ESSENTIAL ATTRIBUTES OF THE ACCOUNTING INFORMATION IN APPLYING THE FINANCIAL REPORTING DIFFERENCES BETWEEN IFRS AND US GAAP

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(Received February 2015; accepted April 2015)

Abstract
In the context of the development of information, the main role of financial reporting is threatened by alternative sources of information that users use. However, the main source of information for decision-makers remain the accounting information relaxed from synthesis financial reporting, because the legal framework prescribes mandatory minimum information and a set of quality certification mechanisms thereof. As a starting point in our research we used relevant studies from the scientific literature regarding the understanding of the accounting information in financial reporting. We specify that many authors place the accounting information in the perimeter of the objectivity and the accuracy, which is essential in making economic decisions by the leadership. Thus, in support of decision-makers, accountants apply professional judgment (judgment of International Financial Reporting Standards), taking decisions in terms of the use of accounting treatments to achieve a quality of financial reporting information. The contents of the article have been reported not only attributes on accounting information provided by IFRS, but also aspects of US GAAP regarding financial reporting, presenting the differentiation between the two accounting referential. We note that the accounting information can be the best friend of actual and potential investors if used properly understood.

Key words: accounting information, financial reporting, quality, IFRS, US GAAP
J.E.L. CODES: M21, M40, M41

1. Introduction
Information is, undoubtedly, the most valuable product of the work of financial and accounting field and, through the primary role in decision-making; it represents the factor of which depends the quality on the market success of an entity. This can be considered a consumer good table being used by a lot of users: small entities, medium listed entities, investors, state, etc. Accounting information is obtained by methods, procedures and instruments of its own economic data processing. It is the real, accurate, complete and operative information representing support in decision making. Most of the decisions taken in the management process are based on information obtained from accounting,
which means that the accounting information plays an important role in the economic system of record. The production and publication of accounting information quality should lead to obtaining financial statements that reflect a true image of assets and the financial position of the entity.

2. Literature review
In the specialty literature, several studies have shown the importance of accounting information in financial reporting, including:
Biddle and all (2009) have shown that the financial reporting must disclose financial information quality, designed to assist decision makers in the efficient allocation of capital by reducing the information asymmetry between the managers and shareholders and shareholders and creditors.
Beyer and all (2010) show the true interpretation of financial statements using IFRS rules. The options offered by IFRS rules, presents minimum requirements for the: design and content of financial reporting, accounting estimates, or lack of guidance on accounting controversy about fair value, goodwill assessment, the criteria for the consolidation, impairment of assets, leading to impaired comparability of financial statements synthesis. Therefore we need a financial analyst which with useful tools in the analysis and knowledge, can detect numerous attempts to manipulate accounting figures, leading to the realization of true financial position of the entity resulting from the financial statements.
Chen and all (2010) assessed the quality of the accounting information by the size of the degree of earnings smoothing to achieve the level of earnings in relation to the budget lines, the size of the carrying amounts of discretionary Accruals and Timely loss recognition.
Glaum and all (2013) is directed towards the study of forecast accuracy financial reporting analysts.
While Jayaraman & Green (2013) attest the catalytic role of euro adoption in improving the comparability of the accounting information with the implementation of IFRS.
At national level, the issue of quality of accounting information has been debated for years, because managers can not perceive sufficiently well the importance of the quality and relevance of information.
A relevant study is that of Gibrina et al. 2012 which shows the positive impact of IFRS on the transparency of listed companies (mainly banks), the amount of accounting information disclosed being higher.
Pascan and Turceu (2012) submit that to increase comparability and transparency of financial information and a common accounting language, sits advantages and benefits which results from the application of IFRS.
In the empirical research by Briciu and all (2013) bring added value of relevance and reliability of accounting information provided in the financial statements reported.

According to research conducted can support the statement "entity members are affected by the emergence and use of accounting information, which requires extending their users by including them in the category of all members of the entity, including future generations."

3. Research methodology
The research is based on a qualitative approach to the impact of IFRS on financial reporting, taking into account the referential aspects of US GAAP.

We mention that accounting information provided in the application of IFRS financial reporting reflects the true image so as to be consistent with reality and help solve problems to financial and economic activity of the entity. However, this is an analysis of the impact that encourage the adoption of IFRS and does not determine a position in favor of adopting international accounting referential. The conflict of interests among the users and preparers of annual accounts lead to a different perception of the accounting information obtained according to IFRS.

In the scientific research was used at the following steps, consisting in:

- Collecting data from the literature relevant to accounting information;
- Outlining criteria and qualitative characteristics of accounting information;
- Making differences between IFRS and US GAAP;
- Plotting results and conclusions.

4. Results
Following the research achieved up to the present has been shown that the information provided by IAS/IFRS are more relevant than those obtained from national accounting systems.

The information required in decision-making on achieving to entity's business purpose are obtained on the basis of information carriers financial, statistical, and record keeping. Each of these are information processing thereof, are recorded, namely:

- Accounting information - based operations and recorded as input - output documents, synthetic and analytic accounts.
- Financial information - derived from financial and phenomena presented by specific carriers (financial statements, statements, returns, reports and other).
- Statistical information - include data collected and processed by statistical methods and techniques provided by primary documentation. Coverage and safety of such information are not able to satisfy the greatest needs of users, due to limited rigor because of the way to obtain them (surveys, polls, monographs, etc.).
Operational information - resulting from technical evidence-operative study on manufacturing activities, services, movement of goods, etc.

In the communication of financial statements the information must build a mandatory or voluntary character in the faithful and credible image of the entity (Figure 1).

As pointed out by Greiner C., we must not lose sight of that:
- Information is constructed objects, "information not grow in nature, they are artifacts, symbols of social actors deliberately created";
- Information and induce behaviors are building representations by complex mechanisms;
- Together with formalized knowledge, tacit knowledge, unexplained, plays a very important role

**Figure 1. The character of the accounting information**

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Financial information

Required recipients

Broadcast media content, frequency free

Regulated information

Free content

Respected rules

Deliberate failure, vague and incomplete information

Minimum published

Information requirements, both in form and substance

More details

Voluntary information
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Source: Poutier F., 2004

The use of the information by financial analysts covering four key issues:
- Growth prospects of the economy is based on future expectations in terms of the economy as a whole, the industry in general and the entity under review, particularly paying attention to the factors that most influence on the expected future performance (profit, dividend and price action);
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- Significant factors in the financial market, with a focus on identifying factors influencing the company's market position;
- Investment parameters being considered dividends and market price risk in conjunction with accepted;
- Investment strategies, where recommendations to invest in short, medium or long term based on two aspects: the share price behavior and expectations in terms of performance synchronization entity.

The accounting information is transmitted using various reports to decision makers and users of information called, seeking the answer to the question -Whether the initial objective was achieved satisfactorily? (Figure 2)

The management entity is based on a number of means to communicate with investors; the most important means being financial statements that provide the credibility of the information. However, in addition credibility and relevance must be, to help in choosing the most beneficial decision for the entity.

From all the accounting was adaptable tool collecting, analyzing and organizing information on events entity. Current practice allows us to provide a high quality of information on reporting (Figure 3).

**Figure 2 Users of accounting information**

Source: after processing Vatasoiu et al., 2010
According to the above we can draw the following basic directions which create the prerequisites for a quality financial reporting, aimed at:

- Cost efficiency, which requires reporting only if the costs are fully covered by reporting the related benefits;
- Market liberalization, which should support fair competition and attempts to punish unfair competition;
- Financial transparency;
- Equal treatment for foreign and domestic companies.

According IFRS, reporting financial information helps the users to make decisions with more confidence. This leads to a more efficient capital markets and a lower cost of capital for the economy. For an accounting information to be quality The Conceptual Framework states that it should be comparable, verifiable, timely and understandable.

IFRS divided the qualitative characteristics of financial information into two categories:

a. The fundamental qualitative characteristics:
   - *Relevance* - information that has the ability to generate the difference between decisions made by users.

For example, information regarding the level and structure of assets has value for users when they try to predict the entity's ability to seize opportunities and react to...
bad times. The same data are designed to confirm previous forecasts, for example how the entity may be structured or the outcome of planned activities. Relevance of the information required and submit financial statements prepared interim during the financial year, quarterly or half-yearly.

**Example 1**
Entity ALFA manufactured garments to BETA society, which owns a chain of retail outlets. BETA has become the main customer while providing 80% of the market for the company ALFA. Although the international standards do not refer to such a situation, ALFA company management must provide detailed information in the financial statements for the share of sales to BETA society to ensure the relevance of the information provided. BETA is a significant client that can influence future economic situation of the company ALFA. Therefore, failure of such relevant information may influence decisions of users taken on the basis of the financial statements.

- **Exact representation** (true) - description must be complete, neutral and error free. For example, information must represent faithfully the results and financial position of the entity reflects the economic substance of events and transactions and not merely their legal form; are neutral, is uninfluenced are prudent and complete in all relevant aspects.

**Example 2**
A company presented in the financial statements uncertain information about a debt amounting to 50,000 um. To ensure fidelity presentation is necessary to verify:
- there is a sales transaction with fixed maturity to be generated in the past by a claim
- fixed maturity has been exceeded without being delayed by a payment instrument
- the evaluation is credible claim to 50,000 um (or arguments are rational and acceptable documents)
- is the likelihood of future collection to 50,000 um or it is necessary to re-estimating.

b. qualitative characteristics amplifiers
- **Comparability** - allows users to identify and understand the similarities and differences between elements. Users should be able to compare the financial statements of an entity over time to identify trends in its financial position and performance. Information on the assets, liabilities provides the data necessary decision process, identifying differences between the accounting policies for similar transactions and other events used by the same entity from period to period and by different entities. Any change in evaluation methods and disclosures in the financial statements must be disclosed in the accounting policies of the entity.
Example 3

JK Simmons stresses in Article “A concept of comparability in financial accounting”, the important role that financial reporting is underwriting a conceptual framework. In the absence of such a framework, the concept of comparability can be used and comparisons made between two companies that do not apply the same accounting framework on specific items not use the information. Practical application of the concept of comparability must circumscribed elements of meaning and subjectivity. Simmons claims that deviations, however insignificant it generates distortions in the process of comparability.

- Verifiability - helps exact representation of economic phenomena that users want to represent.
For example, the data contained in the financial statements must be based on solid information.

- Timeliness - information available to decision makers in a timely manner to influence the decisions of users.
For example, information on goods whose referral, identification, consideration and satisfaction through an economic process can generate profit.

- Intelligibility - through the classification, characterization and presentation information is understandable.
For example, information provided through the financial statements must be understandable, even complex problems, which should not be excluded solely on the ground that it might be too difficult to understand for some users.

Example 4

A turnover of € 500,000 has the same meaning for those who have access to the financial statements. On the one hand, because different users do not perceive the same period of turnover: for users with basic knowledge of accounting, but have knowledge of economics, turnover could mean total sales and for accountants mean total income. On the other hand, the significance value of 500,000 euros is different for different persons. Therefore to have a common basis of reasoning must define the terms used and must be positioned analyzed value.

We emphasize that these qualitative characteristics are the attributes that determine the usefulness of the information provided by financial statements, through the benchmarks of quality analysis accounting information, accounting aiming at truth by providing true and fair accounting information on assets, financial position and results of operations.

However there is doubt regarding the accounting information according to IFRS. To alleviate strains on the quality of the accounting information, Ernst & Young showed the number to accounting estimates and judgments position reporting and financial performance:
As an aid in the understanding of financial reporting, since 2001, the IASB and FASB decided convergence of IFRS and US GAAP, such IASB adopted all IAS. Although currently not emit IAS standards, existing are still in force until replaced or amended by issuing new standards IFRS. Accounting information according setters US is hierarchical in terms of the following criteria and qualitative characteristics as follows:

**Figure 4 Hierarchy of reporting criteria - SFAC 2**

Source: author's view
The qualitative characteristics and relationships between them are presented by allocating different degrees, being divided into primary and secondary characteristic features. Primary characteristics give useful of accounting information and are represented as follows:

**Figure 5 Primary characteristics - SFAC 2**

Source: author's view

Regarding the secondary characteristics respond to the need of rapprochement between those who prepare financial statements and are represented as figure 6.

After more than a decade of convergence between US GAAP and IFRS there are still some differences:

- US GAAP are based on complex and detailed rules, while IFRS is unitary and is based on principles; IFRS is a set of principles of accounting approach, in order to give a true and fair view of the financial position and performance of the entity, the image that will be useful to a broad group of users in making economic decisions. US GAAP is a set of procedural rules to be followed for the accounting records and accurate image playback order is not expressly stated;

- Scope of IFRS consists of: the objective of financial statements, the qualitative characteristics of accounting information, definition, recognition and measurement of structures on which the financial statements are prepared and concepts of capital and capital maintenance. US GAAP treats: accounting information made corporate objectives, the qualitative characteristics of accounting information, recognition of accounting elements and their evaluation;
In IFRS referential the qualitative characteristics of accounting information are: understandability, relevance, reliability and comparability. Under US GAAP they are similar, with an emphasis on consistency;

- Reporting elements are similar: assets, liabilities, equity, revenues, expenses. USGAAP contain additional elements;
- While IFRS is at the historical cost basis, US GAAP prohibits the assessment (except for certain financial instruments);
- First-time Adoption of Accountant General Framework: Under IFRS-application is entirely retrospective, giving exceptions and there is a specific standard for the first time on the application of IFRS. Under US GAAP, there are no specific instructions, application is retrospective, but without exception;
- There is no hierarchy established between IFRSs, but will impose a hierarchy limited given the US GAAPs, they defined a formal hierarchy. However, we can present small dysfunctions in relation to each jurisdiction to adopt IFRS outlined by Nobes (2011), pertaining to:
  - a translation problems
  - a divergence on exemptions permitted during the transition, according to IFRS
  - availability of alternative treatments, with political influence
  - a relativity of concepts in the recognition, classification and measurement of financial structures in the financial statements synthesis
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• a controversy regarding models accounting estimate
The same is the opinion of Cole (2013), confirming the differences in accounting information through the accounting policies used by European companies, based on alternative accounting treatments.
Accordingly, each jurisdiction that adopts IFRS must use attributes as close to the truth prescribed nomenclature.

5. Conclusion
Accounting information known continuous change to the economic elements that lead to the smooth running of the entity. For information to be representative in managerial decision, it must be in accordance with reality, so that denote transparency of accounting data. However through the information provided, the entity may look performance and financial position of the accounting result.
Knowledge and use of accounting information relevant to the raw material fundamental entity in the decision making by management and the investments on the capital markets. The users of accounting information act, operate and make decisions constantly, using and understanding the accounting information provided by financial statements.
The quality of accounting information has been propellant development so that all new knowledge is building on the existing skeleton thereby certifying their quality every time.
Referring to the legislation and, obviously, it requires the existence of global accounting standards that are applicable to both the FASB and IASB and national standardization bodies and the convergence effort should include, in addition to developing common standards, and development of common understanding, in order to give similar solutions to similar individual cases.
The obtained results are found, despite the efforts of convergence between US GAAP and IFRS differences that will not be completely eliminated. In fact, there are disparities in the standards for the convergence efforts have already been completed, and for which no further work of convergence is not planned.
We can say that as long as there is dysfunction between two accounting referential, which merged into one body, we cannot speak of quality accounting information unless it presents financial statements transparent and true.

Acknowledgments:
This work was financially supported through the project "Routes of academic excellence in doctoral and post-doctoral research - READ” co-financed through the European Social Fund, by Sectoral Operational Programme Human Resources Development 2007-2013, contract no POSDRU/159/1.5/S/137926.
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