ALBANIA TOWARD THE APPLICATION OF IFRS FOR SME
A SIMPLY DESIRE OR REAL OPTION

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Abstract
Small and medium enterprises are the backbone of the global economy. Aspects and problems related to SMEs are many, but in this thesis we have chosen to treat only the accounting aspect of SMEs in Albania country which serves the current situation analysis. Globalization is the subject of the age in which we live. While physical boundaries are becoming almost invisible, accounting limits are walking on the same path aiming unification of accounting practices and financial reporting. This paper aims to give an overview on the performance of the accounting and financial reporting regulation for small and medium enterprises. To achieve the objective and purpose of the above mentioned, one of the methods used is the deductive method. It uses this method, after initially theories through the study, reports and literature we can draw important conclusions and valid recommendations. For the realization of the thesis we have served a variety of books, various studies and articles on this topic. Besides this method, another tool used for data collection is the questionnaire. The questionnaire was sent physically and on-line via the Internet different groups of interest. We conclude that National Accounting Standards are in harmonization and convergence with IFRS for SME. Therefore it is too early for us to think about the application of IFRS for SME. We can also say that our standards are designed considering the Accounting Directives (Fourth and Seventh Directives), as a step towards European Union.

Keywords: National accounting standards, Convergence, IFRS, SMEs, Albania
INTRODUCTION
There are numerous problems and aspects associated with SMEs, but in this thesis we have chosen to treat the accounting aspect of SMEs. Globalization is the subject of the age we are living in. While physical boundaries are becoming almost invisible, accounting boundaries are embarking on the same path, aiming unification of accounting practices and financial reporting.
But, which is the development process of the accounting framework and standard’s implementation in our country. The necessity of recognizing this process comes because it serves to the analysis of the current state of accounting regulation and standard’s implementation and gives us lessons to solve the problems and overcomes the difficulties. I tried that through this paper to present an overview of developments in the field of accounting regulation and accounting standards implementation in our country for SMEs. It wills also study the coherence and convergence between National Accounting Standards (NAS) and International Financial Reporting Standard for SME (IFRS for SME). Is Albania ready to implement IFRS for SMEs or NAS package is compatible and in full convergence of IFRS for SMEs?
The main question of the study is: Are National Accounting Standards (NAS) applicable and in accordance with the IFRS for SMEs?

Based on the above, the sub question examined are:

- Are compose the NAS in accordance with accounting Directives?
- Is too early to apply IFRS for SME in Albania?

METHODOLOGY
For the study purpose, a descriptive research design is adopted. Questionnaire was used to collect primary data. First we need to clarify that the questionnaire for data collection was distributed to different stakeholders some economists, accountants of entities, accounting experts, professors of literature / accounting. We randomly select the sample where we distributed the questionnaire. These are people who mostly use standards. Questionnaires were distributed and to employees of tax, financial and leasing institutions, but their analysis is not part of this paper. It was distributed in 90 entities mainly in Elbasan City, from which 32 of them answered back, then 35.5%. The questionnaire addressed 71 professionals of which 28 of them answered back, so 39.4%. Collecting data from a relatively small number of respondents and data collections around a specific geographical area can be seen as a limitation of this paper. Despite the limitations, the data collected from this survey represent special importance to give an opinion on the main question of the study.
ANALYSIS

As for the second question regarding recognition of NAS, showed that by the profession level of recognition appear very high at 96.4%, while in terms of the data collected by entities, measures of recognition of NAS is 65.6%. Regarding the third question on the level of recognition of the NAS, the data are presented in the graph above. For the entities, the level of recognition presented to level 'Very much' 65.1%, 'Little' 25.7% and 'No' 9.2 %. While these figures are for professionals in the levels 'Very much' 92.4%, 'Little' 5.3% and 'No' 2.3%.

 Asked about the fourth question related to the recognition of IFRS for SMEs, showed that by the profession the level of knowledge appear as expected higher amount 82.7%, while in terms of the data collected by entities, the level of knowledge appear 37.6%. Asked about the fifth question about the level of knowledge of IFRS for SMEs, the data appear in the same graph where entities level of recognition presented to level 'Very Much' 25.2%, 'Little' 12.4% and 'No' 62.2%. While these figures for professionals are in the levels 'Very Much' 68.7%, 'Little' and 25% ‘No’ 6.3%.

Graphic 1: Knowledge of NAS

Graphic 2: Knowledge of IFRS for SME
Asked about the sixth question associated with the implementation of the NAS, it showed that by the profession level of implementation is presented with a clear 89.7%, while in terms of the data collected by entities, measures and implementation of NAS presented in size 68.6%. Asked about the seventh question associated with the level of implementation of the NAS, the data appear in the same graph, where the entities level of recognition presented to level 'Much' 68.4%, 'Little' 16.4% and 'No' 15.2 %. While these figures are for professionals in the levels 'Much' 89.2%, 'Little' 7.5% and 'No' 3.3%. Although figures for use by professionals seem high, it is worth mentioning that these figures are not at the level of love because their use is mandatory by law. Pursuant to Article 4 of the Law no. 9228 dated 29.04.2004 "On Accounting and Financial Statements "(changed) and with the proposal of the National Council of Accounting, NAS have become mandatory for use since 01.01.2008.

Graphic 3: The nivel of use to NAS

After analyzing the responses received on question eight, showed that: The applicability of NAS appears at 70%. Standards which were marked with 'x' in the column 'Apply' noted that generally those associated with a high percentage of respondents who apply. The implementation measures 70% is for the implementation of 10 standards of the complete package of 15 standards. Even one of them, NAS6 "Provisions, Contingent Liabilities and Contingent Assets' deemed unenforceable only because of exceeding half the 3.2% threshold. As for the other standards that have taken note 'not apply' are NAS9 'Combinations entities' to the extent of 69.7%, NAS 10 "Grants and other forms of assistance' to the extent of 59.4%, NAS 13 'Biological assets’ 87.5% and NAS14 'Accounting for controlled companies and associates in the extent 85.3%. Non-applicability of these standards may be because of a lack of activity or the other of elements that they have to object.
The data collected from the answer to question nine related to the cost of maintaining the accounting according to NAS proved that 75% of professionals deem affordable this cost, while only 62% of entities see how affordable this cost by themselves.

By measuring the level of compliance of NAS with the IFRS for SMEs was taken into account only the data collected by a group of professionals in the field. It showed that 73.3% of them judged NAS compatible with the *IFRS for SMEs and the rest is not answering this question.
While the subsequent question regarding NSA improved, they are also taken into account only the responses of professionals in the field, which measure was designed before the distribution of the questionnaire and data collection. It turns out their level of awareness is high at 89% for improved NAS. Meanwhile, the question of twelve, if MRS improved are more in line with the IFRS for SMEs, appear positive in 92% of the respondents.

1. Asked “Is there climate necessary to transition from NAS to IFRS for SME?” the professional seems skeptical. “It is still early” - say some of them. “They will be accompanied by additional cost”.

2. And finally from data collected for the last question, if the accounting practices consistent European and international impact to accelerate the integration of our country into the EU, resulting in a unanimous response, where 98.8% of all respondents as professionals and units economic gave a positive response.
Finally, at the conclusion of the analysis of data collected from the survey we conclude that the hypothesis that we raised at the beginning of the paper lies. So the National accounting standards are applicable and in accordance with the IFRS for SMEs. The applicability of NAS appears at the desired level for professionals and above average levels for entities. Of course, this trend is clearly upward. As for the hypothesis that has to do with the compatibility of NAS with the IFRS for SMEs were taken into account data collected from the group of respondents to professionals in the field and found that 73.3% of the respondents saw that the set of NAS is compatible with the IFRS for SMEs. Here it is important to mention that 92% of respondents felt that the improved NAS presented a higher level of compliance with the IFRS for SMEs.

CONCLUSION

- In general conclude that the implementation of the NAS, in spite of all the difficulties and problems that followed, submit an improvement of accounting and financial reporting framework in our country. The path through which walked accounting Albanians was a street full of problems, difficulties and challenges, but at the same time it is evident the effort made to improve the framework for accounting and trends to be consistent with International Financial Reporting. It should be noted that the implementation of standards is not a static and immediate happened, but is a process that will own time and meeting the requirements needed for its implementation.
- The study of data collected from the survey, totaled that NAS presented a high and satisfactory to some extent enforceability, at 70%. This level is obviously expected to increase next considering and improving their path.
- Some standards are not used due to the specifications that they treat. Such specifications are not part of SME entities.
- Also 73% of respondents are in favor of a consistent view that appears between NAS and IFRS for SMEs.
- Besides legally binding character, the implementation of these standards and preparation of presentation of financial statements in accordance with them, a positive effect on the efficiency of financial and human resources, the unification of the preparation of financial statements in order to become comparable with the financial statements of foreign enterprises. This increases the possibility of the interest of foreign investors to invest in Albania, affects reduce the informal economy, in the development of competition, trying to reduce unfair competition, reduce tax evasion and therefore also other forms of corruption etc.
RECOMMENDATIONS

- Albanian private economy is a relatively new and developing economies is understood the presence of informality in a substantial part of it. It has multiple effects chain, but basically we are talking mainly about the phenomena of tax evasion, illegal work and unfair competition.

- By implementing and enforcing accounting standards, it is intended that besides the unification of accounting and preparation of financial statements, aiming at international standards, reduce as much these phenomena.

- The challenge for this purpose must be supported by all groups as professionals in the field, accountants and auditors, state audit bodies, managers and owners of enterprises, etc.

- Full implementation and correct the Law "On Accounting and Financial Statements" and the accounting standards arising from it, requires a continuing not only to entities that implement them, but also the professional organizations or bodies other state, including the National Accounting Council, Supreme State Control, etc.

To achieve the correct and full implementation of the National Accounting Standards (NAS) and coherence with International Financial Reporting Standards (IFRS) should:

- Accounting education start from the banks of the school and be an ongoing process that continues throughout professional experience.

- Prepare well-educated and well qualified professionals.

- Professional organizations and other state bodies, should consider as a priority in their training and continuing education of preparers and auditors of financial statements,

- Continuous updating requirements and international programs.

- To draw lessons from the experience of our country

- To use the exchange of knowledge and experiences with countries of the region,

- To be aware as much as possible entities on the importance of the implementation of accounting and auditing standards.

- Business entities, particularly their senior leadership must understand that financial statements are drawn up only for the tax office, but also for many other users.

- The correct implementation of accounting standards means implementation in general, and not a few of them.
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