

Three Types of Accounting Policies Reflected in Financial Statements. Case Study for Romania

MARIANA GURĂU
Senior Lecturer, Ph.D.
Faculty of Economics
Nicolae Titulescu University,
Calea Vacaresti, Bucharest,
ROMANIA
marianagurau@univnt.ro

Abstract

The objective of financial statements is to give a true and fair view of financial position and of the performance, a true and fair view which will be useful for a wide range of users to take economic decisions. Accounting policies choice involves setting options that generate the best financial and accounting information. The best information must be in agreement with the most accurate image of financial position, performance and changes in financial position and performance. The present paper intends to present three different accounting policies used for the same situations and the results of their implementation. Starting question is: which of the results are the true and fair view?

Keywords: *accounting policies, true and fair view, depreciation, taxation, maximize profit, aggressive behaviour, conservative behaviour.*

1. Introduction

The accounting truth - between to be or not to be

Freedom to choice accounting policies by companies represents one of the barriers to compliance the objective. This enables us to ask how relevant is accounting information reflected on the financial position or financial performance?

Truth offered by accounting can only be the result of a compromise between the expectations and requirements, and for manufacturers, a relationship between sincerity and regularity (respecting the principles and fundamental rules, so the financial policies).

Our pleading about the accountant truth influenced by accounting policies approved by an economic entity actually refers to that truth built with sincerity. We do not intend to emphasize irregularities, behind which are hidden interests, which deteriorates the image reflected by the financial statements, materialized in manipulation of the result that has a fraudulent nature.

„There is only one accounting truth?” The answer to this question is, definitely NO, but one answer can be offer by accounting which give to each protagonist to economic and social life the truth that everybody need¹. Starting from this question, our target is to build a study case by using differing accounting policy and to see how is affected the information’s image offered by an economic entity.

¹ Caprou M. – Contabilitatea în perspective, Ed. Humanitas, București, 1994, pg. 157

2. Three accounting policies with different objectives

In our approach to demonstrate that a fact (in our case the image of the financial position) seen from different people looks different without being able to say that someone distorts the truth, we improvised three sets of accounting policies.

First set of accounting policies will aim to maximize profit. Therefore the entity will have an aggressive behaviour that involves selecting accounting policies that include rules that lead to lower costs in the income statements (can not influence the revenue because they have strict rules of recognition: the registration of revenue can neither be brought forward or deferred).

The second set of accounting policies will be subordinated to a strategy targeting conservative behaviour, with the aim of capital maintenance by minimizing costs, starting from the fact that business must be conceived in light of future business and businessman's responsibility is not only profit but also stability of the economic entity. It must be respect the principle of business continuity, and business development too.

Another set of accounting policies will be based on no strategy; will fit into compliance with accounting rules but knowing that the tax rules do not contradict the accounting, tax rules prevail to the detriment of accounts.

The first set of accounting policy aims to minimize costs. In this regard, taking into account:

- Inclusion of formation expenses on intangible assets, in which case the company may immobilize expenses and as a result of this choice recovery will be made through depreciation, the depreciation period is 5 years;
- Recognition of development costs when they are still in the research phase, because the criteria for recognition of the development phase leaves room for subjectivity and interpretations;
- Establishment of large economic life of tangible and therefore their depreciation over a period as long, returning a reduced depreciation expense in the income statement;
- Choice of straight-line depreciation method;
- If the subsequent expenses related to fixed assets are at the limits between change and maintain performance, they will be recognized as a component of current assets;
- Elements which have an input value less than the limit established by legislation in the field (1,800 u.m.) will be recognized as a component of current assets and amortized over a longer period of time;
- Interest on financing the acquisition or construction of qualifying assets will be capitalized; respectively it shall be entered on their value.
- Choice of output costing inventory method first in - first out (FIFO), which will ensure lower costs;
- Evaluating to the inventory reflected on the balance sheet will consider recording some small adjustments or they really will be missed.

The second set of accounting policies has as strategy a conservative behaviour in order to maintain equity and who choose to accounting policies aimed at:

- Inclusion of formation expenses in period expenses in which they were incurred;
- Research costs are recognized as an expense when incurred, if it can not distinguish the research phase and the development of an internal project to create an intangible asset, the entity treats the expenses on that project as would be determined only the research phase;
- Search for the optimal duration of use of tangible assets, by correlating rigorous as technical point of view the economic lifetime during which depreciation is calculated with the use of tangible effective, can be taken as a reference life economic use for tax purposes;
- Choice of valuation method last in - first out (LIFO) or weighted average cost method (VAC) to calculate the cost of inventories, these methods lead to more balanced costs;
- Registration of interest expense related to qualifying assets in the income statement of the period;
- Establishing clear technical criteria against which Subsequent expenses performed with tangible are classified in period expenses or increase the value of tangible assets;
- Periodic revaluation of tangible assets leading to higher depreciation expenses;
- Recording of adjustments for depreciation.

The third set of accounting policies will be based on no strategy; will be choice to do not differ from tax policies. They aimed to minimizing income tax.

Between possibilities of using tax treatments and methods so that the entity will obtain a corporation tax minimization through its delay time, are:

- as regards assessment of inputs , the entity will act so part of the expenses that might be find in the input value (acquisition cost or production cost) to be treated as expenses of the period, thus enjoying for a immediate and full deductibility.
- Legal regulations allow the use of three regimens for asset depreciation. Economic entity has a choice between a faster or slower recovery of amounts invested in fixed assets. From a tax perspective is favourable depreciation method that defers tax burden, that the method allows the faster recovery in the value of fixed assets depreciation. Digressive and accelerated depreciation schemes serve the objectives of fiscal management: the early years, depreciation expense is higher, so the profit tax and the tax is lower, while the last part of the normal operation, the depreciation is less and pays more tax.
- output Evaluating of interchangeable elements may be made by several methods, fiscal interest recommend the method that allows the largest cost, LIFO or VAC respectively. In terms of inflation, such an approach is better and because of its financial implications.

2.1 Presentation elements and financial and economic operations that are significant for this study

In the application that we present will use information from the balance sheet, the income statement from the year N, and information about some of the financial and economic operations that make the difference between the three policies analyzed.

In this sense, the information regarding the balance sheet and financial and economic operations of interest to our study are reflected in Table 1:

u.m.

No	Elements / financial and economic operations	Value
1.	In February of year N have incurred expenses in connection with the amendment of the entity formation expenses.	12.000
2.	In November-December year N were performed research and development expenses for that criteria for recognition as assets is not very clear.	45.300
3.	The company owns a building with a book value of	550.000
4.	The building is depreciated for (remaining period for depreciation is 15 years, and the method is linear)	320.000
5.	In December of year N, is renovating the building	37.000
6.	In December N - 1 purchased furniture	60.000
7.	He holds a means of transport carrying amount of	70.000
8.	Useful life means of transport is 5 years and is amortized for	56.000
9.	The company has tangible in progress qualifying assets	88.000
10.	Interest on loans to obtain production of qualifying assets	10.000
11.	In December of year N, purchase an iron	1.700
12.	Initial stock of goods to which have been added during the inputs of the year	126.000
13.	Other stocks - balance at end	140.000
14.	Other assets	240.000
15.	Total debt of the company at the end of N	593.000

The entity's revenue in year N is 1.850.000 u.m. and expenses 1.326.000 u.m., deductible at all. That not includes depreciation costs for the furniture and other expenses that result from the detailed dates.

For evaluating the output of stocks we will use the example given for the presentation of the three assessment methods. In the case presented goods expenses depending on the method used were:

- 111 126 u.m. using the VAC method;
- 111,000 u.m. using FIFO;
- 112,000 u.m. using LIFO.

A series of operations is performed or not, based on the policy adopted.

Thus, under **the first set of accounting policies**:

- Formation expenses, which are recognized as intangible assets arising will be depreciated in a period of five years, the depreciation for the year N will be: $12.000 \text{ um} / (5 \text{ years} * 12 \text{ months}) \times 10 \text{ months} = 2,000 \text{ u.m.}$;
- For furniture purchased in December year N - 1 will be chosen linear depreciation method, and normal period of use will be 10 years. Amortization for the year N will be: $60.000 \text{ um} / 10 \text{ years} = 6000 \text{ u.m.} / \text{Year}$;
- for stock assessments at the output will choose FIFO valuation method.

In compliance with **the second set of policies** will do so:

- Depreciation method chosen for the furniture will be accelerated and the useful life is 5 years. Depreciation for the year N will be: $60,000 \text{ u.m} \times 50\% = 30,000. \text{ u.m.}$;

- for stock assessments at the output will use the LIFO method of valuation;
- It will revalue the building; its fair value is 250,000 um;
- The evaluation at the end of the year find a depreciation of the vehicle, its market value is 10,000 um and other stocks 115,000 um. So they recorded depreciation too.

The third set of accounting policies are aligned with tax stipulations, but will follow the decrease in the short term of the income tax, so it will tend to higher expenses in fiscal limits.

- Depreciation methods allowed for furnishings are: the linear method and the digressive. We will pick digressive method. The catalogue of the useful life for depreciable fixed assets requires choosing a depreciation period between 7 and 9 years. Depreciation chosen is 7 years and for year N: $(60.000 \text{ um} / 7) \times 2 = 17.143 \text{ um}$;
- for stock assessments at the output will use the LIFO method.

2.2 The behaviour dictated by each set of policies and their effects on the balance sheet and the income statement. Each policy with its own truth

As a result of applying the **first set of policies** will be observed:

a) Effects on balance sheet

- Formation expenses will be recognized in the company's assets at cost, less accumulated depreciation: $12000 - 2000 = 10,000 \text{ um}$;
- The company will recognize development expenditure in the structure of intangible assets, the likelihood of future economic benefits does not have a quite large degree of certainty, but the company decides that it can recognize them as an asset;
- The building that the company owns has been renovated in December year N, because since it is deemed higher economic benefit after renovation (this is not exactly verifiable) decided to incorporate renovating costs into the cost of the building, so it will be reflected in the balance sheet at the value of: $550000 - 320000 + 37,000 = 267,000 \text{ um}$;
- The book value of furniture is $60000 - 6000 = 54,000 \text{ um}$;
- As often happens in practice, we considered that the inventory value of goods under assessment is equal to their carrying amount;
- For the qualifying assets, was chosen capitalization of interest for the related loans. Tangible assets in progress: $88,000 + 10,000 = 98,000 \text{ um}$;
- The iron will be recognized in tangible, even if its value is less than 2.500 um, in accordance with the accounting policy choice;
- Merchandise was assessed using the FIFO method, the cost of which is 111,000 um, at the end of N's stock value is: $126000 - 111000 = 15000 \text{ um}$;
- Debts were not affected by the policy adopted;
- Equity was modified through income statement.

b) impact on the income statement:

- Depreciation expense in the amount of 6.000 um;
- Merchandise costs 111,000 u.m.

Following the implementation of the **second set of policies** will occur:

a) Effects on the balance sheet

- The book value of the building $550000 - 320000 = 230,000$ um, are revalued at fair value 250. 000 um, is the value at which it will be presented in the balance sheet equity also increased by 20,000 um;
- Furniture purchased in December N - 1 will be reflected in balance sheet at value: $60000 - 30000 = 30,000$ um;
- The vehicle has a book value of $70000 - 56000 = 14,000$ um. The inventory value is 10,000 um, will be recognized depreciation of 4,000 um, so the balance sheet value of the vehicle will be $70000 - 56000 - 4000 = 10,000$ um;
- Tangible assets in progress are recorded at production cost does not include borrowing costs;
- Iron is recognized as inventory objects, and will be given by consumption;
- Merchandise was evaluated using the LIFO method, cost of which is 112,000 um, at the end of N merchandise value is: $126000 - 112000 = 14.000$ um;
- Other stocks are carrying amount of 140,000 um, and net realizable value resulting from inventory is 115,000 um, an adjustment for depreciation is recognized in the amount of 25,000 um, the carrying amount of those inventories is $140000 - 25000 = 115,000$;
- Debts were not affected by the policy adopted;
- Equity was modified through income statement and the increase of revaluation reserve with 10,000 um.

b) Impact on the income statement:

- Formation expenses will be recognized as period costs;
- Will be considered can not distinguish the research phase and the development of internal project to create an intangible asset and should be treated as expenses would be determined only by research phase. Costs will be recognized in the period;
- Building renovation costs will be recognized in the costs of the period, considering that they were made in order to maintain the economic benefits from building;
- Depreciation of furniture 30,000 um;
- Spending on vehicle depreciation 4,000 um to which are added those for depreciation of other stocks in the amount of 25,000 um;

- Interest expense 10,000 um;
- Expenses for inventory objects (iron) 1700 um;
- Merchandise costs (LIFO method) 112,000 um.

The third set of accounting policies imply recognition of the following changes:
a) on the balance sheet:

- Because formation expenses are not amortized in fiscal terms, they will be recognized as period costs;
- To recognize the costs of renovation - renovation will opt for their recognition in the cost of building: $550000 - 320000 + 37,000 = 267,000$ um;
- Furniture will be recognized at book value less accumulated depreciation: $60000 - 17143 = 42.857$ um;
- The vehicle will be recognized in the balance sheet at book value: $70000 - 56000 = 14,000$ um Will not be recognized depreciation adjustments;
- Tangible assets in progress will be recognized at production cost without comprise interest expense;
- The iron purchased is recognized as inventory and give in the consumption;
- Merchandise was evaluated using the LIFO method, cost of which is 112,000 um. At the end of N stock value is: $126000 - 112000 = 14000$ um.

b) on the income statement account:

- Formation expenses will be recognized as period costs;
- The costs of research - development will be recognized as period costs;
- Depreciation of furniture 17.143 um, as have been calculated in the presentation of the case;
- Merchandise costs are valued at 112,000, when applying LIFO;
- Interest on loans for assets with long manufacturing cycle costs will be considered in the period;
- Iron was recognized in inventory group and put into service: expense 1,700 um.

The results of the three types of policies are reflected in the balance sheet and the extract of the income statement which we present below:

Table 2: Extract of Balance Sheet - u.m. -

Elements	Value		
	First policy	Second policy	Third policy
Formation expenses	10.000	-	-
Development expenses	45.300	-	-
Building	267.000	250.000	267.000
Furniture	54.000	30.000	42.857
Vehicle	14.000	10.000	14.000
Tangible assets in progress	98.000	88.000	88.000
Iron – tangible assets	1.700	-	-

Merchandise	15.000	14.000	14.000
Other stocks	140.000	115.000	140.000
Other assets	240.000	240.000	240.000
TOTAL ASSETS	885.000	747.000	805.857
LIABILITY	593.000	593.000	593.000
EQUITY (Assets – liability)	292.000	154.000	212.587

Table 3: Extract from Income Statement

- u.m. -

Elements	Value		
Before applying studied accounting policies			
Total revenue	1.850.000		
Expenses	1.326.000		
Income	524.000		
After applying studied accounting policies	First policy	Second policy	Third policy
Amortization costs	8.000	30.000	17.143
Merchandise costs	111.000	112.000	112.000
Set up expenses	-	12.000	12.000
Research expenses	-	45.300	45.300
Building repair expenses	-	37.000	-
Depreciation costs	-	29.000	-
Interest expenses	-	10.000	10.000
Inventory costs	-	1.700	1.700
Total expenses resulting from the application of policies	119.000	276.700	198.143
Result	405.000	247.300	325.857

Maybe we forced a little the note by recognizing development costs, in the study composed, although our aim was to show how can change the image of the accounting reports according to accounting policies. We did not intend to break the rules for this.

Thus, highlighted true and fair view and accountant truth reflected through the three different policies. It can be said that any of the three situations do not present fairly, that one of them did something wrong? What is the accountant truth?

For the first situation total value from assets is **885,000 um**, for the second the value of the total assets is **747,000 um** and in the third situation total assets are **805 857 um**.

Accounting policies do not affect debts, as happened in the case presented. These could be affected by provisioning, representing a special category of debt. However, they are presented separately in the balance sheet.

Instead, as a consequence of those assets has taken different values, the structure that was affected is equity by changing the result, which is actually the target in choosing accounting policies.

In this sense, the result was changed by the different value of the expenses related the operations whose recognition in based on policies. Thus:

By applying the first set of policies the expenses was 117,000 um

By applying the policy number two expenses was 276.700 um

And in the third case the expenses level was 198.143 um

But the application of one or other of accounting treatments permitted, namely the adoption of different accounting policies, have snowball effect on the financial statements: changing an element entail the amendment of others.

Thus, as we have seen, when applying different policies, assets are changed. This draws changing in expenses too, change that results in a different profit (result), so a different tax. Changing the value of profit leads to change the default value of dividends and dividend tax.

All these will cause those interested to adopt an accounting policy or another, depending on individual interests and certainly not to the presentation a true and fair view of the business.

Therefore in our example, different values of expenses have led to a different result. Thus:

In the first case the result was **405.000 u.m.;**

In second case **247.300 u.m.;**

In the third the result was **325.857 u.m..**

It can be seen that as a result of the use of aggressive policy centred on maximizing profit, compared with conservative accounting policies that converge to maintain equity, differences in the result can be very large.

2.3 Reflection of accounting policies on next year's costs

The costs that have been maximized or, conversely, minimized in year N will have an effect on future periods, they will increase or decrease costs. Be mentioned that in the coming years will be influenced only depreciation expenses.

Thus, we imagine that, hypothetically, in the following year the revenues and expenditures remain at the level of N. We will not take into account the depreciation of the vehicle and building only to the extent that suffered changes resulting from actions year N. Merchandise items, other stocks and other assets remain unchanged.

We will obtain, from these suppositions, the following information about how was influenced year N +1 by economic and financial operations analyzed:

For **the first set of accounting policies** reflection of operations of N will be:
- Formation expenses are reflected in the balance sheet at 7.600 um respectively net carrying amount at the beginning of the year (10,000 um) less accumulated depreciation during the year (2,400 um);

Development costs will be amortized over a period of four years: $43,500 \text{ um} / 4 \text{ years} = 10,875 \text{ um} / \text{year}$, they will have in the balance sheet the value of 32 625 um;

For the building we will consider only the value corresponding amortization increased due to renovation: $32\,000 \text{ um} / 15 \text{ years} = 2133 \text{ u.m.} / \text{Year}$. Book value of the building will be 264 867 um;

Net book value of furniture at the end of N + 1 is 48,000 um (U.m. 60,000 - 12,000 u.m.);

Tangible assets in progress will be tangible assets after their nature amortized in ten years, we shall analyze the related depreciation of interest, which is what brings differences: $10.000 \text{ um} / 10 \text{ years} = 1000 \text{ u.m.} / \text{Year}$;

The iron is depreciated in a period of three years: $1.700 \text{ um} / 3 \text{ years} = 567 \text{ u.m.}$.

Considering debt levels remained unchanged, simplified balance sheet in year N + 1 will be:

Table 4: Extract of Balance Sheet - year N + 1, the first set of accounting policy

Elements	Values	
	Year N	Year N + 1
Formation expenses	10.000	7.600
Development expenses	45.300	32.625
Building	267.000	264.867
Furniture	54.000	48.000
Vehicle	14.000	14.000
Tangible assets in progress	98.000	97.000
Iron – tangible assets	1.700	1.133
Merchandise	15.000	15.000
Other stocks	140.000	140.000
Other assets	240.000	240.000
TOTAL ASSETS	885.000	860.225
LIABILITY	593.000	593.000
EQUITY (Assets – liability)	292.000	267.225

Depreciation costs in year N + 1:

- 2.400 u.m. amortization for Formation expenses;
- 10.875 u.m. amortization for Development;
- 2.133 u.m. amortization for renovation of the building;
- 6.000 u.m. amortization for furniture;
- 1.000 u.m. amortization for interest rate included in cost of the asset;
- 567 u.m. amortization for iron;

Total depreciation costs: 22.975 u.m.

In the case of the **second set of accounting policy**, in Year N + 1 will be influenced expenses:

- For furniture depreciation value is: $30.000 \text{ u.m.} / 9 \text{ years} = 3.333 \text{ u.m.}$;
- Vehicle depreciation is less with: 4.000 um, by comparing if would not have recognized its depreciation in last year.

Total depreciation costs = $3.333 - 4.000 = - 667 \text{ u.m.}$

Its net book value at the end of year N + 1 = $30.000 - 3.333 = 26.667 \text{ u.m.}$.

Table 5: Extract of Balance Sheet – year N + 1, policy no. 2

- u.m. -

Elements	Values	
	Year N	Year N + 1
Formation expenses	-	-
Development expenses	-	-
Building	250.000	250.000
Furniture	30.000	26.667
Vehicle	10.000	10.000
Tangible assets in progress	88.000	88.000
Iron – tangible assets	-	-
Merchandise	14.000	14.000
Other stocks	115.000	115.000
Other assets	240.000	240.000
TOTAL ASSETS	747.000	743.667
LIABILITY	593.000	593.000
EQUITY (Assets – liability)	154.000	150.667

For **the third accounting policy**:

- For building, will take into account only that part of depreciation corresponding increase in value due to renovation: $32.000 \text{ u.m.} / 15 \text{ years} = 2.133 \text{ u.m.} / \text{year}$; book value of the building will be 264.867 u.m.;
- For furniture, the depreciation will be: $42.857 \text{ u.m.} / (7 \text{ years} - 1\text{year}) = 7.143 \text{ u.m.} \times 2 = 14.286 \text{ u.m.}$; (linear depreciation would be value 8.571 u.m./year) will still apply degressive depreciation and book value of the building will be. $42.857 \text{ u.m.} - 14.286 \text{ u.m.} = 28.571 \text{ u.m.}$.

Table 6: Extract of Balance Sheet, policy no. 3

- u.m. -

Elements	Values	
	Year N	Year N + 1
Formation expenses	-	-
Development expenses	-	-
Building	267.000	264.867
Furniture	42.857	28.571
Vehicle	14.000	14.000
Tangible assets in progress	88.000	88.000
Iron – tangible assets	-	-
Merchandise	14.000	14.000
Other stocks	140.000	140.000
Other assets	240.000	240.000
TOTAL ASSETS	805.857	789.438
LIABILITY	593.000	593.000
EQUITY (Assets – liability)	212.587	196.438

The expenses have value: $2.133 + 14.286 = 16.419 \text{ u.m.}$

Table 7: Extract from Income Statement year N + 1

- u.m. -

Elements	Values		
	Before applying studied accounting policies		
Total revenue	1.850.000		
Expenses	1.326.000		
Income	524.000		
After applying studied accounting policies	First policy	Second policy	Third policy
Amortization costs	22.975	- 667	16.419
Result	501.025	524.667	507.581

Table 8: Extract from Income Statement year N

- u.m. -

Total expenses resulting from the application of policies	117.000	276.700	198.143
Result	405.000	247.300	325.857

As it seen from the above, a policy that aims to reduce expenses, actually delay them and defer these expenses to the next exercise. If in N, expenses that were recognized as a due to policy of maximizing the result took the lowest value, respectively 117 000 um, in year N + 1 the costs of analyzed operations had the highest value, 22 975 um as compared to the other two cases.

If the profit earned was not distributed to owners, this behaviour is beneficial to society as delaying practically income tax, provides superior financing.

But, as we know, most times, the profit is distributed mostly owners, this behaviour having a negative impact on society in the long term.

By the second type of accounting policies has been assigned to the exercise N a high volume of expenses, respectively 276 200 um, taking even a part of the expenses in the year N + 1 by recognizing vehicle depreciation.

The third set of accounting policy has had a moderate impact on the outcome of N, 198.143 um, well and load on the year N + 1 is the average: 16 149 um.

Each of the presented policy was deliberately chosen as opting for extreme treatments, so the impact is quite visible one. In practice can be encountered a large number of combinations on treatments allowed, depending on the interest and how each understands to present a true and fair view of the entity they represent.

4. Conclusions

The main goal of our study is to make relevant differences between images obtained due to the application of different policies. For this reason we have chosen very different accounting treatments for the chosen policies. The three policies were applied to the same set of financial statements and have proposed the same financial and economic operations in accordance with the three sets of accounting policies.

The result was as expected. In year N, the one which was studied, there have been obtained values of assets and expenditure in accordance with the proposed objective when selecting accounting policies.

Whatever the impact that the accounting policies have on the future exercises, the necessity of assurance of continuity and consistency in the application of accounting policies has to be taken into consideration. This is necessary for the financial statements to provide information necessary for decision making that can be comparable over time to identify trends in its financial position and the actual performance of the entity.

Since the accounting policies and rules offer several treatments to resolve those problems inevitably arise some distortion in the relevance of accounting information and the differences between the obtained results, as we demonstrated in our study.

As seen from the mentioned is relevant that the accounting policies affect the result and there should be a guarantee that the entity did not proceed to accounting manipulations in order to increase profits. Such a situation of things is enhanced if commercial companies are required audited financial statements.

In an economy disconnected from taxation accounting policies can easily satisfy a real and concrete assurance, which through the certification can be credible to all users, and according to the fundamental purpose of accounting, can satisfy the need for truth.

For the purposes to those shown, we can say that accounting policies are permissive and relative. It raises the question of the objectivity of accounting and consequently, of true and fair view of financial position, result and changes in financial position.

References:

1. Caprou M. – Contabilitatea în perspective, Ed. Humanitas, București, 1994, pg. 157;
2. OMF no. 3055 / 2009 for the approval of the accounting regulations compliant with European directives
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