

IFRS® STANDARDS—APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Romania**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Romania. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Corpul Experților Contabili și Contabililor Autorizați din România (CECCAR) [The Body of Expert and Licensed Accountants of Romania]
Role of the organisation	The Ministry of Economics and Finance (MEF) has statutory responsibility to issue Romanian Accounting Standards. The MEF has established a Council of Accounting and Financial Reporting to advise MEF on the development of Romanian Accounting Standards. CECCAR is a member of the Council. Other members of the Council include representatives of government agencies and ministries, several other professional bodies, and academics. CECCAR is also responsible for the translation of IFRS Standards and <i>IFRS for SMEs</i> Standard into Romanian.
Website	http://www.ceccar.org/en
Email contact	international@ceccar.ro

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	<p>Yes.</p> <p>Refer to the IAS Regulation adopted by the European Union in 2002.</p>
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	<p>Yes.</p> <p>Refer to the IAS Regulation adopted by the European Union in 2002.</p>
What is the jurisdiction's status of adoption?	Romania has already adopted IFRS Standards for all or some companies.
Additional comments provided on the adoption status?	<p>As a member state of the European Union, Romania is subject to the IAS Regulation adopted by the European Union in 2002.</p> <p>The EU IAS Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market starting in 2005. The EU IAS Regulation gives member states the option to require or permit IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade in a regulated securities market. See the Profile for the European Union for more detailed information about the EU IAS Regulation.</p> <p>In Romania, the following are regulated markets:</p> <ul style="list-style-type: none"> • Derivatives Regulated Market - BMFMS • Spot Regulated Market - BMFMS • Spot Regulated Market - BVB <p>Romania used the option under the IAS Regulation to:</p> <ul style="list-style-type: none"> • Require IFRS Standards as adopted by the EU in the consolidated financial statements of banks and other credit institutions whose securities do not trade in a regulated securities market. • Permit IFRS Standards as adopted by the EU in the consolidated financial statements of all other companies (per Order of the Minister of Public Finance No. 3055/2009).
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS	Yes.
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Accounting Standards in their consolidated financial statements?

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

In accordance with the EU Accounting Regulation, IFRS Standards as adopted by the EU are required for the consolidated financial statements of all European companies whose debt or equity securities trade in a regulated market in Romania.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Yes. Under Finance Ministry Order no. 881/2012, effective 1 January 2012, companies whose securities are admitted to trading on a regulated market are required to apply IFRS Standards as adopted by the EU in their separate company annual financial statements.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

IFRS Standards as adopted by the EU are required for all credit institutions (National Bank of Romania Order no. 27/2010) and all insurance companies (CSA Bulletin no. 202/2012), including those whose securities do not trade in public markets.

IFRS Standards as adopted by the EU are permitted in consolidated financial statements of other companies whose securities do not trade in a public market. Alternatively, such companies may prepare their consolidated financial statements in conformity with the EU Accounting Directives and Romanian Accounting Standards. There are two tiers of Romanian Accounting Standards applicable to such companies depending on their size. See discussion below in the Application of the *IFRS for SMEs* Standard section of this profile.

Prior to 2005, Roman Accounting Standards contained an explicit requirement to look to IFRS Standards if an issue was not covered by the Romanian Accounting Standards. But Order of the Minister of Finance 1752/2005 deleted the requirement to look to IFRS Standards.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required for some and permitted for others. Foreign companies whose securities trade in a regulated market in Romania (and generally in the EU) are required to report under IFRS Standards as adopted by the EU for their consolidated financial statements unless the European Commission has

deemed their local accounting standards to be equivalent to IFRS Standards, in which case they may use their local standards.

This is laid out on the 'Financial Reporting' page of the European Commission's website.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as adopted by the European Union, which are IFRS Standards as issued by the Board with some limited modifications such as the temporary 'carve-out' from IAS 39. However, the resulting financial statements of the majority of companies would still be in full compliance with IFRS Standards.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards as adopted by the European Union.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

Yes.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

The process is described in the Profile of the European Union.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

Yes.

If yes, what is the process?

The process is described in the Profile of the European Union.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

Yes.

If yes, what are the changes?

Details are in the Profile of the European Union.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?

Yes.

The European Union has 24 official and working languages. They are: Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish and Swedish. Before they are published in the *Official Journal of the European Union*, and therefore become binding under EU law, individual IFRS Standards must be translated into all of those languages (other than English and Irish).

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

Pursuant to a copyright waiver agreement with the Directorate-General for Translation of the European Commission, the Commission takes care of the translation into the official languages according to their own translation process. The translation covers only the standards and mandatory guidance, which is then published in the *Official Journal of the European Union*.

In addition, some countries (usually the standard setter or institute) have a translation contract with the IFRS Foundation to produce an 'official translation' for publication of a bound volume of IFRS Standards (usually the 'Red Book') and publication, in some cases, of individual standards and exposure drafts.

According to the Agreement for the supply of data for translation and commercial publication between CECCAR and IFRS Foundation, the CECCAR translation committee is charged with the translation of the IFRS Bound Volume based on the list of key terms. This list is reviewed together with a committee composed of expert accountants who have expert competencies in IFRS Standards and high knowledge of English. After the translation of the IFRS Bound Volume is completed, the text is analysed by a Review Committee. The project coordinator compiles all the opinions in order to reach an agreement on the final text to ensure the quality of the translation. After making all the necessary modifications, the final documents are sent to the Project manager from IFRS Foundation in charge of the Romanian translation.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

No.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

Not applicable.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

There are two tiers of Romanian Accounting Standards applicable to SMEs in Romania under Ministry of Finance Order no 3.055/2009. Both sets of standards differ from the *IFRS for SMEs* Standard. The more comprehensive set of standards applies to SMEs that meet at least two of the following three size tests:

- total assets: more than €3,650,000.
- net turnover more than €7,300,000.
- number of employees more than 50.

The simpler set of standards applies to smaller companies.

Under both sets of standards, measurement of profit or loss is closely aligned with the measurement of taxable income and distributable income under Romanian tax and company laws.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

None.