



**Claudia Elena Grigoraș-Ichim**  
PhD (Economics), Lecturer,  
Stefan cel Mare University  
13 Universitatii Str., Suceava, 720229, Romania  
claudiag@seap.usv.ro  
ORCID ID: <https://orcid.org/0000-0002-1648-1502>

UDC 657.372



**Cristina Gabriela Cosmulese**  
PhD (Economics), Assistant Professor,  
Stefan cel Mare University  
13 Universitatii Str., Suceava, 720229, Romania  
gabriela.cosmulese@usm.ro  
ORCID ID: <https://orcid.org/0000-0002-8406-7004>



**Dmytro Savchuk**  
PhD (Economics), Assistant Professor,  
Yuriy Fedkovych Chernivtsi National University  
2 Kotsyubynsky Str., Chernivtsi, 58012, Ukraine  
dimasavchuk27@ukr.net  
ORCID ID: <http://orcid.org/0000-0003-1860-848X>



**Artur Zhavoronok**  
PhD (Economics), Assistant Professor,  
Yuriy Fedkovych Chernivtsi National University  
2 Kotsyubynsky Str., Chernivtsi, 58012, Ukraine  
artur.zhavoronok@ukr.net  
ORCID ID: <http://orcid.org/0000-0001-9274-8240>

## Shaping the perception and vision of economic operators from the Romania-Ukraine-Moldova border area on interim financial reporting

**Abstract.** The issue of interim financial statements for quoted or unquoted companies has become even more relevant in the current context of globalisation of business. The purpose of this research work is to focus on the analysis of the abovementioned type of reporting, taking into account the need for information about the stakeholders and the costs involved and analyse both the international accounting standards IAS/IFRS and the possibility of application them with regard to the situation in the Romania-Ukraine-Moldova border region. In order to achieve the goal, we carried out an empirical research by applying a questionnaire to a target group of 290 traders in the border region: 201 from the north-eastern (NE) region of Romania, 46 from Moldova and 43 from Chernivtsi region (Ukraine). The applied questionnaire covers the similarities and differences in interim reporting from the three countries.

The analysis of the correlation coefficients to determine the variables that quantify the impact on the obtained costs and benefits of the implementation of interim financial reporting values can be seen as tending towards zero, which indicates a lack of correlation between the variables. This indicates that the interviewed respondents do not associate any symmetric change in the company's costs to the benefits following the implementation of the interim financial reports. That aspect encourages the promotion of this type of reporting among economic operators. As a result of the research, the respondents did not associate a symmetrical change in companies' costs with the benefits identified as a result of the implementation of the interim financial reports; the economic operators that perform a breakdown of financial reports relating to organisations' internal events have more chances to get significant benefits in order to achieve those companies' financial forecasts.

The matrix component recaptured by the Varimax rotation method shows three categories in which the obtained results are grouped for the questions aimed at the structure configuration of interim financial reports in accordance with IAS 34. *The first one* is the respondents whose vision of the content of interim financial reports is oriented towards detailing the organisation's internal events that have a financial impact: the effect of changes in the composition of the entity during the interim period including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructuring and discontinued operations; issuances, repurchases and repayments of debt and equity; the seasonality or cyclicity of interim operations; changes in contingent liabilities or contingent assets; loan default or breach of a loan agreement that has not been remedied on / or before the end of the reporting period; the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence. *The second one* is the respondents whose vision of the content of interim financial reports is oriented towards providing the materials reflecting the market value of the organisation and explanatory notes on positioning the organisation in the external environment, namely: acquisitions and disposals of items of tangible assets; reduction of the amount of inventories to the net realizable value and the resumption of this reduction; recognition of impairment losses on tangible assets, intangible assets, or other assets, and the reversal of such losses; effects of economic turmoil and market conditions, liquidity or difficulties of any continuity issues; an explanation of events and transactions significant to understanding the changes in financial position and performance of the entity at the end of the last reporting period; commitments for the purchase of tangible assets after completion of the interim period. *The third one* is the respondents whose vision is geared towards simplifying the presentation of the organisation's financial situation: profit or loss and other comprehensive income; changes in equity; financial position; cash flows. An important support could be offered by interim reports and strategic decisions of the company. In more than 70% of cases, the respondents said that this benefit could be obtained with either a high or very high degree of confidence.

We can conclude that interim financial reporting implies the existence of a financial system in the company that ensures reporting frequency and maintains a high degree of quality, which is the foundation of a decision-making process that reacts promptly to all the changes and challenges of the economic, social and political environment.

**Keywords:** Interim Financial Statements; IAS/IFRS; Economic Operators; Romania-Ukraine-Moldova Border Region

**JEL Classification:** M41; M29

**DOI:** <https://doi.org/10.21003/ea.V173-10>

**Григораш-Ічим К. О.**

кандидат економічних наук, Сучавський університет імені Штефана чел Маре, Сучава, Румунія

**Космулес К. Г.**

кандидат економічних наук, Сучавський університет імені Штефана чел Маре, Сучава, Румунія

**Савчук Д. Г.**

кандидат економічних наук, асистент, Чернівецький національний університет імені Юрія Федьковича, Чернівці, Україна

**Жаворонок А. В.**

кандидат економічних наук, асистент, Чернівецький національний університет імені Юрія Федьковича, Чернівці, Україна

**Формування сприйняття та бачення економічних операторів з румунсько-українсько-молдовського прикордонного регіону щодо проміжної фінансової звітності**

**Анотація.** Роботу присвячено аналізу видів звітності, враховуючи потреби зацікавлених сторін в інформації про витрати, аналізу міжнародних стандартів бухгалтерського обліку МСБО/МСФЗ та визначенню на цій основі можливостей їх застосування в румунсько-українсько-молдовському прикордонному регіоні. Для досягнення цієї мети проведено емпіричне дослідження щодо визначення подібностей та відмінностей у проміжній звітності Румунії, України та Молдови шляхом застосування анкетування 290 торговців у прикордонних регіонах цих країн, з них: 201 представляють північно-східний регіон Румунії, 46 – Молдову та 43 – регіон України (Чернівецька область). Дослідження проводилося в період з липня 2015 р. по лютий 2018 р. Визначено, що опитані респонденти не пов'язують симетричну зміну витрат компанії з вигодами від впровадження проміжних фінансових звітів. Доведено, що економічні оператори, які виконують розбивку фінансових звітів про внутрішні події організації, мають більше шансів отримати значні вигоди для досягнення показників фінансового прогнозування компанії. Проміжна фінансова звітність передбачає наявність фінансової системи в компанії, що забезпечує частоту звітності, зберігаючи при цьому високий рівень її якості, яка оперативно реагує на всі зміни та виклики економічного, соціального та політичного середовища і є основою прийняття рішень.

**Ключові слова:** проміжні фінансові звіти; МСБО/МСФЗ; економічні оператори; прикордонний регіон Румунія-Україна-Молдова.

**Григораш-Ичим К. О.**

кандидат экономических наук, Сучавский университет имени чел Маре, Сучава, Румыния

**Космулес К. Г.**

кандидат экономических наук, Сучавский университет имени Штефана чел Маре, Сучава, Румыния

**Савчук Д. Г.**

кандидат экономических наук, ассистент,

Черновицкий национальный университет имени Юрия Федьковича, Черновцы, Украина

**Жаворонок А. В.**

кандидат экономических наук, ассистент,

Черновицкий национальный университет имени Юрия Федьковича, Черновцы, Украина

**Формирование восприятия и видения экономических операторов с румынско-украинско-молдавского приграничного региона по промежуточной финансовой отчетности**

**Аннотация.** Учитывая потребности заинтересованных сторон в информации о затратах, данная работа посвящена изучению видов отчетности и анализу международных стандартов бухгалтерского учета МСФО/МСФО и определению на этой основе возможностей их применения в румынско-украинско-молдавском приграничном регионе. Для достижения этой цели проведено эмпирическое исследование по определению сходств и различий в промежуточной отчетности Румынии, Украины и Молдовы путем проведения анкетирования 290 торговцев в приграничных регионах данных стран, из которых: 201 представляют северо-восточный регион Румынии, 46 – Молдовы и 43 – регион Украины (Черновицкая область). Исследование проводилось в период с июля 2015 г. по февраль 2018 г. Определено, что опрошенные респонденты не связывают симметрично изменение затрат компании с выгодами от внедрения промежуточных финансовых отчетов. Доказано, что экономические операторы, которые выполняют разбивку финансовых отчетов о внутренних событиях организации, имеют больше шансов получить значительные выгоды для достижения показателей финансового прогнозирования компании.

Матрица, созданная по методу ротации Varimax, позволяет сгруппировать респондентов в три категории в зависимости от их ответов, касающихся конфигурации структуры промежуточных финансовых отчетов в соответствии с МСБУ 34. Первая – это респонденты, чье видение содержания промежуточных финансовых отчетов ориентировано на детализацию внутренних событий организации, которые оказывают влияние на ее финансовое состояние. Вторая – это респонденты, чье видение содержания промежуточных финансовых отчетов ориентировано на предоставление материалов, отражающих рыночную стоимость организации, а также пояснительных замечаний о позиционировании организации во внешней среде, а именно. Третья – респонденты, чье видение направлено на упрощение представления финансового положения организации: прибыль или убыток и прочий совокупный доход; изменения в капитале; финансовое положение; денежные потоки. Важную поддержку могут оказать промежуточные отчеты для принятия стратегических решений компаниями. В более чем 70% случаев респонденты сказали, что эту выгоду можно получить с высокой или очень высокой степенью уверенности.

Промежуточная финансовая отчетность предусматривает наличие финансовой системы в компании, обеспечивает частоту отчетности, сохраняя при этом высокий уровень ее качества, оперативно реагирует на все изменения и вызовы экономического, социального и политического среды и является основой принятия решений.

**Ключевые слова:** промежуточные финансовые отчеты; МСБУ/МСФО; экономические операторы; приграничный регион Румыния-Украина-Молдова.

**1. Introduction**

Our concern for interim financial reporting analysis is generated by the importance of the fact that each trader should grant to this source of strategic information. In every enterprise, there are questions on the usefulness of interim financial reports with regard to their relatively long preparation, limited character and the resources allocated to issue them. Finding a common solution to these problems, and therefore the enhanced interest in performing interim financial reporting, can contribute to increased economic performance of the company

by reducing the unnecessary (waste) time costs, strengthening the communication and transparency in relations with third parties (creditors, customers, etc.), while appropriate management can act early on counteracting the negative effects of the company's activity towards preventing potential commercial or production failures and boosting the overall economic trends in that field and, consequently, increasing productivity.

Interim financial reporting is known to be one of the main economic and financial communication tools designed to provide stakeholders (investors, financiers customers,

suppliers etc.) with the so-called minimal knowledge so that these subjects are able to meet their own decision-making information requirements. Any form of communication included, and therefore the interim financial reports, it is subordinate to use the same language from a subject issuer and the recipient, which is why our research was focused on the border area of Romania, Ukraine and Moldova, three former socialist countries in which potential investors and shareholders are still remained focused on inflexible economic communication and accounting culture specific of these countries.

#### *Short analysis of International Accounting Standard 34 - Interim Financial Reporting*

IAS 34 defines the minimum content of an interim financial report and identifies the recognition and measurement principles to be applied to complete financial statements for an interim period. A specific feature is that it does not require disclosure of such situations to any company. Instead, it is required to publish an interim report for the publicly traded companies.

Although there is no requirement under IFRS to publish an interim financial report, enterprises that either by law or for other reasons are required to publish it in accordance with IFRS must apply the IAS 34 rules known as Interim Financial Reporting.

The objective of IAS 34 is to provide basic information to prepare interim financial reports. Interim financial reports update the most recent annual financial statements by focusing on events that reflect significant changes in the financial position and performance of the enterprise since the end of the previous financial year (Melville, 2009).

Another objective of IAS 34 is to prescribe the minimum content of an interim financial report, as well as the accounting and valuation principles applicable to interim financial statements of the period. Quick and reliable financial information allows investors, creditors and other users to better determine and interpret the company's ability to generate profits and cash flows, as well as its financial position and liquidity.

One of the IAS 34 requirements is that in addressing interim financial statements, the same accounting methods should be applied and follow the rules of the annual financial statements.

An interim financial report is a financial report containing a complete set of financial statements or a summary for a period of less than one full year. IAS 34 does not specify which enterprises should publish interim financial reports. Also, it does not indicate how often or when, starting from the end of the interim period, financial statements should be drawn up.

According to the International Accounting Standards Committee (IASC), national governments, securities regulators, stock exchanges and accountancy bodies decide on these issues. IAS 34 is applied if the company is required to publish an interim financial report in accordance with the international accounting standards, or if the company chooses to do so.

Most often, governments, securities commissions, stock exchanges and accountancy bodies impose the duty to publish interim financial reports on businesses whose debt securities or equity securities are traded. The IASC Board encourages the listed companies to publish the interim financial reports that correspond with the principles of accounting and evaluation, and information contained in regulations. Specifically, such businesses are encouraged to prepare the interim financial reports at least for the first half of the year and to make these financial reports available within 60 days starting from the end of the interim period.

Standard IAS 34 defines the minimum content of an interim financial report and identifies the principles of accounting and evaluation that should be applied to an interim financial report. In its interim financial report, the company must apply the same accounting methods as in the annual financial statements of the previous year. Frequency of financial information should not affect the assessment of the company's annual results.

To reach this goal, the assessments made upon interim the necessity to inform interim are made on a cumulative basis on the interim date. IAS 34 is applied to different types of assets, liabilities, income and expenses, based on the fundamental principles of accounting and valuation methods at interim periods. In deciding how to assess, elements are classified in terms of interim financial information needs. The relative importance is assessed in relation to the interim period financial information and not in relation to forecasted annual information.

Compliance with international reporting standards of any financial report, either annual or interim, is appreciated, yet a company can draw up an interim financial report which is not in conformity with the IAS 34 principles. If the company's interim financial report is blind to international accounting standards, it must comply with all the IAS 34 provisions.

Companies listed on national or international stock exchanges are required to submit their interim financial reports every quarter in accordance with IAS 34, which shall be notified to the regulatory bodies of the capital market in that country, according to the European Directive on Transparency of Financial Markets, amended by Directive 65/2014 regarding Market in Financial Instruments and in accordance with Regulation 1/2006 National Securities Commission, which ensures implementation of the European Community applicable regulations on transparency in Romania.

#### **2. Brief Literature Review**

Interim reports may hold significant information on trends affecting the periodic effects of the business that can be both neglected in annual reports (B. Elliott, & J. Elliott, 2004).

Based on the theoretical research by Ross (1973), the aim of empirical capital market research is to find significant links between corporate governance (reporting) and capital costs. Apart from a few exceptions (Larcker et al., 2005; Nowak et al., 2006), a positive correlation between corporate governance variables and cost reduction of an equity can be validated by empirical research (Armstrong, Guay & Weber, 2010; Brickley and Zimmerman, 2010) for both the US stock market (Gompers, Ishii& Metrick, 2003; Brown & Caylor, 2006) and the German stock market (Drobetz, Schillhofer & Zimmermann, 2004; Beiner et al., 2006; Bassen et al., 2006). However, those studies do not agree on the statistical significance. Therefore, no general conclusion can be drawn regarding a statistically significant correlation between several positive variables of corporate governance (those contained in the corporate governance index) and the firm performance on the stock market in Germany. With the exception of Toksal (2004), so far there has been no empirical study that examines the impact of corporate governance on firm performance reporting by not taking into account other indicators of corporate governance. In addition, similar studies are lacking in Austria as well. It is therefore of great importance to continue empiric research on corporate governance.

Some studies have shown that the key accounting areas are likely to lead to significant differences in quarterly versus semi-annual interim reports are: product costing, manufacturing cost variances, inventory valuation, period costs, spending on intangible assets, employee compensation and fringe benefits, income tax expense, and application of the materiality principle (Y. M. Mensah & R. H. Werner, 2008; C. G. Cosmulese et al., 2017)

In an attempt to investigate major differences in annual reports (financial year 2007 or 2006/07) in Germany and Austria, the research conducted by Patrick Velte in 2009 offers an overview of the results of that investigation. The survey analyzed corporations in terms of the prime standards in Austria and Germany (Frankfurt and Vienna Stock Exchanges) in order to examine the reports of corporate governance specific to the supervisory board, in particular the role of the «collaborator» of the external auditor. Germany and Austria were chosen from among various similarities in terms of corporate values and business law, including corporate governance codes and the predominance of their two-tier system (the management board and the supervisory board) in both countries. This study identifies key reporting gaps in



the prime standards both in Austria and Germany, especially in terms of job specification and monitoring activities of the supervisory boards.

In the context of transition countries, one should consider minor shareholders as principal while major shareholders and managers should play the role of agents. Instead of maximising the share value, agents are motivated to transfer profit (through cost transfer, price transfer, etc) to their 100%-owned firms, in order not to share the value with the principal. The entity's corporate management should solve the conflict (Samusenko, 2009). The same issue has been a concern for many Ukrainians authors (for example O. Noso-va, 2015; V. Kublikov, 2013; A. Kostyuk & V. Koverga, 2007).

Other authors have developed models which predict that more frequent interim reporting can lead to an increase in disclosure costs, and thus a decrease in the level of voluntary disclosures (F. Gigler & T. Hemmer, 1998; V. Grosu et al., 2017).

M. Firth (1996) examines the existence of the factors underlying the transfers of information associated with the income communicated in the context of two countries (the US and the UK). He found evidence that analysts were able to extrapolate corporate earnings information from US companies to British businesses, and to a lesser extent, vice versa. P. Alves, P. F. Pope & S. E. Young (2009) investigated the effect of profit warnings on the share prices of similar companies that are not announced and distributed on a set of European countries. Their results also support the existence of transnational transfer of information, although the magnitude is much weaker.

### 3. Research methodology

Due to the large number of respondents and their very large geographical distribution (Romania, Moldova and Ukraine), our research took place between July 2015 and February 2018. The questionnaires is concerned were applied by direct contact (on paper support), after which the authors centralized the respondents' answers using the Google Drive module, with the data collected being processed with SPSS.

The sample covered 290 traders in the border region of Romania-Ukraine-Moldova: 201 from the NE region of Romania, 46 from Moldova and 43 from Chernivtsi region (Ukraine). Acquisition of statistical units in the sample was performed by the typical simple selection process. The main sources of information were the Ministry of Public Finance and the National Institute of Statistics of Romania; the Ministry of Finance of Ukraine, the Municipal Council of Chernivtsi; and the National Statistics Office and the Ministry of Public Finances of the Republic of Moldova.

### 4. Best international practices on interim financial reporting

In the economic and financial communication the common language of accounting rules supports operations related to the economic development (the case of drawing up interim financial reports) and the process of converting figures into economic transactions (the case of using interim financial reports). Therefore, to maintain the normalisation of the accounting process it is required to establish a set of regulations to uniform the criteria based on the presentation and interpretation of the value of interim financial reports. These rules, whether general or specific, may derive from accounting practice and can be established through legislation (Dumitrescu, 2008).

In such a case, we talk about the normalisation of accounting practices specific to Anglo-Saxon countries: it is devoid of normative reference systems influenced by operational practice. Accounting rules that define the procedures highlighting economic valuation stemming based on best practices are fully recognised by professional accountants, who come encoded by professional authoritative bodies, in compliance with the best financial and economic doctrines (Mateş & Grosu, 2007; Mateş et al, 2009; Badicu & Mihăilă, 2014).

An example of generally accepted accounting principles are those that meet the American reality, being encoded by FASB (Financial Accounting Standards Boards), issued by entities and associations such as AICPA (American Institute of Certified Public Accounting). Such principles are applied both

through the recognition from accredited professional accountants and through constant assessment of their validity in relation to specific issues arising continuously, showing a high flexibility (Megan et al, 2002).

In this case, we talk about the normalisation of legally regulated accounting, which is characteristic of a country where the legislature has a duty to develop general accounting rules and defines aspects of economic and financial communication. Drafting the interim financial statements it is present through a set of rules and refers only to the «normalization» schemes and interim financial reporting structures or values presented in financial reports.

This entails a reduced flexibility of such a system of accounting regulation, which eliminates the possibility of supporting rapid changes that may occur due to the need to solve new accounting problems, questioning the role of the statutory allocation of the Romanian accounting legislature. Also, it should be kept in mind that writing and drafting the interim financial statements is an extremely complex task.

### 5. Specific aspects regarding interim financial statements in the Romania-Ukraine-Moldova board area

#### 5.1. Interim financial reporting in Romania

Every year, Romania standardises the relevant regulation issues to determine the form and the terms of interim financial reports which are to be prepared and submitted to the country's territorial units by the Ministry of Public Finance. The adopted amendments repeal the previous norms. The country's accounting reporting system is applicable to persons who apply the accounting regulation in annual individual and consolidated financial statements.

As such, the national regulation in Romania is not issued in the sense of IFRS, therefore reports are not regulated in terms of IAS 34 interim reporting.

Currently, the financial position data available in the interim reporting in Romania do not include explanatory notes. Deviations from accounting principles and valuation methods, alternative accounting treatment (including their effects and cost based on adopted assessment, adjustments to the application of alternative accounting treatment, their impact on the outcome, their content, scope and manner of application), interest included in the production cost of fixed assets and assets with long manufacturing cycle are not reflected in the interim financial reports in Romania.

#### 5.2. Interim financial reporting in Ukraine

Despite the formality of the adoption of IFRS in Ukraine, SNC is substantially different from IFRS. Theoretically, IFRS and SNC must be identical. Ukraine adopted IFRS only by name. However, for full adoption and conversion to IFRS, Ukraine should write the text of IFRS in Ukrainian laws. Laws that Ukraine adopted were based on IFRS, yet they were not direct translations. There are many omissions, changes and additions to the text comprising SNC.

The Ukrainian legislation does not reflect the efforts of the IASB and UFPAA to keep the IFRS texts updated, therefore we observe certain differences, especially with regard to the disclosure of intangible assets (Cosmulese et al., 2016). This creates individual differences between SNC and IFRS, which has a significant effect on the final results of both accounting frameworks. Some significant differences are listed below in order of their adoption.

Chapter IV, Article 11.2 of the Law of Ukraine «On Accounting and Financial Reports» states that the financial statements, annual and interim should include a balance sheet, an income statement, a cash flow statement, and a statement of equity and notes.

#### 5.3. Interim financial reporting in Moldova

The first step towards harmonization of the accounting in Moldova with regard to the requirements of a market economy was the adaptation of the Accounting Law No. 426 - XII in 1995. This Law provides fundamental rules in this field with the aim of establishing a legal accounting framework, i.e. the accounting system with its components: the chart of accounts, the form and content of financial reports (unique for all businesses except financial and banking institutions).

According to D. Grumeza (2003), Moldova occupies a leading position in developing and implementing the reform of accounting and auditing at the regional level if we consider the former Soviet republics. This process was mainly achieved due to technical assistance from USAID, which financed the project on the accounting reform in Moldova (MARP), and the Institute of Management (EWMI), nonprofit organisation of the Soros Foundation, in the development and promulgation of the following official Acts:

- 23 National Accounting Standards (SNC), most of which are based on International Accounting Standards;
- 10 Interpretations of the National Accounting Standards;
- 36 National Auditing Standards, developed based on the International Standards on Auditing;
- the Code of Professional Conduct for Auditors and Accountants based on the IFAC Code of Ethics for Professional Accountants Professional.

This new system of accounting regulation, obviously based on the Anglo-Saxon accounting and IAS, officially entered into force on 01 January 1998 (in addition to the framework of existing accounting).

**6. Case study: Romania, Ukraine and Moldova**

Concern for the interim financial reporting analysis is generated by the fact that each economic agent must grant strategic sources of information.

The conducted research is of exploratory nature. In it, we used a typical observation-questionnaire tool, through which we studied the main aspects regarding the opinions/attitudes of operators practicing Interim Financial Reporting, subject to national accounting standards in accordance with IAS 34. The research is carried out across borders, taking place in Romania, Ukraine and Moldavia (Figure 1).

The majority of the companies included in the study have trade and services as a field of their activity. Yet, in the case of the respondents from Ukraine, we observe the predominance of companies engaged in the field of industry and the trade (Figure 2).

Regarding the types of companies included in the survey, limited liability companies prevail in both Romania and Moldova. In the case of Chernivtsi region (Ukraine),

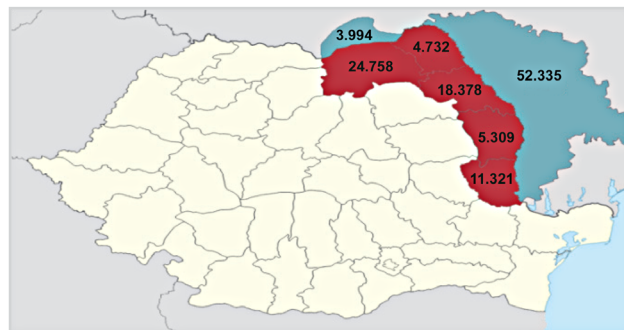


Fig. 1: Map of the companies in the Romania - Ukraine - Moldova border region  
Source: Own processing based on official data of Romania, Ukraine and Moldova

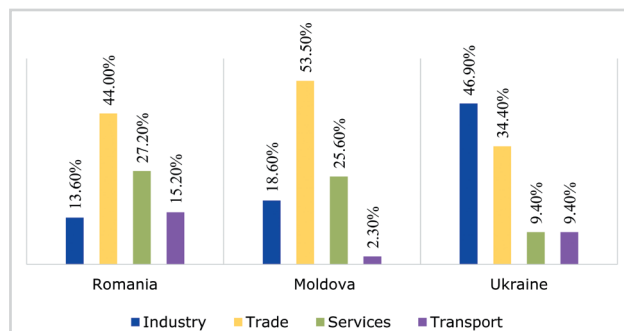


Fig. 2: The distribution of respondents by areas of activity within the period between July 2015 and February 2018  
Source: Compiled by the authors

the distribution of the respondents by the five categories shows that the main types of businesses are general partnerships, limited partnerships, joint-stock companies, companies limited by shares and limited liability companies, which are relatively balanced (Figure 3). Distribution of respondents by employment category of companies is presented in Figure 4.

**6.1. Analysis of correlated variables that quantify the impact on costs and benefits**

To describe the interdependence between costs and benefits anticipated by respondents to implement interim financial reports, we used a non-parametric correlation test, i.e. Spearman's correlation. It opted for this type of analysis because to prepare the questionnaire we mostly used ordinal scales (Table 1).

The analysis of the correlation coefficients to determine the variables that quantify the impact on the obtained costs and benefits of the implementation of interim financial reporting values can be seen as tending towards zero, which indicates a lack of correlation between the variables. This indicates that the interviewed respondents do not associate any symmetric change in the company's costs to the benefits following the implementation of the interim financial reports. That aspect encourages the promotion of this type of reporting among economic operators.

It should be noted that we made an analysis of the correlations between the variables aimed setting up the interim financial report in accordance with IAS 34 and the variables related to costs and benefits. In doing this we were not able to identify significant and strong correlation between the variables.

**6.2. Analysis applied to the categories of questions aimed at setting up the structure of interim financial reports in accordance with IAS 34 (Table 2)**

Applying the method of analysis of the main components led to distinguishing three types of respondents. The matrix

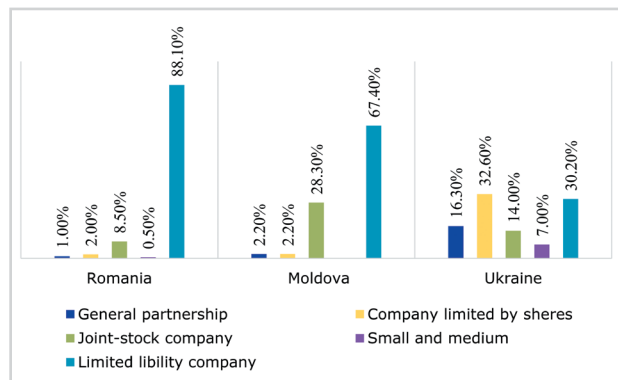


Fig. 3: Distribution of respondents by types of companies within the period between July 2015 and February 2018  
Source: Compiled by the authors

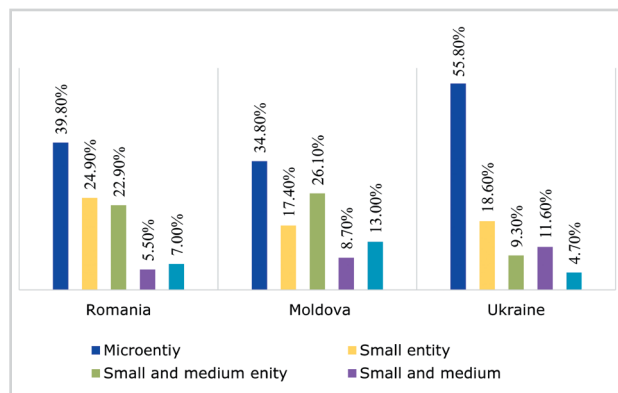


Fig. 4: Distribution of respondents by employment category of companies within the period between July 2015 and February 2018  
Source: Compiled by the authors

Tab. 1: Spearman correlation coefficient values

Benefits \ Costs	Costs					
	Finding the occurrence of additional costs	Wage increases	Staff training costs	Suitable software acquisition costs	Cost of consulting services	Costs of design layouts software
Benefits from the achievement of financial forecasts	0.013	0.082	0.058	-0.050	0.029	0.004
Benefits from the organisation and implementation of managerial activities	-0.031	0.000	0.005	-0.059	0.010	-0.038
Benefits from the company's strategic decision-making	-0.059	0.035	0.111	-0.003	0.018	-0.015
Benefits that reflect the real value of the company	-0.064	-0.067	0.030	-0.064	-0.017	0.023
Benefits from investment and development decision-making	-0.073	-0.106	0.074	-0.051	-0.029	-0.035

Source: Compiled by the authors

component recaptured by the Varimax rotation method shows three categories in which the obtained results are grouped for the questions aimed at the structure configuration of interim financial reports in accordance with IAS 34:

1. Respondents whose vision of the content of interim financial reports is oriented towards detailing the organisation's internal events that have a financial impact. According to their vision, interim financial reports should contain information on:
  - the effect of changes in the composition of the entity during the interim period including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructuring and discontinued operations;
  - issuances, repurchases and repayments of debt and equity;
  - the seasonality or cyclicity of interim operations;
  - changes in contingent liabilities or contingent assets;
  - loan default or breach of a loan agreement that has not been remedied on / or before the end of the reporting period;
  - the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence;

2. Respondents whose vision of the content of interim financial reports is oriented towards providing the materials reflecting the market value of the organisation and explanatory notes on positioning the organisation in the external environment. For this category of respondents, interim financial reports should contain information on:
  - acquisitions and disposals of items of tangible assets;
  - reduction of the amount of inventories to the net realizable value and the resumption of this reduction;
  - recognition of impairment losses on tangible assets, intangible assets, or other assets, and the reversal of such losses;
  - effects of economic turmoil and market conditions, liquidity or difficulties of any continuity issues, together with management plans to address them;
3. Respondents whose vision is geared towards simplifying the presentation of the organisation's financial situation. For this category of respondents, the interim financial reports should contain simplified information related to:
  - profit or loss and other comprehensive income;
  - changes in equity;
  - financial position;
  - cash flows.

An important support could be offered by interim reports and strategic decisions of the company. In more than 70% of cases, the respondents said that this benefit could be obtained with either a high or very high degree of confidence.

Tab. 2: The matrix component in the categories of questions aimed at setting up the structure of interim financial reports in accordance with IAS 34

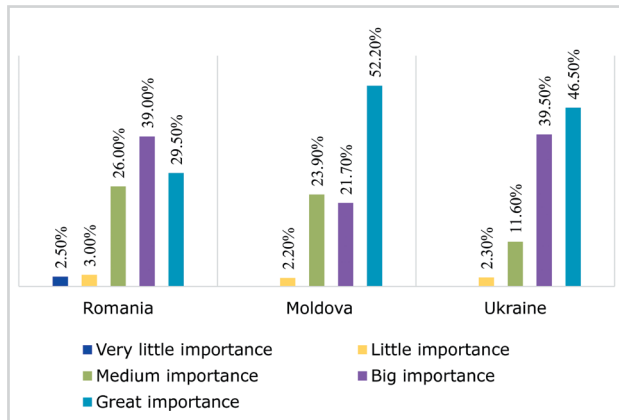
Variables	Component		
	1	2	3
The interim report should contain details of changes in the composition of the entity during the interim period including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructuring and discontinued operations	0.702		
The interim report should contain details on issuances, repurchases and repayments of debt and equity	0.698		
The interim report should contain explanatory comments about the seasonality or cyclicity of interim operations	0.680		
The interim report should contain details on changes in contingent liabilities or contingent assets	0.647		
The interim report should contain details of any events or transactions that are material to an understanding of the current interim period	0.646		
The interim report should contain details of any loan default or breach of a loan agreement that has not been remedied on/or before the end of the reporting period	0.645		
The interim report should include the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.	0.635		
The interim report should contain details about events after the interim period that have not been reflected in the financial statements for the interim period.	0.583		
The interim report should contain details of acquisitions and disposals of items of tangible assets		0.743	
The interim report should contain details concerning the reduction of the amount of inventories to the net realizable value and the resumption of this reduction		0.723	
The interim report should contain recognition of impairment losses on tangible assets, intangible assets, or other assets, and the reversal of such an impairment loss		0.721	
The interim report should include a statement on the effect of economic turmoil and market conditions, liquidity or difficulties of any continuity issues, together with management plans to address them		0.593	
The interim report should include an explanation of events and transactions significant to understanding the changes in financial position and performance of the entity at the end of the last reporting period.		0.587	
The interim report should contain details of commitments for the purchase of tangible assets after completion of the interim period.		0.549	
The interim report should contain a more simplified case or condensed statements of profit or loss and other comprehensive income			0.799
The interim report should contain a simplified statement of changes in equity			0.771
The interim report should contain a simplified statement of the financial position			0.745
The interim report should contain a simplified statement of cash flows			0.681
The interim report should contain selected explanatory notes			0.501

Source: Compiled by the authors

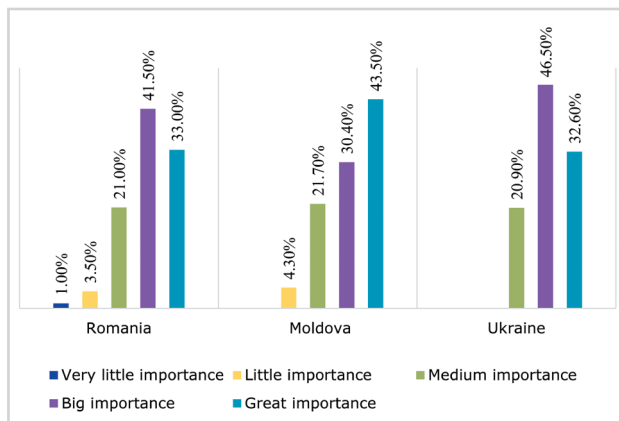


Most respondents also agree that interim reports contribute positively to the reflection of the real value of the company (Figure 5).

With regard to how the provided accounting information impacts the importance of interim reports, the respondents stated that such reports can be an important tool in decision-making, investment and development (Figure 6). The results show that more than a third of all the respondents in Romania, Moldova



**Fig. 5: Distribution of respondents according to the extent that appreciates the importance of accounting information provided by interim reports to reflect the real value of the company within the period between July 2015 and February 2018**  
Source: Compiled by the authors



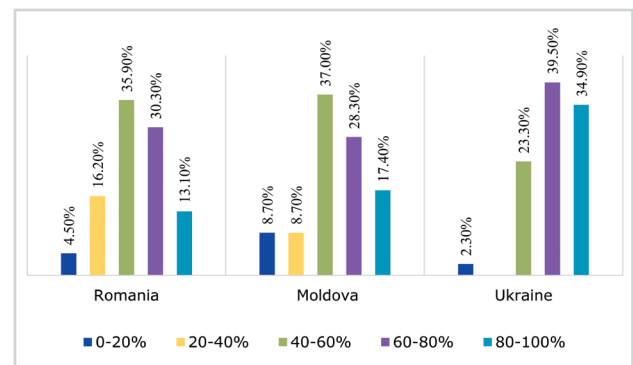
**Fig. 6: Distribution of respondents according to the extent of the importance of accounting information within interim reports for the decision-making, investment and development in the period between July 2015 and February 2018**  
Source: Compiled by the authors

## References

- Alves, P., Pope, P. F., & Young, S. (2009). Cross-border information transfers: evidence from profit warnings issued by European firms. *Accounting and Business Research*, 39(5), 449-472. doi: <https://doi.org/10.1080/00014788.2009.9663378>
- Armstrong, C. S., Guay, W. R., & Weber, J. P. (2010). The Role of Information and Financial Reporting in Corporate Governance and Debt Contracting. *Journal of Accounting and Economics*, 50(2-3), 179-234. doi: <https://doi.org/10.1016/j.jacceco.2010.10.001>
- Badicu, G., & Mihaila, S. (2014). Accounting policies: basic principles and qualitative characteristics of information. *Journal Economica*, 90(4), 80-86. Retrieved from [https://ibn.idsi.md/sites/default/files/imag\\_file/Politici%20contabile\\_principii%20de%20baza%20si%20caracteristici%20calitative%20ale%20informatiilor.pdf](https://ibn.idsi.md/sites/default/files/imag_file/Politici%20contabile_principii%20de%20baza%20si%20caracteristici%20calitative%20ale%20informatiilor.pdf)
- Elliott, B., & Elliott, J. (2004). *Financial Accounting and Reporting* (13<sup>th</sup> edition). Prentice Hall, London. Retrieved from <https://core.ac.uk/download/pdf/33797479.pdf>
- Bassen, A., Meyer, K., Hölz, H.-M., Zamostny, A., & Schlange, J. (2006). *The Influence of Corporate Responsibility on the Cost of Capital. An Empirical Analysis 2006*. Retrieved from [https://www.schlange-co.com/wp-content/uploads/2017/11/SchlangeCo\\_2006\\_CostOfCapital.pdf](https://www.schlange-co.com/wp-content/uploads/2017/11/SchlangeCo_2006_CostOfCapital.pdf)
- Beiner, S., Drobetz, W., Schmid, M. M., & Zimmermann, H. (2006). An Integrated Framework of Corporate Governance and Firm Valuation. *European Financial Management*, 12(2), 249-283. doi: <https://doi.org/10.1111/j.1354-7798.2006.00318.x>
- Brickley, J. A., & Zimmerman, J. L. (2010). Corporate Governance Myths: Comments on Armstrong, Guay, and Weber. *Journal of Accounting and Economics*, 50(2-3), 235-245. doi: <https://doi.org/10.1016/j.jacceco.2010.10.002>
- Brown, L. D., & Caylor, M. L. (2006). Corporate governance and firm valuation. *Journal of Accounting and Public Policy*, 25(4), 409-434. doi: <https://doi.org/10.1016/j.jaccpubpol.2006.05.005>
- Cosmulese, C. G., Mateș, D., & Anisie, L. (2016). Particulars on approaches and methods used to value intangibles assets. *Management Strategies*, 34(4), 28-39. Retrieved from [http://www.strategiimanagieriale.ro/images/images\\_site/articole/article\\_4dbde7270dce04b2682a47df0abe79c5.pdf](http://www.strategiimanagieriale.ro/images/images_site/articole/article_4dbde7270dce04b2682a47df0abe79c5.pdf)
- Drobetz, W., Schillhofer, A., & Zimmermann, H. (2004). Corporate governance and expected stock returns: Evidence from Germany. *European Financial Management*, 10(2), 267-293. doi: <https://doi.org/10.1111/j.1354-7798.2004.00250.x>

and Ukraine regard accounting information within interim reports as of great importance for the decision-making, investment and development. A main difference can be found in the answers of the Ukrainian respondents among whom no one regarded abovementioned issue as little or very little important.

Based on the percentage distribution of the assessment of the effects, benefits, decisions, and advantages derived from information provided in interim reports by the Romanian and Moldovan respondents (Figure 7), we were able to establish a distribution close to normal, with a maximum frequency of 40%-60%. In the case of the Ukrainian respondents, the distribution is strongly asymmetric, with high frequency at the level of 60%-80% and 80%-100%.



**Fig. 7: Distribution of respondents according to the proportion in which they consider the effects, benefits, decisions and advantages derived from information reflected in interim reports in the period between July 2015 and February 2018 to be important**  
Source: Compiled by the authors

## 7. Conclusions

Based on the current research, we can specify the essential elements in the definition of interim financial reporting of companies and its implications for managerial decisions. Following the conducted analyses, we assume that interim financial reporting implies the existence of a financial system in the company, to ensure reporting frequency, maintaining high quality, which is the foundation of the decision-making process that reacts promptly to all challenges and changes in the economic, social and political environment.

For similar reasons, the former socialist countries, for example Albania and Poland, in order to accelerate the transition to a market model of economic development have adopted IAS to create their own national standards which are based largely on the international ones.

In conclusion, it can be ascertained that companies in the Romania-Ukraine-Moldova border region, although situated in a region with a high potential for development and investment, face specific economic and political differences in culture and mentality.

11. Dumitrescu, D. (2008). The Internal Audit. *la Conferința Internațională Economia României post-aderare 2 ani în UE, ZEC, Reșița* (in Romanian).
12. Firth, M. (1996). The transmission of corporate financial information across national borders and equity market linkages. *Review of Accounting Studies*, 4(1), 309-337. doi: <https://doi.org/10.1007/BF00570835>
13. Gompers, P. A., Ishii, J. L., & Metrick, A. (2003). Corporate Governance and Equity Prices. *Quarterly Journal of Economics*, 118(1), 107-155. doi: <https://doi.org/10.3386/w8449>
14. Grosu, V., Socoliuc, M., & Hlaciuc, E. (2017). Romanian enterprises behaviour in the process of improvement of economic and financial disclosure quality. *Economic Annals-XXI*, 167(9-10), 63-69. doi: <https://doi.org/10.21003/ea.V167-13>
15. Grumeza, D. (2003). *Studiu comparativ al sistemelor de contabilitate din România și Republica Moldova* (Doctoral dissertation). «Babeș - Bolyai» University, Cluj Napoca.
16. Kostyuk, A., & Koverga, V. (2007). Corporate governance in Ukraine: The role of ownership structures. *Forthcoming, Corporate Ownership and Control Journal*. Retrieved from [http://www.virtusinterpress.org/IMG/pdf/5\\_CORPORATE\\_OWNERSHIP.pdf](http://www.virtusinterpress.org/IMG/pdf/5_CORPORATE_OWNERSHIP.pdf)
17. Gigler, F., & Hemmer, T. (1998). On the frequency, quality, and information role of mandatory financial reports. *Journal of Accounting Research*, 36, 117-147. doi: <https://doi.org/10.2307/2491310>
18. Kublikov, V. (2013). The fundamental contradiction of an emerging system of corporate governance in Ukraine. *CES Working Papers*, 5(3), 405-411. Retrieved from [http://www.ceswp.uaic.ro/articles/CESWP2013\\_V3\\_KUI.pdf](http://www.ceswp.uaic.ro/articles/CESWP2013_V3_KUI.pdf)
19. Larcker, D. F., Richardson, S. A., & Tuna, I. (2007). Corporate governance, accounting outcomes, and organizational performance. *The Accounting Review*, 82(4), 963-1008.
20. Mateș, D., & Grosu, V. (2007). Impact of International Financial Reporting Standards on the evolution of the accounting system in Romania. *Theoretical and applied economics*, 3.
21. Mateș, D., Bungeț, O., Grosu, V., Socoliuc, M., & Lascu, R. (2009). Social utility of economic language and role of accounting information in business management, published in volume Standards, directives and regulations on financial reporting. In Moneasa, edited by *Body of Expert Accountants and Certified Accountants, Beace, Arad subsidiary* (pp. 16-20).
22. Megan, O., Hategan, C., & Ineovan, F. (2002). International Accounting standards: the best recipe. In *Conference Materials «Economia și managementul transformării»* (p. 6). Timișoara.
23. Melville, A. (2009). *International Financial Reporting. A practical Guide* (2<sup>nd</sup> edition). Financial Times Prentice Hall.
24. Cosmulese, C. G., Grosu, V., & Hlaciuc, E. (2017). Intangible assets with a high degree of difficulty in estimating their value. *Ecoforum Journal*, 6(3), 1-6. Retrieved from <http://www.ecoforumjournal.ro/index.php/eco/article/view/737/445>
25. Nosova, O. (2015). Corporate governance model in Ukraine after the global financial crisis. *International Journal of Innovation and Business Strategy*, 3, 1-14. Retrieved from [http://www.ibs.utm.my/ijibs/attachments/article/46/IJBS\\_03\\_02.pdf](http://www.ibs.utm.my/ijibs/attachments/article/46/IJBS_03_02.pdf)
26. Nowak, E., Rott, R., & Mahr, T. G. (2006). The (Ir)relevance of Disclosure of Compliance with Corporate Governance Codes-Evidence from the German Stock Market. *Swiss Finance Institute Research Paper Series 06-11*. Swiss Finance Institute. Retrieved from <https://ideas.repec.org/p/chf/rpseri/rp0611.html>
27. Ross, S. A. (1973). The Economic Theory of Agency: The Principal's Problem. *American Economic Review*, 63(2), 134-139. Retrieved from <https://assets.aeaweb.org/assets/production/journals/aer/top20/63.2.134-139.pdf>
28. Toksal, A. (2004). *The Impact of Corporate Governance on Shareholder Value* (Doctoral dissertation). Universität zu Köln. Retrieved from <http://kups.ub.uni-koeln.de/1389>
29. Velte, P. (2009). Die Corporate Governance-Berichterstattung des Aufsichtsrats - Eine empirische Untersuchung im deutschen Prime Standard zum Einfluss auf die Unternehmensperformance. *Schmalenbachs Zeitschrift für betriebswirtschaftliche Forschung*, 61(7), 702-737. doi: <https://doi.org/10.1007/BF03373666> (in German)
30. Samusenko, Y. (2009). *Does corporate governance work in Ukraine?* (MA thesis). Kyiv: School of Economics. Retrieved from <http://www.kse.org.ua/uploads/file/Thesis%20Yegor%20Samusenko.pdf>
31. Mensah, Y. M., & Werner, R. H. (2008). The capital market implications of the frequency of interim financial reporting: an international analysis. *Review of Quantitative Finance and Accounting*, 31(1), 71-104. doi: <https://doi.org/10.1007/s11156-007-0069-0>

Received 11.10.2018

## PUBLICATION ETHICS AND MALPRACTICE STATEMENT

***Within the framework of editorial politics The Economic Annals-XXI Journal strictly adheres to the publishing standards of the publication COPE Code of Conduct, authorized COP (Committee on Publication Ethics).***

*The Economic Annals-XXI Journal is committed to maintaining the highest ethical standards. In order to ensure the outcome of providing our readers with an academic journal of high quality, The Economic Annals-XXI Journal is guided by the following principles:*

The editor of The Economic Annals-XXI Journal is responsible for deciding which of the articles submitted to the journal should be published. In evaluating the submitted works, the editor should limit himself only to the intellectual content. The editor can choose to ignore any material that breaks legal requirements regarding libel, copyright infringement and plagiarism. The editor must ensure the confidentiality of the submitted works until they are published, except in the case of suspicion of double submission. In case the editor decide not to publish a material, the manuscript should not be used for other purposes without the express written consent of the author. The editor of a submitted manuscript must not have a stake in the authors.

The reviewers of The Economic Annals-XXI Journal assist the editor in taking the decision of publishing a submitted manuscript. The reviewers are bound to treat the manuscript received for peer reviewing as confidential, and must not use the information obtained through peer review for personal advantage. The reviewers should not consider manuscripts in which they have conflicts of interest with any of the authors, companies, or institutions connected to the papers.

The authors should ensure that they have written entirely original works. When the authors use other materials, sources should be appropriately cited. Any attempt of plagiarism should be followed by the rejection of the submitted manuscript. Authors should not submit the same work or describe essentially the same research in more than one journal. Submitting the same manuscript to more than one journal concurrently constitutes unethical publishing behavior, unless otherwise specified.

\*\*\*\*\*

The materials, submitted for the publication in the journal, pass reviewing of the members of the Editorial Board of The Economic Annals-XXI Journal.

The ideas and offers, stated in articles, not necessarily coincide with the point of view of the Editorial Board. The responsibility for reliability of the information in articles, accuracy of the titles, names and citations is carried by the authors.

The Editorial Board keeps the right for minor literary changes and shortening of the articles, saving the authors' style and conclusions.

The texts submitted can not be published in other economic journals worldwide.

All plagiarism issues and issues related to inappropriate citing etc. - to be settled personally by the authors.