

HUMAN CAPACITIES - A KEY FACTOR IN THE IMPLEMENTATION PROCESS OF NATIONAL ACCOUNTING STANDARDS IN ALBANIA

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Abstract

The globalization of financial assets requires more and more a common language. It can be realized and achieved through an integrated system of standards, in order to provide complete and reliable accounting information. The successful implementation process of accounting standards depends on the commitment and desire of accountants, financiers and accountants associations. Their implementation period is also at the same time a training period of implementing capacities, which requires comprehensive education, professional skills, qualifications and continuing experience. The greater are the differences between national and international standards and the shorter the transition period toward international standards, the more training will be required for their implementation. The Accounting Standards serve and they should serve as a roadmap to guide the financiers and accountants in their daily work, in order to provide reliable and comparable financial statements. The aim of this paper is to emphasize the role of human capacities in achieving a successful implementation process of National Accounting Standards and to point out their commitment.

Keywords: Financial and accounting information, Accounting Standards, Accountants, Commitment, Reliability

INTRODUCTION

Albania, during the transition period towards a market economy, successfully managed to implement a number of important elements of the institutional and legal framework of the financial reporting. However, our country should take further steps in order to achieve its goals

for a strong reporting framework created specifically to fulfill the needs of our economy and to converge with “acquiscommunautaire” and international standards and practices.

The approval of the new accounting law in 2004, with the objective of improving the quality of financial reporting in Albania, enforced the basis for an improving coordination with the acquiscommunautaire requests and international standards and practices. The new accounting law (nr. 9228, date 29.04.2004) aims to fulfill the gaps inherited from the previous accounting and financial reporting. Accounting requirements in previous accounting law, the General Plan of Accounting and the Banks Accounting Manual don't provide a good financial reporting quality for entities with the public interest, therefore the users quite hesitated to make economic decisions.

The new Accounting Law, as an organic law for accounting and financial statements, introduced the spirit of accounting standards, making it more efficient and flexible. It is simple, concise and modern, which appear only in fundamental and necessary regulations in accounting and financial statements. Whereas detailed technical problems appear in accounting standards.

The globalization of financial assets requires more and more a common language. It can be realized and achieved through an integrated system of standards, in order to provide complete and reliable accounting information.

These standards will "smooth" the boundaries between countries through smoothing and unifying the accounting practices and financial reporting. So, one of the main purposes of accounting standards is making comparative financial statements worldwide (Bollano, J.,2008).

From the first of January 2008, in Albania are made effective 14 National Accounting Standards, which are applied by all entities private and public. The set of 14 national accounting standards is prepared to be applied on the basis of “accruals” and not on "Cash". NAS are built based on IAS, but they also take into account the specifics of the development of our economy, entities and their need for information.

Due to economic developments and regulations in the accounting field, it was seen necessary to create and conceive another important standard, NAS 15 "On the principles of accounting and financial reporting for the micro-entities". Therefore, to the set of 14 standards was added another standard NAS 15, which became effective on the first of January, 2009.

The correct presentation and implementation of national accounting standards, updated according with the international accounting standards and financial reporting (IAS / IFRS), will lead to a significant improvement of the quality and purposes of financial reporting in public and private entities.

Human capacities - A key factor in a successful implementation process of NAS

After the 90s, the Albanian society has had its own oscillations in order to search for the better opportunities. Therefore the accounting and the increasing human capacities in this field, has shown a constant evolution performance.

The international experiences, especially the Italian, Soviet and recently French and European mainland are considered valuable during the long historical path of accounting development and modernization. These experiences have been adopted and implemented based on the Albanian economy and they have achieved a worthy accounting tradition on the basis of which many generations of accountants and financiers around the country have worked on. The efforts to enhance the quality of capacities in the field of accounting can be arranged into two groups:

- In universities: in curriculum redaction, textbooks and didactic tools.
- In professional organizations of accounting and education: where are designed and implemented good programs especially in the field of education standards as local and international (Binaj, A., Kalemi, F.,2012).

Before National Accounting Standards were made effective (till 2008), entities were disposed to compile the financial statements for tax reporting purposes and not just for of financial reporting purposes. This led to difficulties in implementing NAS by the accountants and other professionals. There were many difficulties in implementing the standards such as giving up from the old tradition based on the General Plan.

The successful implementation process of accounting standards depends on the commitment and desire of accountants, financiers and accountants associations. Their implementation period is also at the same time a training period of implementing capacities. Their implementation requires comprehensive education, professional skills, qualifications and continuing experience.

During this time, a radical reform was achieved on programs and curriculums in universities. This reform was intended to prepare "the future accountant" and the periodic trainings were conducted by professionals who put them into practice. The greater the differences between national and international standards and the shorter the transition period toward international standards, the more training will be required for their implementation.

The adequate implementation of accounting regulations and financial reporting requires qualified professionals, therefore on the most important reforms in accounting was that the creation of the free professions such as "EKR- Authorized Chartered Accountant" today and "KM-Approved Accountant". Steps were taken even in organizing the independent audit profession, position not only recognized but also not necessary in the centralized economy. The

rules for the profession of EKR- Authorized Chartered Accountant were established in accordance with the government ordinance no. 1 dated 02.10.1995. This Ordinance was repealed and replaced by the Decision taken by the Council of Ministers (VKM) No.150 dated 03.30.2000 "On approval of rules for organizing the profession of EKR- Authorized Chartered Accountant, which contained many changes.

The Institute of Authorized Chartered Auditors of Albania (IEKA) and the accountants associations have made efforts to provide a suitable environment for a successful implementation of accounting standards. These associations have performed and still continue to perform professional training on the implementation of standards and highlight the various problems that may arise from their implementation. Obviously, to enhance the quality of financial reporting, a very important role is due to institutions for generating accounting knowledge transferring it.

The role of the education in increasing the quality of accounting capacities

The accounting curriculum at the universities is especially related to international accounting and auditing standards and business ethics. The accounting curriculum does not sufficiently cover auditing or ethics, therefore the IFRS knowledge is minimal for these students. Reviewing the programs / curriculums is necessary in order to provide effective resources for effective teaching.

The NAS implementation requires a comprehensive education, professional skills, qualifications and continuing experience. The greater the differences between national and international standards and the shorter the transition period toward international standards, the more training will be required for their implementation. The Accounting Standards serve and they should serve as a roadmap to guide the financiers and accountants in their daily work, in order to build reliable and comparable financial statements.

CONCLUDING REMARKS

- The successful implementation process of National Accounting Standards depends on the commitment and desire of accountants, financiers and accountants associations.
- The human factor is a key role in achieving a successful implementation process of these standards in Albania.
- The Accounting Standards (NAS and IFRS) should serve as a roadmap to guide the financiers and accountants in their daily work, in order to build reliable and comparable financial statements.

- A very important role to enhance the quality of financial reporting is due to institutions for generating accounting and knowledge transferring such as IEKA and professional associations with the objective to enforce the role and position of professional observer.

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