PERCEPTIONS OF PROFESSIONAL ACCOUNTANTS REGARDING ACCOUNTING POLICIES

IOANA Herbei (MOȚ)

Abstract
In this article we intend to present the perception of professional accountants regarding the accounting policies used in companies.
The article is divided into the following parts: introduction, literature review, research methodology, research results and conclusions of the research.
In the work of this paper we make inquiries to determine the perception of professional accountants such assumptions resulting in a significant importance given to elaborating and grounding of accounting policy manual. Respondents consider that the main factor underpinning the drawing up and grounding of accounting policy manual is faithful image.
Through this study we want to show that professional accountants offer importance to accounting policies, like: principles, methods, procedures, treatments etc.

Keywords: accounting policies manual, professional accountants, elaboration, substantiation, faithful image
JEL Classification: M40, M41

I. Introduction
Accounting is one of the most important forms of a primary economic records, being found in all social groups.
Looking into the 90s we can identify a process to reform the accounting when the Romania was confronted with a number of problems, among which highlights the choice of accounting model. Once the implementation of this process was introduced in accounting policies also the accounting concept. At the time of its beginning (1999),

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accounting policies were applied for by an annex to the model of balance sheet and the entities practitioners and managers did not give much importance to the building of enterprise accounting policies.

With the release of the "Program of harmonization of Romanian accounting system at European and international accounting referential" approved at that time by Order no. 94/2001 the development of accounting policies by the undertaking becomes a priority side in order to provide accurate information about the financial position, financial performance and cash flows of an enterprise.

A modern Romanian accounting harmonized with EU directives and standards IFRS requires the appeal to the accounting policies and estimation techniques perfected, but to an extent acceptable at accounting options. Feleață et al. (2008 p.19) states that "because both the policies and estimation techniques applied as well the accounting choices should be circumscribe the perimeter of a faithful representation of the financial position, performance and financial position of developments relating to the company whose reality is modeled by accounting requires, must the accounting referential that the entities apply, be it national or international scale, to possess the characteristics of a modern referential."

II. Literature review

Using specialized research raise the issue of accounting policies we note that entered the preoccupations of researchers from academic and professional environments.

In order to International Accounting Standards (IAS 8) the accounting policies are: principles, bases, conventions, rules and practices underlying the preparation and presentation of financial statements.

The accounting policies chosen by the economic entity affecting the indicators reported in annual financial statements, the policy objective being to minimize taxable income by choosing accounting methods and principles for appropriate business entities. To develop a set of accounting policies is necessary to know the environment in which the entity operates, competition and market, to establish an effective of calculating costs. The external environment is necessary to correlate the entity's internal calculation methods in determining the cost-benefit ratio.

Over the years many researchers have expressed concerns about the accounting policies emphasizing the concept of shaping a true and fair accounting (JF Casta, 1989; Nobes C., 1999; Ristea M., 2000 N. Feleață and Malciu L., 2002; Feleață et al, 2008).

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" undoubtedly establishes the link between accounting policies, accounting treatment and financial statements of an entity.

The objective of each accounting policy manual is to reflect with prudence the theoretical definition in the context of the entity's accounting reality, namely to establish policies, procedures and accounting principles applicable to it.
III. Research methodology

Our research was carried out between January and March 2015. The research method used is survey and questionnaire tool is used.

In achieving of research we using the following steps:

a. Purpose and objectives
   The aim of the research is to identify the perception of professional accountants on accounting policies.
   The research objectives are:
   - Determining perceptions of professional accountants regarding the importance of developing and substantiation of accounting policies manual.
   - Determining the principal factor underlying the development and substantiation of accounting policies.
   - Analysis of professional accountants attitude concerning manipulative accounting practices as a result of the requirement management entity.

b. Setting the target group
   The target group of the research is composed by 45 professionals accountants within the Body of Chartered Accountants and Licensed Accountants of Arad. Of those 45 professional accountants 18 are men and 27 are women.

c. The design, drafting and application questionnaire
   The questionnaire contains closed questions and open questions that resulted perception on the development of professional accountants and accounting policy making. Data from this survey are statistically processed and references to the views of respondents are conducted anonymously.

d. Centralization of data and processing results.

IV. Results

In what follows we will analyze the research hypotheses validation sample level and we will synthesize the results. Quantification of opinions was performed using Likert scale and the data of five levels of scale were assigned scores between -2 and +2.

In chart 1 shows the sample distribution of professional accountants in relation to professional experience.
**H1:** Small and medium number of years of professional experience of professional accountants (between 0-10 years) influences their perception of the importance given to the development and substantiation of accounting policies manual.

The validation or invalidation of this hypothesis will be based on replies to the following questions:
- What is your experiences as a professional accountant? (Q1)
- To what extent important drafting and substantiation of accounting policies? (Q2)

Interviewees were asked to express the degree heavily or very little in the measure of the importance of accounting policies.
- Do you think that is important for the entity holding an accounting policy manual? (Q3)

Interviewees were asked to express their degree of agreement or disagreement regarding the importance of accounting policies.

Results summarized in tables and figures are presented below.

### Chart 1

**Distribution of professional accountants in relation to professional experience**

Source: own processing based on answers from questionnaires

<table>
<thead>
<tr>
<th>Experience Range</th>
<th><strong>Women</strong></th>
<th><strong>Men</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>below 5 years</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>between 5-10</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>between 10-15</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>over 15 years</td>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>

### Table 1

**Measure the importance of developing and substantiation of accounting policies**

<table>
<thead>
<tr>
<th>Question</th>
<th>In very small extent</th>
<th>To a small extent</th>
<th>Not at all</th>
<th>A large extent</th>
<th>A very large extend</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>-2.9</td>
</tr>
<tr>
<td>Q2</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>11</td>
<td>+1.73</td>
<td>+1.73</td>
</tr>
</tbody>
</table>
Results analysis involves calculating a weighted average to determine the average score:

\[
\text{Average score} = \frac{(-2)\cdot 0 + (-1)\cdot 0 + 0\cdot 0 + 1\cdot 4 + 2\cdot 11}{15} = +1.73
\]  

(1)

**Perception on professional accountants with the importance of process development and substantiation of accounting policies**

![Figure 1](image)

Source: own processing based on answers from questionnaires

**Table 2**

<table>
<thead>
<tr>
<th>Question</th>
<th>Totally disagree</th>
<th>Disagreement</th>
<th>No matter</th>
<th>Agreed</th>
<th>Totally agree</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>+1.46</td>
</tr>
</tbody>
</table>

\[
\text{Average score} = \frac{(-2)\cdot 0 + (-1)\cdot 0 + 0\cdot 2 + 1\cdot 2 + 2\cdot 10}{15} = +1.46
\]  

(2)
Perception on professional accountants with the importance of process development and substantiation of accounting policies

Source: own processing based on answers from questionnaires

On both questions, the average score is between +1 and +2, which corresponds to levels a large extend and a very large extend or agreed and totally agree. According to the results, the hypothesis H1 is validated.

H2: Large number of years of professional experience of professional accountants (over 10 years) influence their perception of the importance given to the development and substantiation of accounting policies manual.

The validation or invalidation of this hypothesis will be based on replies to the following questions:

- What is your experiences as a professional accountant? (Q1)
- To what extent important drafting and substantiation of accounting policies? (Q2)
- Do you think that it is important for the entity holding an accounting policy manual? (Q3)

Results summarized in tables and figures are presented below.

Table 3

<table>
<thead>
<tr>
<th>Question</th>
<th>In very small extent</th>
<th>To a small extent</th>
<th>Not at all</th>
<th>A large extend</th>
<th>A very large extend</th>
<th>The average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>+1.16</td>
</tr>
</tbody>
</table>

Results analysis involves calculating a weighted average to determine the average score:
Average score \( = \frac{(-2) \times 0 + (-1) \times 0 + 0 \times 0 + 1 \times 25 + 2 \times 5}{30} = +1,16 \) \hspace{1cm} (3)

**Figure 3**

Perception on professional accountants with the importance of process development and substantiation of accounting policies

Source: own processing based on answers from questionnaires

**Table 4**

<table>
<thead>
<tr>
<th>Question</th>
<th>Totally disagree</th>
<th>Disagreement</th>
<th>No matter</th>
<th>Agreed</th>
<th>Totally agree</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>+1</td>
</tr>
</tbody>
</table>

Average score \( = \frac{(-2) \times 0 + (-1) \times 0 + 0 \times 7 + 1 \times 16 + 2 \times 7}{30} = +1 \) \hspace{1cm} (4)

**Figure 4**

Perception on professional accountants with the importance of process development and substantiation of accounting policies

Source: own processing based on answers from questionnaires
On both questions, the average score is between +1 and +2, which corresponds to levels a *large extend* and a *very large extend*, or *agreed* and *totally agree*. It can be seen that the average score is closer to the agree level. Unlike experienced professional accountants small and medium professionals with high professional experience have small deductions, some of them refraining to answer. According to the results, the hypothesis H2 is validated.

**H3: Faithful image is the main factor underlying the development and substantiation of accounting policies.**

The validation or invalidation of this hypothesis will be based on replies to the following question:

- Identify which of the following factors underlying the development and substantiation of accounting policies: (Q4)
  
  a. Reflecting the true and fair view of the financial position and performance of the entity
  
  b. Meeting the wishes of management aimed at producing an image of the entity according to the interests pursued by them
  
  c. Meeting the interests of other users of financial accounting information

Interviewees were asked to express their degree of agreement or disagreement regarding the importance of accounting policies. Pooled shown in the table and figure below.

### Table 5

<table>
<thead>
<tr>
<th>Question</th>
<th>Totally disagree</th>
<th>Disagreement</th>
<th>No matter</th>
<th>Agreed</th>
<th>Totally agree</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 a</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>10</td>
<td>32</td>
<td>+1.64</td>
</tr>
<tr>
<td>Q4 b</td>
<td>0</td>
<td>10</td>
<td>5</td>
<td>21</td>
<td>9</td>
<td>0.86</td>
</tr>
<tr>
<td>Q4 c</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Results analysis involves calculating a weighted average to determine the average score:

\[
\text{Average score} = \frac{(-2)\times0 + (-1)\times0 + 0 + 0 + 1\times10 + 2\times22}{45} = +1.64 \quad (5)
\]

\[
\text{Average score} = \frac{(-2)\times0 + (-1)\times10 + 0 + 5 + 1\times21 + 2\times9}{45} = 0.86 \quad (6)
\]

\[
\text{Average score} = \frac{(-2)\times0 + (-1)\times5 + 0 + 10 + 1\times23 + 2\times10}{45} = 0.88 \quad (7)
\]
The average score final answer to the question Q4a is comprised between +1 and +2, that is between levels *agree* and *totally agree*, the closest being *totally agree*. Following accountants mentioned as the main factor in the development and substantiation of accounting policies is the faithful image.

The following two answers Q4b and Q4c, the average score is between 0 and +1, between no matter and agreed levels closer to the level of agreement.

According to the results, the hypothesis H3 is validated.

**H4: The perception of professional accountants regarding the transparency of accounting policies manual conforms to reality.**

The validation or invalidation of this hypothesis will be based on replies to the following question:

✓ The manual is sufficiently transparent to conform to reality? (Q5)

Interviewees were asked to express their degree of agreement or disagreement regarding the importance of accounting policies.

Pooled shown in the table and figure below.

**Table 6**

Perception of professionals’ accountants about the transparency of accounting policies manual

<table>
<thead>
<tr>
<th>Question</th>
<th>Totally disagree</th>
<th>Disagreement</th>
<th>No matter</th>
<th>Agreed</th>
<th>Totally agree</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q5</td>
<td>0</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>5</td>
<td>0.44</td>
</tr>
</tbody>
</table>
Results analysis involves calculating a weighted average to determine the average score:

\[
\text{Average score} = \frac{(-2)\times0+(-1)\times10+1\times10+1\times10-2\times5}{45} = 0.44 \tag{8}
\]

**Figure 6**

**Perception of professionals’ accountants about the transparency of accounting policies manual**

The average score is between 0 and +1, which corresponds to no matter and agreed levels, but closer to the no matter. About half of the respondents preferred to abstain to answer this question. According to the results, the hypothesis H4 is invalidated.

**H5:** The motivating of professional accountants on call manipulative practices is influenced by the requirements of the entity’s management.

The validation or invalidation of this hypothesis will be based on replies to the following questions:

- At the request of the management entity you call the manipulative accounting practices conducive to maximizing the outcome? (Q6)
- At the request of the management entity you call the manipulative accounting practices leading to a smaller tax payment to the state budget? (Q7)

Interviewees were asked to express their degree of agreement or disagreement regarding the importance of accounting policies. Pooled shown in the table and figure below.

**Table 7**

The perception of professionals accountants about the interest pursued by the managers by using the accounting policies

<table>
<thead>
<tr>
<th>Question</th>
<th>Totally disagree</th>
<th>Disagreement</th>
<th>No matter</th>
<th>Agreed</th>
<th>Totally agree</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>
Results analysis involves calculating a weighted average to determine the average score:

\[
\text{Average score} = \frac{(-2)\times 5 + (-1)\times 5 + 3\times 5 + 1\times 12 + 2\times 20}{45} = 0.86 \quad (9)
\]

\[
\text{Average score} = \frac{(-2)\times 4 + (-1)\times 5 + 3\times 5 + 1\times 12 + 2\times 18}{45} = 0.80 \quad (10)
\]

**The perception of professionals accountants about the interest pursued by the managers by using the accounting policies**

The average score is between 0 and +1, being closer to the level of agreement. According to the respondents’ answers, we find that accounting professionals believe that managers pursue either minimizing or maximizing earnings in accounting policy choice. Following H5 hypothesis is validated.

Regarding detailing the results of testing hypotheses from the objectives pursued, we will detail below a summary of them:

<table>
<thead>
<tr>
<th>Validation/invalidation assumptions made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
</tr>
<tr>
<td>✓ Determining perceptions of professional accountants regarding the importance of developing and substantiating accounting policies manual.</td>
</tr>
</tbody>
</table>

![Results analysis](image)
V. Conclusion

From the multitude of accounting policies applicable in Romania, with an impact on the entity's financial position and performances, it is difficult to choose the one considered relevant. Economic entity acquires desired image under the baton of professional accountants endowed with "grace creativiții" and "protection" deficiencies accounting rules. Creativity can hide the delay and mitigate the bad news about the financial position and performance of an entity, but not indefinitely, as there are numerous ways to detect them.

Entities that prepare financial statements in accordance with new regulations must develop accounting policies based on professional judgment to ensure provision of relevant and reliable accounting information. Thus, transparency and open dialogue on performance, priorities and future development plans, contribute to strengthening partnerships and building trust.

Through this work does not want a plea for options and subjectivity but aims revelation that the accumulation of options, accurate image can become harmful.

Although the results of the study undertaken are limited having only professional accountants target group, however, we see that this study gives insight on the importance attached validated and grounding elaborării accounting policies. Professional accountants being sensitive procedures, practices and accounting options regarding the elaboration and substantiation manual accounting policies and believes that faithful image is a critical factor in what is results.

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