Conversion to IFRS on the Net Income of FTSEurofirst 80 Firms", *Journal of Applied Research in Accounting and Finance*, vol. 3, no. 2: 17-28
- Palacios Manzano, M., Martínez Conesa, I. & Marín Hernández, S. (2007) "A comparative international analysis of the impact of accounting standard on fundamental accounting variables: the USA versus Latin America", *Problemas del Desarrollo – Revista Latinoamericana de Economía*, vol. 38, no. 149: 137-157
- Pășcan, I.-D. & Țurcaș, M. (2012) "Measuring the impact of first time adoption of International Financial Reporting on the performance of Romanian listed entities", *Procedia Economics and Finance*, vol. 3: 211-216
- Săcărin, M. (2014) "Impactul adoptării pentru prima dată a IFRS de către societățile nefinanciare cotate la Bursa de Valori București", *Audit Financiar*, vol. 12, no 1/2014: 46-54
- Street, D. L., Nichols, N. B. & Gray, S. J. (2000) "Assesing the acceptability of International Accounting Standards in US: an empirical study on the materiality of US GAAP reconciliations by non-US companies complying with IASC Standards" *The International Journal of Accounting*, vol. 35, no. 1: 27-63

- Teixeira Lopez, P. & Coutu Viana, R. (2008) „The transition to IFRS: disclosures by Portuguese companies”, FEP working paper, on line at http://www.fep.up.pt/investigacao/workingpapers/08.08.05_wp285.pdf (consulted the 2 November 2012)
- Tsalavoutas, I. & Evans, L. (2010) “Transition to IFRS in Greece: financial statement effects and auditor size”, *Managerial Auditing Journal*, vol. 25, no. 8: 814-842
- Weetman, P. & Gray, S.J. (1991) “A comparative International Analysis of the Impact of Accounting Principles on Profits: the USA versus the UK, Sweden and the Netherlands”, *Accounting and Business Research*, vol. 21, no. 84: 363-379
- Weetman, P., Jones, E.A.E., Adams, C.A. & Gray, S.J. (1998) “Profit measurement and UK accounting standards: a case of increasing disharmony in relation to US GAAP and IASs”, *Accounting and Business Research*, vol. 28, no. 3: 189-208

¹ Barbu (2002), Ionașcu *et al.* (2007), Bunget *et al.* (2009), Barbu *et al.* (2010), Albu *et al.* (2011), Ionașcu *et al.* (2014) provide schedules of the evolution in Romanian accounting, including IFRS.

² Haller *et al.* (2009) found a factor that can lead to a decrease in the differences between German accounting rules and IFRS (for the financial year 2004) – this is the anticipation by listed entities of some accounting policies complying with IFRS and also permitted by the German standards.

³ This behavior is not specific to Romanian companies: Nobes (2008) found that differences between IFRs and former national GAAP are associated with the national accounting traditions. Callao Gaston *et al.* (2010) consider, in the case of Spain, that the impact of the transition to IFRS are influenced by the particular way in which Spanish companies have applied IFRS for the first time.