Conditions and Limitations of the Applicability of International Financial Reporting Standards by Businesses not listed in the Athens Stock Exchange: The case of the Manufacturing Sector in Northern Greece

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Abstract
The present article examines the possible application of International Financial Reporting Standards to non-listed in the Athens Stock Exchange manufacturing companies. The adoption of the new standards by listed on the Athens Stock Exchange companies, have given rise to first application problems, and their implications to strategic financing variables.
The current Greek accounting model is a combination of the Anglo-Saxon (that mainly applies to listed companies that apply International Financial Reporting Standards), the French-German, heavily influenced by the Finance Act (for non-listed companies this is based on the General Chart of Accounts). At an international level there is wider acceptance for the Anglo-Saxon model, with swifter changes and the need for future oriented information. The present research studies and evaluates the ability of International Financial Standards to accurately reflect the specific balance sheet/income statement items of non-listed on the Athens Stock Exchange manufacturing companies. Therefore the following are researched: the level of acceptance of the new standards, the determination of the key aspirations and threats form the adoption of new accounting principles and procedures, the level of readiness and preparation of businesses, the determination of the required adjustments, and finally the definition of the strategies of successful transition to the International Accounting Standards.
Finally, an Accounting and Financial model is created and developed, a guide for the safe application of International Accounting Standards, that includes the requirements and the limitations for the effective implementation of the new standards by non-listed in the Athens Stock Exchange manufacturing companies. The requirements and the limitations apply to the strategies of taxation and accounting, operational, functional and extrinsic variables, the satisfaction of which leads to the rational, economical and successful adoption of the new standards.

Keywords: International Accounting Standards, strategic planning, efficiency, competitiveness improvement

Introduction

Accounting was "born" out of the need to monitor the economic events occurring in an economic organization. An indicative conceptual approach is that of the Terminology Committee of the American Institute of Certified Public Accountants (American Institute of Certified Public Accountants1953), illustrating the traditional approach to Accounting.

Accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part at least, of a financial character, and interpreting the results thereof".

The rapid evolution of the available means, such as the introduction of Computers in the accounting departments of economic entities, as well as the intense competition in business, gave new thrust to Accounting which was developed aiming to facilitate the now increased needs. The introduction of Computers (Mylonas, D., and N. Alexandridis, 1996, p.32) released the accountant from a large volume of routine work, compressed the cost of accounting monitoring, increased the reliability of results and expanded the horizons for data processing. A turn towards the formulation of general principles, terms and methods employed by Accounting in the study of the effects of Social environment was effected and emphasis was given to its role as a system for providing information and assisting in decision making.

Based on modern requirements, Accounting comes to facilitate the need for the disclosure of information to any interested party. Such information constitutes a "valuable material" for the taking of sound and rational decisions on issues such as:

- The ascertainment of the financial state of nations, sectors or economic entities – economic organizations.
- The evaluation of the choices which have been made and for planning (short-term – long-term).
- The allocation of available resources (Ignatiadis, A., 2000, p.125). Such allocation may refer to the level of a state (taxation policy, public investments, etc.) or a group of nations (e.g. development policy in the context of the European Union).
- It may also interest Organizations, such as, for example, Banks, in order to judge the feasibility of the financing of sectors or/and individual economic entities. On the level of an economic unit, accounting may assist the optimization of the allocation of available resources between operations and this where "Managerial Accounting" is of primary help (Thacker, R., 1979, p.p.5).

Ensuring control (Chrysokeris, I., 1996, p.144-145) (continuous – periodic) is necessary for the smooth management and abidance with the procedures provided for by the legislative framework, as well as for the decisions by such an economic entity. Such control is principally internal (internal control) (Thacker, R., 1979, p.p.4-5). There is also, however, information derived from Accounting and which are directed to interested parties outside the economic entity. Such interested parties may be owners, shareholders, suppliers, customers, financiers, government services (e.g. the Directorate for Trade), employees, Commercial and other Chambers or research facilities etc.

Main Presentation

Accounting Standardization

The science of Accounting rests on a total of generally acceptable principles and the establishment of the Greek General Chart of Accounts manages to standardize and uniformly present the accounting figures, at least on the national level. Its application constituted a revolution in accounting, since the organization of accounting departments of Greek companies originated almost exclusively from taxation provisions. The Greek accounting system-model is a combination of the Anglo-Saxon system (for those companies listed in Athens' Stock Exchange, which have compulsory adopted the International Financial Reporting Standards) and the French-German one, heavily influenced by taxation legislation (in effect for most companies which are not listed in the Stock Exchange). The Greek General Chart of Accounts is applied resting on a series of acknowledged principles, regulations and procedures and determines issues relating to the structure and preparation of the Financial Statements, the rules governing the valuation of enterprises and, in general, constitutes a valuable guide for the measurement of the results of economic entities, the standardization and simplification of the accounting work of economic entities and the assurance of reliable information regarding the financial status of an enterprise. Besides its principal aim which is the design of Accounting on a national scale, the Greek General Chart of Accounts aims, by influencing strategic accounting and financial variables, to assist in the taking of rational, sound and reliable decisions regarding economic policy.

International accounting standards in Greece – scope of application

International Financial Reporting Standards are a total of generally accepted accounting principles, rules, methods and procedures, the establishment of which leads to a uniformity in the preparation of Financial Statements and, consequently, to the precise, true and uniform informing of the users of the Financial Statements (investors, shareholders, employees, creditors, tax authorities, etc.). International Financial Reporting Standards (IFRS) include (Notopoulos, T., and D. Mylonas, 2005, p.24-25):

- The International Financial Reporting Standards – IFRS.
- The International Accounting Standards –IAS.
- The Interpretations by the International Financial Reporting Interpretations Committee – IFRIC.
- The Interpretations by the ex-Standing Interpretations Committee – SIC.

The key differences between the Greek and the International Standards regard the manner by which Financial Statements are prepared and presented and the different accounting handling of certain cases, events and accounts. More specifically, the most important differences are found in the following accounts: **Readjustment of the Value of Property**, **Amortizations**, **Portfolio Valuation**, **Provisions for bad debt**, **Provision for Personnel Compensation**, **Financial Leases**, while significant differences are also observed in issues relating to **deferred taxation** and **expenses with multi-annual amortization.**
The key principles and rules for the presentation of the real image of enterprises posed by the new standards comprise in the fact that Economics are placed above the Legal, Economics are placed above Taxation and Accounting, and the Creation of Equity is placed above Profits. Additionally the creation of cash flows is placed above the creation of profits and the Present is placed above the Past.

The aim and philosophy of the preparation of Financial Statements based on the International Financial Reporting Standards focuses on the disclosure of information regarding the financial position, efficiency and changes in the Financial Position of an economic entity which are useful for a wide scope of users, the presentation of the results brought about by the diligence or responsibility of Managements for the resources others have entrusted to them and the provision of substantial help to users of financial information so as for them to be able to prejudge the future cash flows of the economic entity and more specifically the time and certainty of such future cash flows.

The Financial Statements prepared based on International Accounting Standards must have four qualitative characteristics:

- They must be understood by users. (Understandability)
- The must provide information to users which is relevant for economic decision making. (Relevance)
- They must be reliable, namely free from substantial errors and prejudices. (Reliability)
- To provide users with comparable informing, both with regard to the enterprise itself with respect to different periods, as well as for different enterprises for the same periods. (Comparability)

It has been observed that in most cases the conversion of Financial Statements from Greek Accounting Standards to the International ones leads to a substantial difference in Results and Equity. This difference is principally attributed to the existing divergences between the International and the Greek Accounting Standards but also, in some cases, to the deficient application of the Greek Accounting Standards themselves. Consequently should Greek companies had faithfully abided by the provisions of Law 2190/1920, their Financial Statements would have been to a large extend comparable to those prepared based on the International Accounting Standards. In practice, however, these provisions are not strictly abided by, principally due to reasons relating to taxation.

The effective adoption of the new accounting principles requires the existence of three essential conditions: The need to adopt to taxation legislation, so as to limit taxation related counter-incentives ensuing from the current provisions and the adoption of the International Accounting Standards; the need to expedite the modernization of corporate law, in order to eliminate possible inconsistencies with the new accounting standards and, principally, the need for the taxation neutrality principle to be effective at the initial adjustment, so as not to burden enterprises with unjustified tax expenses.

Regarding the implementation difficulties in Greece what is in essence required is a change of philosophy so that Financial Statements are prepared by virtue of the application of rules which aim to approach economic reality. Also required is continuous informing in issues relating to the accounting handling of concepts and a continuous flow of information to the investment public. The accounting profession is faced with a series of changes, strategic changes pertaining to the economic policy of enterprises.

International accounting standards and small and medium sized enterprises not listed in the Athens' stock exchange

2005 was a "landmark" in the history of Greek enterprises since it was then that Greek Accounting Standards, whose history begun in 1920, were abandoned for the first time and International Accounting Standards together with International Financial Reporting Standards were adopted. It was the Greek listed companies which took the "great leap forward", together with roughly 7,000 other European companies listed in various stock exchanges and adopted the IAS on January 1, 2005. The "next step" will involve the extension of the IAS and IFRS for large and medium sized enterprises in the EU, since the procedure for the issue of the relevant regulation is at its final stages. The initial adjustment of Greek listed companies and especially groups of companies proved to be very difficult, since the accounting principles and methods applied were original for the Greek reality and had not been tried and tested. Preparations lasting for almost three years were required to move to the "IAS era", since what was needed was for the Balance Sheets etc. for years 2004 and 2005 to be prepared pursuant to the new standards. The experiences gained by Greek listed companies – although quite painful in several cases – will be very useful for non-listed companies, which must prepare for the adoption of the IAS and IFRS as of new. IAS are a great challenge for the modernization of non-listed Greek companies. The successful introduction of the new standards by non-listed companies requires: Utilization of the experiences of listed companies; a dynamic modernization strategy and development via the IAS and IFRS and the adoption of strategic objectives: publication of very good balance sheets, profit & loss accounts, indices and cash flows based on the IAS. These requirements are illustrated in the following diagram:

Diagram 1: Requirements for the successful adoption of the new standards by non-listed companies

The key steps for the preparation of non-listed companies to move on to the era of International Accounting Standards relate to: **Auditing Firms – Consultants** (seeking those with the greatest experience in IAS and selecting the firm offering the best services at the most affordable cost); **Management** (full readjustment of business plans based on the new status dictated by the application of the IAS and **Financial Directorship** (full mobilization for the adoption of the new standards and provision of expertise and training to the personnel of the Financial Department).

Non-listed companies by exploiting the experience of listed companies must proceed with smooth transition and adoption procedures with respect to the new accounting standards, thus dealing with potential risks, while having the following strategic variables as reference points: promotion of the comparative advantages of the IAS; timely informing in order to avoid time consuming delays; application of business restructuring strategies; grading of the creditworthiness of the business; attainment of the maximum level of transparency.

The new standards impose the upgrading of the Financial Directors of businesses, whose role is key with respect to recommendations relating to restructuring and the change of the adopted business plans, to the shaping of more suitable methods for future liabilities from loans as well as to strategic decision for new investments. The adoption of the standards ultimately aims to ensure a high quality of financial informing, because this is how transparency and the proper, effective, smooth and efficient operation of capital market will be ensured. Additionally, the adoption and application of internationally recognized accounting standards will assist Greek companies to compete on an equal basis for financial resources, both in the community as well as the international capital markets.

The key variables for the smooth transition to the status of the International Accounting Standards are: Culture, Education, Effects on financial figures, Disclosures – Explanatory notes, Systems and procedures. The process for the smooth transition to the International Accounting Standards requires continuous and meticulous informing, detailed analysis of the effects, integrated and documented transition plan and, finally, the implementation of said plan. For the application of the IAS the companies must ultimately understand the philosophy of the International Accounting Standards and the new concepts, such as that substance is above type or that the deferment of the recognition, on the one hand, of income or expenses on the accounting books, for taxation purposes, on the other, will result to a "deferred tax". Moreover, companies must understand that the Annex must provide more information, some of which will indeed require difficult and unknown until today calculations.

Accounting pursuant to International Accounting Standards constitutes a completely different Accounting. While National Accounting Standards established detailed guidelines, International Accounting Standards only mention the key rules and principles. As a result, substance is placed above type, quantitative criteria are missing, the principle of conservatism rests on a new basis and the Accountant's judgement is necessary. Financial Statements without Explanatory Notes will in effect be useless and devoid of meaning. It is here that the accounting revolution is to be found, a fact that offers a new role, texture and dimension to the function of the Accountant. Accountants and Chartered Auditors, despite having been accused and intensely doubted, indeed unceasingly even today, are in most cases faithful to their professional integrity and strive to realistically present the real image of the Financial State of every company.

Research methodology

From the various methods for the collection of data a combination of an internet-based interview (via e-mail) and land mail interview was selected (with a percentage of 96 % - 4 % in favour of the first technique).

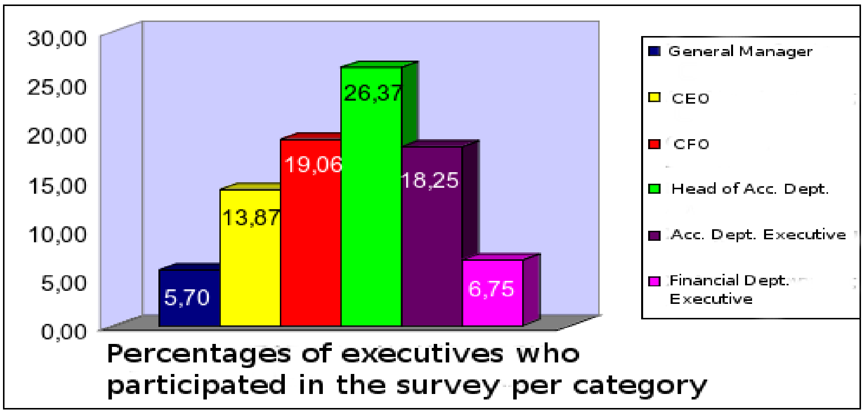

Diagram 2: Percentages of executives who participated in the survey per category

Responses to the questionnaires were offered by CFOs or the Heads of the Accounting Departments of the companies which participated in the survey. Moreover, the General Managers, CEOs as well as Accounting or Finance Department executives also completed the questionnaires. These are high or senior executives, fact which lends weight to their views and demonstrates the seriousness this matter is treated by the companies.

From the 559 questionnaires forwarded, 537 were completed and returned electronically (a percentage of roughly 96%) and 22 (roughly 4%) were completed and returned by post. A total of 26 questionnaires were send by land mail and 22 were returned, thus a percentage of 84,6%. An advance communication by phone had been done and guidelines or clarifications had been offered.

Table 1: Percentages of answers per type of questionnaire dispatch method

	Digitally	**By mail**	***Total***
Send	**724**	**26**	***750***
Answered	**537**	**22**	***559***
Percentage %	***74,2 %***	***84,6%***	***74,5 %***

The companies which participated in the survey originate from the five geographic regions of Northern Greece (Central Macedonia, Western Macedonia, Eastern Macedonia and Thrace, Thessaly and Epirus). The period for the collection of the data was 3 months (October 2014 - December 2014). The percentage of return for the questionnaires is deemed to be extremely high. The total percentage of the return of completed questionnaires reached approximately 74.5%. The survey thus tends to refer to the total of the questioned population and not to part thereof. This is because, 559 businesses were ultimately selected from a total of 750 which was the target population (pursuant to the data for the classification of businesses by ICAP), namely 74,5% (559/750 businesses) of the population. This percentage is deemed particularly high, even ideal, fact leading to accurate, impartial and reliable results and conclusions.

Key research findings

1. Degree of acceptance of the new standards

A positive to very positive attitude towards the introduction of new standards is expressed by the majority of the companies (eight out of ten), while they believe that the new standards will lead to an upgrading of the quality of the financial information provided and will become the means for the provision of adequate and reliable financial information.

- More positive for the effectiveness of the new standards appear to be the executives of the Financial and Accounting Departments, while the executives from other departments feel that the issue of the adoption of the new accounting procedures does not regard them at all.
- Three out of ten companies prefer the International Accounting Standards from the existing ones.
- Almost all of the companies feel that the application of the new standards will lead to the preparation of financial statements which will provide with more reliable, transparent and comparable information.
- Three out of four companies feel that the new standards ought to have been adopted since 2006, without there being an obligation for their application.

2. Expectations and threats from the application of the international accounting standards

- The adoption of the new standards will provide with a means to measure and evaluate the power of the company on an international level.
- 35% feels that the adoption of the new standards will result to the improvement of the financial position and results.
- The application of the new standards will lead to changes in the way shareholders and investors view the performance of a company and to changes in the relations between the company and its shareholders and financial analysts as to the way a company is evaluated and assessed.
- The understanding and recognition of the real data of the companies at the initial phase of the application of the new standards requires the existence and intermediation of specialized analysts.
- Only one in ten companies has proceeded with the assessment of the entire procedure for the preparation and adoption of the new standards.

3. Degree of preparedness of companies

- The process of planning the transition to the new standards is at its preliminary stage.
- The majority of companies wishes for the existing accounting standards to remain with a gradual application of the new standards, while 35% of companies wishes a parallel application of the new standards together with existing accounting principles.

- The informing of Management regarding the effects from the application of the new standards has been on the level of the preliminary analysis.
- 80% of companies have executives the knowledge of whom with respect to the preparation of Financial Statements based on the new standards is mainly theoretical.
- The assimilation of the operations and effects of the new standards requires a higher and more qualitative education and training.
- It is necessary for the smooth transition to the new principles to be effected with the assistance of specialized consultants.
- The staffing of companies with few and specialized individuals, with knowledge of the regulations and rules of the new standards is deemed necessary by 50% of the companies.
- The manner the new standards will be applied in the future has not seriously occupied six out of ten companies.
- The overwhelming majority of executives from the Financial and Accounting Departments of the Companies shows great interest for knowledge and training in the new accounting principles and procedures.

4. Required adjustments

- Seven in ten businesses have not been engaged at all with assessing the cost of the transition to the new accounting standards.
- Only 2% of the companies has developed informational systems adjusted to the requirements of the new standards and has outlined the possible effects from the adoption of the new International Accounting Standards, while 19% of the companies proceeds with the gradual adjustment of their informational systems.
- Extensive and deep changes must also be performed with respect to the auditing and supervisory mechanisms for companies.
- The successful application of the standards requires changes of a taxation nature, reformation of the Trade Legislation and changes to the Charts of Accounts.
- The majority of companies deems the establishment of a central coordinating body necessary, a body which will assume the control and supervision of the transition to the new accounting regime, while 50% wishes for such body to have a consultative and not auditing role.
- Eight in ten companies do not know the long-term effects from the application of the standards, neither have they evaluated said effects on their financial data.

5. Strategies for the successful adoption of the new accounting standards

- Material and human resources, not only for the adoption of the new standards, but also for the comprehension of all that is provided for by the International Accounting Standards.
- Rational procedures for the calculation of the "fair" value of fixed assets.
- Satisfactory organization of the Accounting department.
- Use of software with high operating abilities.
- Change of the role of Board of Directors.
- Training of the Board of Directors on issues relating to the application of the new standards.

- Decrease of the estimated high cost for the adoption of the new standards.
- Separation of the role and work of accounting from auditing firms.
- Continuous training of executives on accounting subjects and enrichment of said training with sections relating to the professional attitude and ethics of executives and business ethics.
- Existence of an independent internal audit and control by independent audit committees.
- Change of the training programmes for Accountants with the simultaneous promotion of training programmes in issues relating to Ethics and Business Ethics.
- Inclusion in the Curriculum offered by the Economics Departments of Universities of courses relating to International Accounting Standards and Professional and Business Ethics.

The application of the new standards will bring about:

- A drastic restriction of "alchemies" in the Balance Sheets.
- A rational expression of the economic and financial aspect of enterprises.
- The provision of the most precise illustration of the financial state of companies.
- Improvement of the transparency and decrease of the confusion ensuing from the analysis of Financial Statements.
- Return of investors in the domestic capital market.
- Ability to compare companies.
- More precise evaluation of the capabilities of companies.
- Restoration of the trust of investors and users of the Financial Statements and the published financial and accounting data of companies.
- Protection of the investing public with respect to the provided published financial information.

Conclusions –Selection of the Final Model

The model, therefore, recommended focuses on the presentation of the strategic conditions and limitations of the ability of the International Financial Reporting Standards to present with clarity and distinctness the financial figures of non-listed processing companies and to attain the objectives of the adoption and philosophy behind the preparation and publication of the financial statements. The **strategic conditions** for the ability of the new standards to attain the aforementioned are presented with respect to four different aspects:

- Operational – Operating
- Taxation – Accounting
- Principles – Assumptions – Adoption Rules
- Extrinsic – outside the company

This distinction is illustrated in the following diagram:

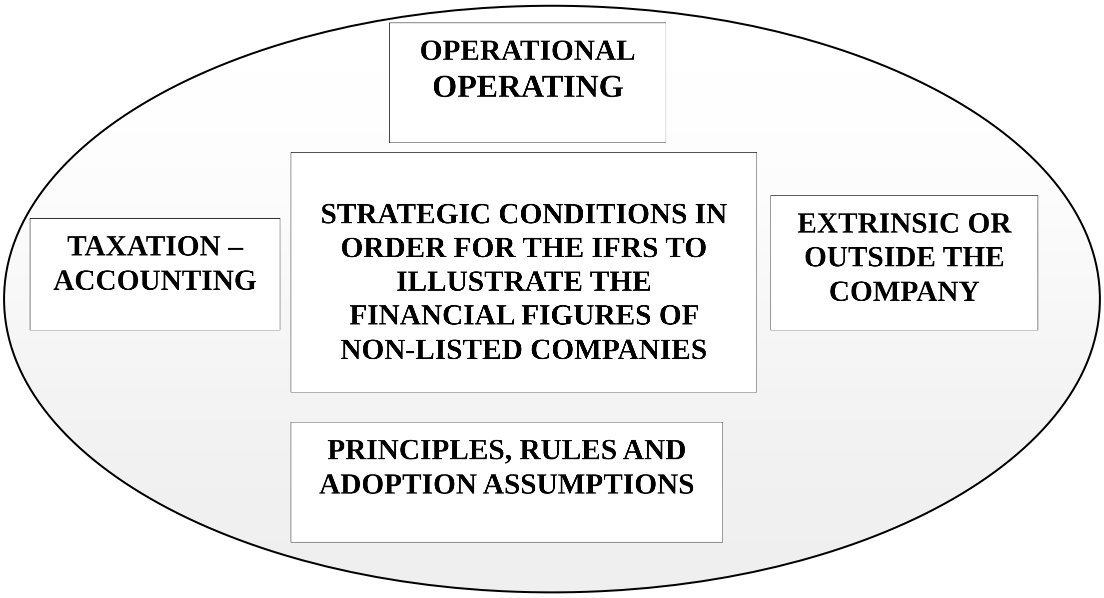

Diagram 3: Strategic conditions in order for IFRS to illustrate the financial figures of non-listed companies with accuracy

The strategic conditions in order for Accounting Standards to illustrate the financial figures of non-listed companies with accuracy can be codified as follows:

- Changes – breakthroughs in the current legislative, institutional and taxation framework (Income Taxation, Hellenic Code of Accounting Books and Records, Commercial Law 2190/20, Greek General Chart of Accounts), as well as the modernization, codification and reformation of the existing taxation and accounting system.
- The annulment of accounting provisions not found in the accounting systems of other European Union nations.
- The organization of a system assuring detailed information required by Management Reports and the Annex pursuant to the new Standards.
- The determination or designation of the fair value in the valuation of the Assets of a company by independent surveying companies.
- The capacity for informing via the Cash Flows on the ability of the company to raise cash and proceed with its efficient and effective management.
- The existence of actuaries for the determination of compensations and independent surveyors for the determination of the prices of securities an the life-expectancy of Fixed Assets.
- The evaluation of the value of liabilities and receivables at present values.
- The full disclosure of results and explanatory notes with the Financial Statements and the provision of information in the main part of the Balance Sheet and not in the explanatory notes.
- The rational presentation of the bad debt of the company and the provisions against future profits.
- The rational taxation of the goodwill of Fixed Assets which will ensue from the new estimates, which shall be closer to current values.
- The amendment of the system of computerized accounting.

- The grouping of Assets based on the degree of their liquidity and the presentation of Liabilities items depending of their maturity.
- The provisions for impaired or obsolete inventories to be determined based on real data, as such ensue from their turnover rates in the relevant files.
- The immediate harmonization of the new standards and their interpretations with national legislation.
- The increased managerial costs with respect to financial results, but also the estimates of the market value of fixed assets and merchandise inventories, may affect the Capital Structure of businesses.
- The revaluation from point zero of all items on the Balance Sheet.
- The existence of a Unified and generally accepted Chart of Accounts across all European Union nations.
- A more complete knowledge of the new accounting subjects and comprehension of all that is provided for by the International Financial Reporting Standards.
- Continuous education and informing of the Financial and Accounting Departments of businesses on subjects associated with the adoption of the new standards, their continuous amendment and adjustment, their accounting handling and the effects of their introduction on the fundamental figures of the business.
- The existence of a readily available, educated and trained personnel, capable to deal with the difficulties involved in the preparation and adoption of the new standards and the minimization of possible problems in the transition to the new principles.
- The support of the members of the Board of Directors by means of their continuous and valid informing and training on issues relating to the adoption of the new accounting rules.
- The collaboration between all of the departments of the enterprise and its executives for the successful adoption of the new standards.
- The informing and training of government and public officers dealing with the adoption of the new standards.
- The change of the level of education and training of Accountants with the introduction of courses on the International Accounting Standards and the adoption of training programmes which deal with Professional and Business Ethics.
- The inclusion in the University courses in Economics and related fields of courses dealing with the International Financial Reporting Standards, as well as Professional and Business Ethics.
- The consistent, active and more dynamic participation of the companies' Board of Directors.
- Change in the attitude towards informing and publicity for the entire volume of data relating to the enterprise.
- Changes to the current institutional and auditing framework with the full computerization of auditing authorities (cross-checking – real time audit), and more effective and stricter auditing mechanisms in place by the Ministry of National Economy, such as the establishment of an independent authority acting as the supervisory body for the application of the standards and the compulsory establishment of independent external committees for the carrying out of internal audit.
- The audit by auditing authorities in the context of the exercise of their duties and competences.

- The existence of a stable economic, financial and political climate and a more effective commitment of businesses by the existing Legislative Framework.
- Informing and training of the executives of public and government bodies which deal with the adoption of the new standards.
- The strict and objective audit of Financial Statements by Chartered Auditors.
- The establishment of an electronic data-bank to ensure expedience and immediate informing on issues relating to the transition to and adoption of the International Accounting Standards.
- Audit by Chartered Auditors to be meticulous and absolutely compliant with the principles of the new standards from the commencement of their application, so as to obtain a Business Ethic both by company executives as well as by their Management.

The key limitations in the ability of International Financial Reporting Standards to present with clarity the financial figures of enterprises and to lead, consequently, to their adoption, relate to three basic dimensions: 1. ACCOUNTING – TAXATION, 2. OPERATIONAL – OPERATING, and 3. EXTRINSIC – EXTRA-OPERATIONAL

- Outdated taxation and legal framework
- The constant development, improvement and introduction of new standards
- The failure of the standards to be in line with local taxation authorities
- Difficulties in the valuation of Assets and Liabilities at current values, even after using specialized scientists
- A great emphasis in the existence of an active market for the valuation of assets at fair value
- The dependence of the preparation of the Financial Statements on estimates by Management
- The failure for substantial audits by chartered Auditors-Accountants
- Difficulties in the application and understanding of specific standards and the non-coverage of specific issues and cases by current standards
- The ability, when not provided by IAS, to seek data and information for the accounting handling of cases in other standards
- The capacity for discretionary estimates and the alternative handling of figures by the Board of Directors of corporations
- Ignorance of these particular subjects by public and auditing bodies and Economics & Accounting executives of non-listed companies
- The subjectivity in the determination of fair or just value
- The high cost burdening the full adoption of the new accounting principles
- The lack of valuation for key qualitative features (human capital, corporate image, goodwill)
- The slow rate of assimilation of the new standards by enterprises
- Failure to fully safeguard against Creative Accounting phenomena in the future
- The, sometimes insurmountable, difficulties in the comprehension of new standards using empirical examples
- The non-successful collaboration between various company department for an efficient transition to the adoption of new accounting rules

and the limited participation of the other departments in the transition process

- A disposition to deceive users of the Financial Statements by publicizing fictitious P&L accounts
- Inadequate training of those involved in the process of the transition, adoption and application of the new accounting standards
- The existence of the capacity to audit the Financial Statements prepared based on the new standards by Chartered Auditors.
- The absence from the Curriculum of the Economics Departments of University Institutes of courses dealing with the new International Accounting Standards and Business Ethics.
- Intentional interventions in the method for the determination of production cost, which are difficult to detect also under the full adoption and application of the new standards.
- Delays in the first publication of results pursuant to the International Accounting Standards for listed companies demonstrate the magnitude of the intensification of works for the required adjustments and total estimates.
- The inadequate level of understanding of the essence of transactions based on the new accounting rules
- Continuous and decisive participation by CEOs in a smooth transition process to the new accounting principles
- A change in the way the implementation of new standards is treated as well in the general attitude and philosophy towards their implementation.
- The lack of a supervisory authority which would be trained to accept new standards
- Opposition to change, principally from old, traditional Accountants
- The presence of individual external Accountants in most small and medium sized enterprises
- The lack of an organized Accounting department as a separate department of the enterprise
- The inconspicuous relations and transactions between associated enterprises, which may not be reported in inter-company relations
- Adoption by business in the same sector of different methods for the application of the International Accounting Standards (direct or indirect method for the presentation of financial events, different methods for the valuation of inventories)
- Existence of politics at work, via the evaluations pertaining to the good short-term image of the business
- Mature executives market for the successful and immediate transition to new standards
- Non assurance of the objectiveness of auditing procedures (judgement – human factor)
- Deficiencies of the International Accounting Standards due to the particularities in national legislation between different countries
- The capacity for the immediate amendment or revision of the The need to establish dynamic standards by which one can assess the development potential of an enterprise
- Failure to comprehend the domestic market conditions
- The differentiation of accounting methods of valuation and tax provisions between different countries
- The establishment of a strict legal framework with respect to the irregular or selective application of the standards

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