THE IMPACT OF THE INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY IN THE ROMANIAN ACCOUNTING SYSTEM

Ph.D Student Stanculescu Mimi-Florina
Academy of Economic Studies
Faculty of Accounting
Bucharest, Romania

Abstract: This analysis aims to determine the differences in the exchange rate between the member countries of the European Union, the states financial conversion, the conditions to increase the capital, the discriminatory treatment on the assets and liabilities, monetary and nonmonetary, of accounting records and presentation of their annual situations.

JEL classification: G32, M41

Keywords: single currency, convergence, structural changes

1. Introduction

When it started the integration process occurring social, economic and politic phenomenon with impact.

The unification process of monetary will be complete when the Economic and Monetary Union (EMU) is accomplished.

After is stipulated in the content of the Treaty of Maastricht, which was signed by the Member States in 1 January 2002, all these states will must adopt the European single currency –"Euro". But, the process of monetary unification is achieved gradually, and Member of the European Union will have to adopt requirements for convergence to balance the impact of the change and realize the homogenization of economic process.

Those countries wishing to enter the EMU must fulfill the convergence requirements set in the Maastricht Agreement, as follows:

1) the average inflation rate, measured against the consumer price index in the year previous to the exam, must not exceed more than 1.5 percentage points of the three countries with the steadiest price evolution;

2) long-term interest rates, measured against the long-term public bonds or similar titles in the year previous to the exam, must not exceed more than 2 percentage points of the three countries with the steadiest price evolution;

3) the public deficit rate, defined as the relation between the general state average expense and gross domestic product (GDP), must not exceed 3 percent;

4) gross national debt, defined as the relation between the nominal amount of debt at the end of the year and GDP, must not exceed 60 percent; and

5) active participation is required for at least two years in the European monetary system exchange mechanism, inside the close margins.

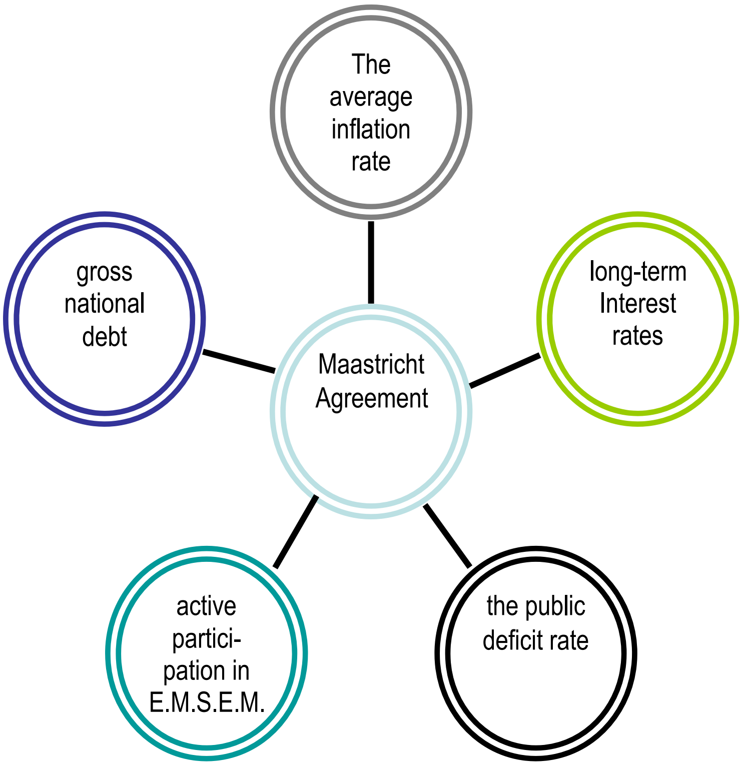

Figure no. 1 The convergence requirements

2. The steps of integration

2.1 The first step of integration.

The first step of integration involves the implementation of the rules established by the EMU over the Romanian economic system.

Analyzing the aspects of the implementation of the single currency will be following the various problems that could to appear in such a process: the functional problems, problems of logistics, formal problems.

The single currency involves the introduction in our economics one common denominator, will perform conversions of all financiare situations. The change will be achieved using an exchange rate established by the European Council for each Member State in accordance with the importance that has every state in the economic EMU. Every event will be translated using the exchange rate: national currency-currency.

Accounting is a social science that has the aim of quantifying information related to monetary and economic realities of economic agent, with the goal of helping users to base decisions that they are going to adopt.

Appears the question: “If the process of crossing a single currency can be considered a simple conversion process or a process of transformation and adaptation?” The financial annual financial reports (balance sheet, the profit and loss, accounting notes) will be published using both currencies: the euro and national currency (according to the directive of the seventh ECC (7)). Not all economic elements will be translated in euro in the similar way. Monetary elements will amount to be count to the updated value, in exchange nonmonetary elements will be count to acquisition value.

The Federation des Experts Comptables Europeens -1995

"When converting the balance sheet into ECU on the introduction of the single currency, normal accounting practice would require the use of the ECU-foreign currency exchange rate in force on the date the tangible asset was acquired. Similarly the accumulated depreciation of the related asset would be accounted for in the profit and loss account at the same historical rate."

In terms of logistics firms will be confronted with the situation of changing their software management and accounting. These programmes will require the possibility of direct conversion between the two currencies, the euro and national, but also with other facilities such as the possibility of rounding correct, calculation with more decimal places etc. If we talk about changes that generate management software modifications we can enumerate: documentation of new sales, new price lists, new brochures etc.

Formal is recommended to use the first two monetary systems concurrently: national currencies and the single currency. Those two parallel systems help to preserve economic continuity.

2.2 The second step of monetary integration

The second step of monetary integration implies adoption of processes more complex, to make the transfer from national currencies to the single European monetary system.

In terms of accounting, in this stage the most changes will register at the annual financial statements, which will have to be amended as a model for publication, by introducing a separate column in which the businesses indicators will be converted into euro. It is very important to make special accounts notes how will have to detail the process and the conversion rate used. An important role in all this transformation process will have auditors and tax consultants who will have to be professional prepared in order to help agents directly agents involved in economic phenomenon.

3. Slovakia

On July 8, 2008, the EU Council approved the request Slovakia to join euro zone since January 1, 2009. Slovakia became the 16th nation to join the euro, after advances in economic growth record. Slovakia was able to keep inflation below the adopting the euro, due to the power of the national currency has capped import prices. The budget deficit was kept under control and revenue growth was determined. After a transition period of 16 days, that can be used both currencies, the koruna will disappear from circulation. . On January 1, 2009, the euro became the official currency in Slovakia. It replaced the Slovak Koruna (SKK) on the irrevocably fixed exchange rate 1 EUR = 30.1260 SKK. The slovaks consumers received information about these changes through a campaign run by the Slovak authorities. The legal rules published by the Slovak Ministry of Finance, were primarily aim to help the activity accounting, proper application, in such conditions, the taxes charged. The draft regulations implementing rules on financial reporting data and converting the first step in the started transformation process. Accounting orient their attention in particular on ways of conversion was to be used (on the Slovak koruna to the euro) in preparing financial statements. Each company must be well trained to offer its customers the documents (invoices, tax bills, receipts, etc.) in both currencies, but also in relation to employees, company's trade must prove registration conversion by net salary for each employee on payroll, in both currencies. This process was named the "dual display". At the end of the conversion will be published financial statements in national currency, after this year's financial statements will be published only using the single European currency. If after drawing up and approval of financial statements in national currency is found to be mistakes, they will be correct using the euro at the time of detection. There are special rules of conversion used when processing undergone by: equity, shares, securities, derivatives, payments in advance and positions expressed in a foreign currency other than euro. Some rules for converting these elements were included in the Act to amend and complete the Accounting Law.

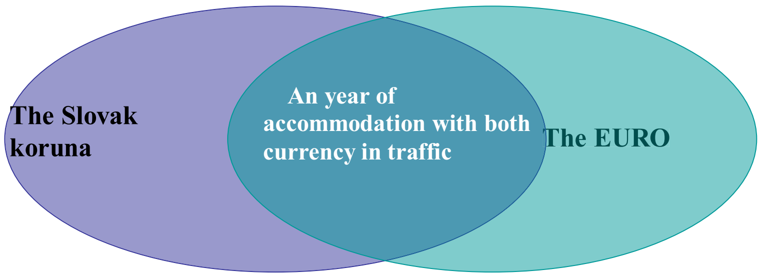

Figure no. 1 The introduction of the single European currency

The research aims to identify issues that Romanian accounting system is going to meet in the

Process of monetary integration.

REFERENCES

1. Soledad, M. "Accounting and the European Single Currency", Spain,2000
2. Ristea, M. "The new accounting system in Romania", Ed. Cartimex, Bucureşti,1994
3. Ristea, M. "Accounting Company", Vol.I, Ed. CECCAR, Bucureşti, 1995.
4. www.europa.eu "Guide: Euro, ready to go into business. How to prepare now to work with Euro-European Commission"
5. * * * www.euro- peana.ro