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**COMPARISON OF MARTTI SAARIO'S EXPENDITURE
REVENUE THEORY TO MODERN DAY ACCOUNTING
STANDARDS IN FINLAND**

Bachelor's thesis

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I declare I have written the bachelor's thesis independently. All works and major viewpoints of the other authors, data from other sources of literature and elsewhere used for writing this paper have been referenced.

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ABSTRACT

Nowadays accounting is constantly becoming more and more international. In Finland, like in other E.U. countries, this trend has continued from the 1990's, which has lowered the importance of nationally developed accounting standards. The goal of this graduation thesis was to compare Finnish accounting method, Martti Saario's expenditure-revenue theory, to IFRS. This research defined the main differences between these two accounting methods by introducing the key characteristics of both methods. This study also pointed out the importance of expenditure-revenue theory to Finnish economy and society. The instances where expenditure-revenue theory could be used instead of IFRS were also introduced. The results of the study showed that the largest difference between the methods, was the main focus point of accounting. Expenditure-revenue theory focused on income statement and reporting profits/losses, whereas IFRS relied on balance sheet and reporting the value of company. Expenditure-revenue theory changed Finnish accounting legislation and played a large part in Finnish economic history. It was also shown that expenditure-revenue theory could be easier to learn and understand, than IFRS. However, due to the wide spread of IFRS, it was unlikely that expenditure-revenue theory would spread from Finland to other countries.

Keywords: Expenditure-revenue theory, Martti Saario, IFRS, accounting legislation, balance sheet

INTRODUCTION

In this bachelor's thesis, the goal is to introduce and study Martti Saario's expenditure-revenue theory and compare it with modern day accounting standards in Finland. The goal is to find out how much of an impact expenditure-revenue theory has had on Finnish accounting, and what are the main differences between expenditure-revenue theory and modern accounting standards. Also, the objective of this thesis, is to find out if there are situations where expenditure-revenue theory could be used better than IFRS.

Nowadays, accounting is moving towards harmonized, common standards. This could mean the diminishing of different nationally developed accounting standards and theories. This makes the topic relevant and it would be important to compare national accounting standards to international standards that are widely in use. This thesis compares Martti Saario's expenditure-revenue theory with IFRS. Saario's theory differs greatly from IFRS, which is why these theories would work well for comparative study. Also, this study could help to recognize some problems with the IFRS, that expenditure-revenue theory does better. This graduation thesis is an empirical study, which uses mainly quantitative methods in researching this topic. Multiple sources and references of articles and literature about expenditure-revenue theory and IFRS are used in this thesis. There is also qualitative research in this thesis in the form of an interview of a retired CEO and former owner of Finnish accounting company Pirkanmaan Kirjanpitoimisto Oy Markku Ala-Mettälä.

The first part introduces the developer of the theory, Martti Saario and covers his professional career and personality. The thesis will cover the most important events of his life, both in personal life and in academic. After this the basics of expenditure-revenue theory and the events which led to its development are introduced. After this, the basic principles of the theory and the main characteristics are also covered. Next in the thesis, the importance of expenditure-revenue theory to Finnish accounting legislation is studied. The events which led to developing the theory

and which led to its adoption to legislation are also introduced. The first part concludes to the internationalization of Finnish accounting and covers the meaning of expenditure-revenue theory to Finnish economy. The second part introduces IFRS and how it was created and developed. It also points out some of the key characteristics of IFRS and introduces the principles IFRS uses in accounting. The second part also covers the use of modern accounting standards in Finland and how their use is regulated by the legislation. The results part combines the information gathered in the first two parts and brings out the advantages and disadvantages of both accounting methods. It will also compare the two theories and bring out their differences and similarities. The data gathered in the previous chapters is used to from answers for the research questions. In the end, the research is concluded and all the information is brought together to a short summary of the topic. The conclusion is also going to provide the final answers to the main research questions.

1. MARTTI SAARIO AND HIS EXPENDITURE-REVENUE THEORY

1.1. Martti Saario

Martti Saario was one of the most well-known and successful accounting professors and theoreticians in Finland to date. He was born on 1st of March 1906 and died on 7th of January 1988. (Oulasvirta 2014) His parents were farmers and he spent a normal childhood. Saario was married twice in his life and had two children with his first wife. Saario's first wife Terttu suddenly died in 1961 after getting a heart attack while swimming at their summer house. Saario mourned for his wife for many years after her death and focused mainly on academics during that time. Later he married a linguistics teacher Hilikka, with whom Saario spent the rest of his life. Saario had stated that a man can endure pressure either at home or at work but not at both. Based on this, it can be said that Saario's family life went quite well, not including his first wife's passing, because he faced a lot of pressure in academic life. (Pajunen 2011, 454)

Saario completed his matriculation in 1925 and after that, completed the Finnish lower law degree in 1927. He also studied commercial science and became a licentiate of economics, after which he started teaching economic science in the Commercial School of Viipuri. After the Second World War, Saario defended his doctoral dissertation and became the second doctor of economics in Finland. (Pajunen 2011, 454–457) Probably his most notable academic achievement however, was the development and publication of the expenditure-revenue theory, which later became the official Finnish accounting standard. The basis of the theory was first published in his dissertation in 1945. (Virtanen 2009, 363) In 1948 the Helsinki School of Economics granted him professorship in accounting. Saario held this prestigious job until 1971. (Näsi S. and Näsi J. 1997, 208) Saario

also worked as an acting professor in Turku School of Economics from 1964–1973. However, Saario's career could have been a lot different without an unfortunate event in 1943. The first doctor of economics in Finland and in the Nordic countries, Viljo Nurmilahti died after he was hit by a car in Helsinki. It is later considered that Nurmilahti could have been a prime candidate for some of the jobs that Saario ended up doing. This could have impacted on Saario's influence and could have hindered the development of expenditure-revenue theory. (Pajunen 2011, 455–457). While he was working as a professor in Helsinki, Saario developed his expenditure-revenue theory further and finalized it by 1959 when the official textbook of the theory was published (Saario 1965).

Many of Saario's colleagues and friends described him as a warm and caring person once you got to know him. However, he was very outspoken and always said what he thought, which is why to some people he seemed very strict and even rude at times. A good example of this is how his colleagues reacted to him while he was a professor in Helsinki and in Turku. In Helsinki, he was described as a mean person and many thought that it was difficult to work with him. In Turku however, He was considered as a warm and kind father figure with whom his colleagues got along just fine. He was also extremely fair to his friends, colleagues and students. Back when Saario was teaching in Turku, every student had to pay to participate to an exam. The money went to the person who had made and graded the exam. Saario did not usually grade the exams himself, but instead let the students grade them. After this he gave the money, he would have earned from grading the papers, to the students. In Saario's opinion, it was obvious that the people who did the work should also get rewarded from it. (Pajunen 2011)

Saario was also very perseverant and ambitious. During the Second World War, a large part of literature and materials for his dissertation was lost. This meant that Saario had to partially start over to finish his dissertation. He also had a fierce competition with Esa Kaitila for the professorship in the University of Helsinki. The competition lasted over a year and was a really close call in the end. As a professor, he was described as a very focused and intelligent person who was incredibly passionate and interested in his field of study and enjoyed explaining and discussing about different accounting theories. His most notable feature however, was his charisma. His students in Turku described that his presence alone made you want to hear what he had to say. They believed that the charismatic aura around him was partly because of his personality and partly

because of his intellect and knowledge of accounting. During his time in Turku, he was also considered as a clear authority in Finnish accounting and like a celebrity among students. In the end it can be said that he was very interested in accounting and enjoyed a lot teaching it to others. (Pajunen 2011)

1.2. Development of expenditure-revenue theory

Before Saario developed his expenditure-revenue theory Finnish accounting was strongly based on German accounting guidelines and ideas. Most of the academics used almost exclusively German references in their studies and even the Finnish word for accounting “laskentaoppi” is a direct translation from the German version “Rechnungswesen”. One of the clearest influences from German accounting was the balance sheet oriented theory of accounting. Finland did not copy the German dynamic balance theory of accounting directly, but it played a large role when the Finnish accounting standards and legislation were formed. (Näsi S and Näsi J 1997). The Finnish Accounting Act was strongly based on balance sheet theory and balance sheet was seen as the most important part of accounting. (Kosonen 2005). The main idea of balance sheet theory was to show mathematically the value of assets and wealth of the company accountable. It measured the profits or losses of the year by identifying the changes in assets. The theory itself was very static and completely different from the expenditure-revenue theory that followed. (Pihlanto 2003). Martti Saario saw problems with the existing accounting legislation and with the balance sheet theory, and thus began developing an alternative theory. Saario believed that the balance sheet centered theory was too mathematical and didn't focus on real life situations and problems. He saw it especially unrealistic in companies' day-to-day accounting where the strong focus on balance sheet didn't serve its purpose and caused excessive inconvenience for the company. Also, the pre-existing standard and theory was difficult to learn and required a lot of mechanical practice and repetition rather than thorough understanding of the theory and accounting in general. This again led to situations where people had not enough time to practice this previous method and thus lacked the expertise and knowledge which their work required. Saario believed that balance sheet theory

didn't portrait accounting realistically and thus wanted to create a theory, which would be simple and easier to understand and use in real life situations. (Saario 1965)

1.3. Characteristics of expenditure-revenue theory

When creating his theory, Saario decided to apply the realization and matching principles in his theory (Pajunen 2013). Realization principle means that all revenues are recognized only after they have been earned so one cannot make the company look better by recording revenues in advance. The matching principle states that the related revenues and expenses are reported in the same period, so that all the transactions recorded have a counterpart that matches them. (Nyquist 2000) As for the bookkeeping method, both accrual and cash based methods could be used. Saario believed that both methods could be used contemporaneously in accounting to record different transactions. But company cannot use both methods in same transactions, because it would generate false results. In his theory Saario recommended the accrual based bookkeeping, because it records the revenues and expenditures in real time. (Saario 1965)

While theory was developed the main concentration of accounting in Finland began to change from measuring assets to measuring profits. In his theory, Saario believed that the most important thing in auditing and bookkeeping would be to separate the transactions to different large entities. (Virtanen A. 2009, 363–364) So, Saario thought that accounting could be simplified to cover and recognize the three most important transaction components: expenditures, revenues and financial transactions. Expenditures are all the possible expenses the company faces, for example, the purchase of equipment. All these costs should then be recognized and divided to different expense accounts by their expense type whether they are equipment costs or salary costs. In order to cover all the expenses, company needs revenues. Companies and individuals alike, usually have to earn their revenues by selling a service they are providing or to sell different products to customers. The goal is to gain more revenues than expenses, so the company can turn profit. The last of the three are the financial transactions. Even though company could earn enough revenue to cover the expenses, the initial cost for renting office space and buying equipment could be too high, especially because these costs have to usually be paid before the company is earning any revenues. Henceforth there are two ways how a company can finance its early expenses. One way is the

investment into the company. This is usually the first transaction of every company. However, if the owners do not have enough money to invest and cover the early expenses, the company can take a loan from a bank, where the company agrees to pay the whole sum back and also pay some amount of interest collected in regular intervals. (Saario 1965)

As can be seen, the theory focuses only on reporting the different monetary processes of the company. To make things more simple, there are only three types of accounts: expenditure, revenue and monetary accounts. Debit side of the accounts report the use of money and the credit side shows the source of money. (Kettunen 1993, 597–598) At the end of the year, the accounts are closed to calculate the profits by first recognizing revenues and then subtracting the exact expenditures used to get those revenues. This means that the closing process have to be divided into two main categories, 1) the distribution of revenues into costs and incomes and 2) the splitting of expenditure to regular costs and unexpired expenses. (Näsi S. & Näsi J. 1997) The division of expenditure needs to be done because according to Saario's theory, only the expenditure that can absolutely be recognized to a specific revenue item, can be used in calculation of profits. The rest must be reported as unexpired expenses. (Kettunen 1993, 598) These unexpired expenses are then reported in the balance sheet. However, the balance sheet is not very important in this theory, according to Saario. Especially, after the first year of business the company should not have to make a balance sheet, because all the necessary information can be recorded using the income statement. This is because, balance sheets purpose according to expenditure-revenue theory is to report and transfer unexpired expenses and financial items, or to activate them as Saario refers to them, to cover future expenses and costs in the following years. Everything else can be recorded with income statement and thus, Saario believed that balance sheet would not serve its purpose in the first year of business. (Saario 1965) The goal of this process is to match expenditures with their parallel revenues. So shortly the goal is to comply with matching principle in the annual income measurement. (Näsi S and Näsi J 1997).

Saario also designed his theory so, that companies could minimize the risk of losses in case revenues fall short of the expected or the expenses are higher than usual. According to his theory, the best way to prevent this situation would be to recognize a lot of costs from the expenditures in a good year and thus generate less profit. This way company has less unexpired costs to be activated in the following years and thus more sustainable situation if one of the following years does not

turn as much revenues as expected. Also revaluating fixed assets would serve this purpose. By valuating for example, inventory higher on a poor year, it would help to minimize losses and then the inventory could be sold in a better year under its revaluated value, where it would not cause as much trouble. Saario saw that these methods of redistributing costs and revenues and revaluating assets between financial statements fundamentally correct and, in taxations perspective, justified. After all, according to this method companies can avoid paying excessive taxes. Illustrations of such arrangements could be for example: 1) Recognizing a cost in the current accounting period that was originally supposed to be paid in the span of several years, 2) Purchasing additional inventory right at the end of accounting period or recognize revenues at the beginning of next accounting period in order to have lower profit, or 3) To focus all possible repairs, restructurings, additional expenses etc. to good years in order to avoid as much costs as possible in weaker years. (Saario 1965, 127) Back then legislation was much more lenient which is why it was possible to present these ideas in such widely-acknowledged theory and gain support for it. Nowadays there are however, much more regulations concerning this kind of value redistribution between financial statements. Also, Saario's expenditure-revenue theory is no longer in line with the true and fair view according to modern accounting. (Pihlanto 2003 & 2011)

The depreciation worked similarly and same methods were used in calculations to minimize risks of the company. According to Saario's theory, when closing the fixed assets expenditure accounts, first thing to record is the depreciation of the assets to revenue accounts expenses. In the legislation, it was stated that the amount of depreciation should be a planned amount, that would be recognized every year according to plan. However, when Saario was creating his theory, the legislation concerning depreciation was renewed and this particular clause had remained in the law but had become outdated. This meant that it was not regulated properly, so Saario took this into consideration in his theory. In expenditure-revenue theory, Saario states that in order to minimize risks, companies should report as much depreciation as they can, or as much as is legally possible, in a good year and report as little as possible on a poor year. At the end of the year, when closing the accounts, the residual value of depreciation is reported in the balance sheet as are all the other unexpired expenses that have not yet been matched with revenues. (Saario 1965, 129)

Based on the previous example, it can be seen that one of the major differences between expenditure-revenue theory and the balance sheet theory, is Saario's theory's concentration to

monetary transactions and income statement rather than to the balance sheet (Kallunki & Martikainen 2003). There were many differences between these two theories, but all in all, the expenditure-revenue theory was much more simplistic than its predecessor. For example, balance sheet theory classified the accounts to asset accounts, own and foreign equity accounts and to expense, revenue and mixed accounts, whereas the expenditure-revenue theory used only three major categories, expenditure, revenue and financial accounts. The entry regulations were also quite different. In expenditure-revenue theory, the entries followed monetary transactions, as stated earlier, where it was recorded, where the money comes from and to what it is used. Balance sheet theory on the other hand, followed the increases and decreases of assets, debt, invested capital and pure assets. Also, the measuring of own equity and profits was very different. Balance sheet theory divided owner's equity to owners' investments and to pure assets and measured profits by the growth of pure assets during the accounting period. Saario saw problems with using the assets, because most transactions changed the amount of assets, which made it unnecessarily complicated to calculate. In expenditure-revenue theory, the equity is calculated by adding profits to owners' investments and subtracting possible withdrawals from the company. The profits, as stated before, were simply calculated by subtracting expenses from revenues. (Saario 1965) Saario's ideas and the theory itself was very revolutionary and it can be seen as quite surprising that the expenditure-revenue theory was developed at all, considering how much Saario's theory differed from the pre-existing accounting theory (Pihlanto 2003).

1.4. Expenditure revenue theory as official accounting standard in Finland

1.4.1. Historical development of the legislation

During 1960's, most of Finland began the transmission from agricultural societies to modern city-centered industrialized society. The government wanted to increase this development even further and thus began to encourage entrepreneurship by offering tax reliefs especially in the rural areas of Finland. (Kettunen 1993, 597) This was a good start, but the legislation needed a more thorough reconstruction. In 1969 the existing accounting legislation was found out to be old

fashioned and out dated. As a result, a separate committee was assigned to study the existing accounting legislation and the current business trends to renew the legislation. The committee found out that the economic life had developed much faster than the accounting standards. This had led to a situation where the legislation was inconsistent, considering the development and internationalization of markets. The biggest issue however, were the balance sheets. They were not comparable with international standards and they did not report enough useful data about the profitability of the company. As investing in stocks had become more common, the evaluation of profitability had become more and more important. The committee reached a conclusion, where the income state centered accounting legislation would be most suitable for the current situation. The committee also wanted to prevent the inconsistency problems of the existing legislation and thus decided that the new legislation should be based on a specific accounting theory. (Kosonen 2005, 49)

At that time, Saario had completely developed his expenditure-revenue theory and continued working in the Helsinki School of Economics as a professor. This gave him a good and influential position to affect to the Finnish accounting standards in general. He published more books relating to his theory and thus secured his theory's role in the teaching of financial accounting in Finland. (Näsi S. and Näsi J. 1997) As a result, his expenditure-revenue theory had become the standard theory used in teaching of accounting in Finland in the 1950's and a decade later, the accounting profession, in general, accepted it as one of the leading accounting theories in Finland. (Kettunen 1993, 597) The popularity of Saario's theory had also a large impact to tax legislation. His theory's usefulness especially in profit recognition, which used realization and matching principles, was seen by the government and was thus used as a base in the new tax legislation in the 1969. (Kallunki & Martikainen 2003, 314) Saario's theory was also seen extremely useful in the consideration of the new accounting legislation and expenditure-revenue theory fulfilled many of the requirements set by the committee. Because Saario's theory was already a complete theory, it followed clear predetermined principles. This again would be very useful when used in legislation, as it would be easier for an outsider to inspect accounts of companies, because they would all follow the same principles and same theory. As a result, the new accounting legislation, which used expenditure-revenue theory as its base, was issued in 1973. This change meant a transfer in Finnish accounting, from static asset calculation of balance sheet

theory, to much more dynamic income calculation of expenditure-revenue theory. (Kosonen 2005, 49–50)

1.4.2. Tax and Accounting Act

The expenditure-revenue theory was used as a strong base for Tax and Accounting Acts. However, the theory was not completely accurately copied to them. As a matter of fact, the legislation added features to the original theory. One of the most important additions was the possibility for a company to create reserves to cover possible future expenses and losses. Also the depreciation was different from the original. According to the legislation, the difference between accumulated depreciation and the planned depreciation could also be reported into the balance sheet, whereas in Saario's theory only the book value was reported in balance sheet. (Booth, Kallunki, Martikainen 1996, 1199) So all in all, this theory was very well received by the legislators. The profit calculation and evaluation, as well as, the simplicity of the theory gave the government possibility and jurisdiction to control the companies' behavior by making minor changes to the rules on how to divide the expenditures into two categories. The government would especially regulate inventory valuation and depreciation rules, as well as, the rules on dividing salaries and wages between different accounting periods to guide the companies in preferable directions. The legislation actually gave the managers and owners of the companies much larger discretion over their accounting than Saario had probably intended in his original theory. Most of the changes made to Saario's theory, were actually in the tax legislation, because taxation and financial accounting are extremely closely related, there was no need to make large changes in both of them.

All in all, the legislation was extremely lenient. For example, originally there were no real regulations in depreciation and managers could pretty much do as they pleased. There was similar situation with inventories. In the legislation, the inventories could be revaluated higher or lower even by 50%. Even the reporting of salaries was twisted. In some cases, and in some fields of business approximately 30% of the next year's salaries could be reported as expenditure in advance in the existing accounting period. (Kettunen 1993, 598–599) Accounting legislation and accounting in general were very closely related to taxation at the time, and the main purpose of profit or loss

statements were to create calculations for the taxation of the company (Pajunen 2009, 15) This new legislation worked well for both, companies and the government. With these regulations that allowed companies to avoid paying too much taxes, the government could cope with the international economic fluctuations. This led to situation where companies happily took advantage of the new legislation and reported high expenses in good years to avoid taxes, and used their reserves in balance sheet to cover losses in poorer years. Government was happy with this development, as it created economic growth and encouraged companies to make investments rather than to give out dividends to shareholders. (Pirinen 2005, 218) Also, if companies could not grow anymore, they usually could not depreciate as much as before. This meant that they couldn't generate enough expenditure and thus they had to pay a lot of taxes. The amount of tax paid was usually quite large with the income tax being around 60%. This was however, relatively rare and most of the companies were able to design their actions so they got the best out of this system and paid as little taxes as possible. (Kettunen 1993, 599) This indicated how much expenditure-revenue theory affected to Finnish economy through accounting and tax legislation.

1.4.3. Internationalization of accounting in Finland

The expenditure-revenue theory however, was not the only considered possibility when the new legislation was written. In fact, it was quite surprising that the new Accounting Act was accepted five years later than the Tax Act, even though, they are both based on the same expenditure-revenue theory (Puranen 1999, 171). The reason for this delay was the possibility to adopt common accounting standards with the Nordic countries. Finland had based its earlier accounting standards to both Nordic and German accounting standards, so this would have not been impossible. Also, the Swedish speaking accountants were strongly in favor of adopting accounting standards from Nordic countries as opposed to the nationally developed expenditure-revenue theory. They believed that comparable international method would be more effective. However, their opposition was not strong enough and the expenditure-revenue theory was used in the law. (Pirinen 2005, 217-218) One of the reasons why the internationalization process failed in the 1970's was simply the difficulty of harmonizing the accounting standards with all the Nordic countries. Also before the new legislation, the financial markets in Finland were quite ineffective

which made movement of capital inefficient. This led to a situation where companies did not have a lot of equity. In addition to this, the taxation level was generally very high. Saario's theory was seen as very important and long needed improvement for the existing situation and thus received support from the authorities over the planned Nordic standards. (Pajunen 2009, 16)

However, even though the expenditure-revenue theory based legislation was working quite well for Finnish government and the companies, the attrition of the theory and legislation began in the late 1970's. This was because the world in general and Finnish business life started becoming more and more international in the late 1970's and early 80's. Saario's theory had worked extremely well as basis for the legislation when Finland was relatively closed economy, but problems began to occur when more and more companies wanted to enter to international markets. (Pirinen 2005, 219) The increased integration of Europe also created new demands for financial reporting and thus generated pressure to change the legislation. Even though Finland had a working legislation that integrated more with a clear accounting theory than any other legislation in any other country in Europe, the Finnish legislation was still problematic. The Finnish accounting legislation, along with expenditure-revenue theory, were so fundamentally different from any other countries' counterparts, which made international trading very difficult. Almost simultaneously the government's interest to regulate the behavior of companies began to decline. The attitude of authorities had changed remarkably from the introduction of the new Accounting Act. Whereas the government had earlier supported the internal investments and growth of companies by offering tax reliefs, at the 1980's the government became more and more interested in gaining proper tax income. (Kettunen 1993, 599–600)

During the 1980's, the discussion about internationalization of the accounting standards and the possibility to start using IAS in accounting increased dramatically. There were several articles written about IAS and how Finland would benefit by adopting it. Some auditors even strongly criticized the existing expenditure-revenue theory based legislation and the general financial reporting in Finland. These provoked heated responses for and against the existing legislation and thus kept the topic of internationalization current. (Pajunen 2013, 261) At the same time the international activity of Finnish companies began to grow. For example, from 1971 to 1981 the number of Finnish subsidiaries or branch offices abroad increased from 350 to 1100. Also, the number of foreign investors in Finland increased drastically during this period. Probably the largest

advancement of internationalization came in the mid 1980's, when the Bank of Finland decided to remove the strict foreign exchange regulations and allowed more liberal movement of capital. These regulations had made Finland seem quite closed nation in terms of business and capital movement. This was especially emphasized because at the same time Europe was becoming more open and international. These changes were welcomed by Finnish companies and in less than a decade the number of Finnish subsidiaries or brand offices increased to 5,500. (Pirinen 2005, 219)

This development increased the auditors' criticism and complaints about the existing accounting legislation. In the 1970's and 80's the accounting profession had become quite influential and thus the auditors received more power and began to have much to say even in legislative matters. (Kettunen 1993, 600) It could be said that the accounting professionals had replaced the academics and acquired a much larger influence, especially during the internationalization process in Finland (Virtanen 2009, 366). They stated that the existing legislation caused excess work for Finnish companies and put them in a disadvantage compared to foreign companies. The reason for this was because Finland was the only country to base its legislation to expenditure-revenue theory and thus Finnish global companies had to make two different sets of financial reports when conducting business abroad. This pressure first led to minor changes being made in the tax and accounting statutes concerning reserves and tax decisions in financial reporting. (Kettunen 1993, 600)

In 1989, the need to renew the accounting legislation had become more imminent and as a result the government nominated a committee to plan and redesign the legislation. The goal was to use the directives of European Community as a base for new legislation and also make the legislation generally more compatible with the International Accounting Standards (IAS). The change towards IAS recommendations had already begun before any large changes in legislation. It had begun from Finnish international companies, which also had to compose financial reports according to IAS while doing business abroad. This trend spread to other large Finnish companies, as they also began to make parallel financial reports according to IAS. One of the most important reforms in Finnish accounting at the time was the adoption of true and fair view in financial reporting. (Kosonen 2005, 56–57) The true and fair view was seen so important accounting principle, that the EC used it as a base, when the fourth company law directive was created. (Alexander & Jermakowicz 2006, 139)

The committee had to make numerous compromises with the EC when crafting the new legislation. In the end, the committee found ways to include the most important company law directives and general requirements of internationalization into the new Accounting Act. The new Accounting Act was introduced in 1992. (Kosonen 2005, 57) The new legislation revolutionized the financial accounting in Finland and brought the statutes and regulations to present day. First of all, the government had no longer interest to regulate companies' behavior. Also, the goal of financial reporting became to report profits, losses and the firm's financial situation, and inform the investors and society in general, as well as the owners and creditors. The new legislation maintained the expenditure-revenue theory as a basis for the new legislation as well as possible. However, the most important new base for the legislation were the EC directives, which made Finnish accounting legislation more internationally comparable. (Kettunen 1993, 600) Despite the new international sections, the legislation still continued to follow the basic principles of expenditure-revenue theory. This renewed set of accounting regulations are called Finnish Accounting Standards (FAS) and are used by the majority of Finnish companies to date. (Ala-Mettälä 2017)

2. IFRS AND FAS, THE CURRENT STANDARDS IN FINNISH ACCOUNTING

2.1. History of IFRS

IFRS is a set of internationally recognized accounting standards, which are widely used around the world. The standards were authorized by International Accounting Standards Board (IASB). The goal of IASB is to create accounting standards, which could be used worldwide in every nation and thus harmonize the accounting standards in general. (Ball 2006, 6) Before creating IFRS the IASB was actually called International Accounting Standards Committee (IASC). IASC was founded in 1973 by accounting bodies of different nations and its original goal was to create common standards, which smaller nations could use, when creating their own national accounting standards. (Paul & Burks 2010, 2) The founding members of IASC were the Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the UK, Ireland, and the USA. The most notable achievement of IASC was the creation of accounting rules, called International Accounting Standards (IAS) which were used in several countries. (Ball 2006, 6) Despite creating the IAS, the IASC was not run like a single organization or committee and consisted of different major components run separately. This structure worked for some time, but in the late 1990's the need to renew the organization arose. It became clear that in order to effectively harmonize and spread the accounting standards around the world, IASC had to be reconstructed into a single organization. (<https://www.iasplus.com/en/resources/ifrsf/history/resource25>) The new organization was called IASB and it was founded in 2001. The IAS were also renewed to IFRS although the main rules of IAS continued to IFRS and formed the basic structure of the new standards. All in all, the new IASB is better structured, more independent and funded much better than IASC. (Ball 2006, 6)

The IAS had been well received in the EC in the 1970's and 80's as the fourth and seventh directive were created to promote the unified accounting standards. However, these were only directives, which gave the member states right to decide how they would be used in their national legislation. So, the directives did not mandate the member state to use the IAS completely in their accounting legislation. (Hassinen 2008, 3) In 2002, this changed as the European Commission issued a regulation according to which, IFRS' would be accepted by the EU and would be used as official accounting standards. The legislation stated that all publicly traded companies in the Union area would have to prepare their yearly financial statements according to IFRS from 2005. (REGULATION (EC) No 1606/2002) EU was the first to adopt these standards to legislation and worked as the first step of spreading IFRS around the globe. To this date over a hundred countries permit or require the use of IFRS, which has cemented its position in the global accounting. (<http://www.ifrs.org/About-us/IFRS-Foundation/Pages/Organisation-history.aspx>)

Finland adopted the IFRS regulation at the same time as other member states and continued the trend of internationalization of accounting (Kosonen 2005, 247). In the accounting act of 2005 it was stated that all publicly traded companies have to use IFRS in their financial reporting and all the companies with authorized accountants are allowed to use the IFRS instead of the national standards. The main focus point of Finnish accounting had earlier been about creditors and protecting their status, but after adopting IFRS, the focus shifted towards investors. Also, the meaning of balance sheets increased, as the reporting of companies' market value became more and more important due to the increasing importance of stock and financial markets. This caused a relatively large change in Finnish accounting, as the national standards had been more focused on income statements and profit calculation than on the balance sheet. The national standards had also recorded items in the financial statements using acquisition prices, whereas the IFRS record items using the market values. (Hassinen 2008, 5–6) The market values of companies are crucial for modern stock and financial markets, which is why the development of accounting towards recording items using market value in the balance sheet was relatively natural. All in all, this legislation change meant the return towards balance sheet centered accounting legislation, which had existed in Finland before Saario's expenditure-revenue theory. (Pihlanto 2011).

2.1. The main characteristics of IFRS

2.1.1. The Conceptual Framework for Financial Reporting

The IFRS is based on a Conceptual Framework for Financial Reporting, which is maintained by the IASB. The Conceptual Framework describes the goal and general concepts of financial reporting and helps IASB to develop international standards further. (IASB 2015, 6) The common framework will help the financial reporting in many ways. It makes sure that the IFRS is built upon single set of concepts and rules which create consistency in the IFRS and enable its use comparably within different kinds of companies. This also helps preventing malpractice in accounting, because the reporting standards are based on common framework. Also, a clear framework will work as so called “theory”, which accounting decisions can be based. In other words, the framework makes it easier to solve practical issues in accounting, because there is a set of concepts upon which the decisions can be based. (Kieso, Weygandt & Warfield 2011, 40) The framework is also very useful in developing consistent accounting policies. For example, if there is a need to renew accounting policies or if there is a need to set a policy for a new type of transaction that is not covered by any existing standard. In these cases, the policy makers or accountants can use the conceptual framework and base their decisions on it. However, it is important to remember that conceptual framework is not a standard itself. (IASB 2015, 6–8)

The conceptual framework can be divided into three different levels. The first level, determines the basic objective of financial reporting, second level introduces the core concepts of accounting and third level is concentrated on the practical implementation of financial reporting. The main purpose of financial reporting is to give useful financial information about the company to investors creditors and to other capital providers. This information helps the capital providers to reach a decision whether to invest to a company or not. The fundamental concepts of accounting can be split to two parts, qualitative characteristics of accounting information and to elements of financial statements. The qualitative characteristics are used in choosing the most suitable accounting method, which provides the best information for the decision making of the company. (Kieso et al. 2011, 43) In order for the information to be useful, it must be relevant to the decision maker and it should be faithfully represented (IASB 2015, 27-29) The elements of financial

statements on the other hand present the necessary building blocks when creating financial statements, such as assets, liabilities, equity etc. The practical implementation of financial reporting consists of the main assumptions principles and constraints of accounting, which are needed to do financial reporting in practice.

2.1.2. Basics of IFRS

One of the key characteristics of IFRS is, that it is based on different principles instead of certain rules. This means that IFRS attempts to create a thorough understanding of financial reporting, which helps company to make informed decisions in their different transactions. The rules based accounting on the other hand, relies more on clear rules and criteria as well as examples, exemptions and precedents in recording different transactions. The principle-based accounting sets much more generic standards which are more ambiguous and give a lot more liberties to the company using them. (Carmona & Trombetta 2008, 456) For example, the principle-based accounting might state an ambiguous standard which does not describe specific details how certain transaction should be recorded but sets a guideline. Thus, companies can make their own choices, as long as they stay within the general guidelines of the standard. Whereas the rule-based accounting sets clear rules which to follow and there usually is nothing ambiguous in them and every company has to follow them similarly. A good example of rule-based accounting is the US GAAP. (Benston, Bromwich & Wagenhofer 2006, 168-171) IFRS has also been designed to be used for larger and usually publicly traded companies, because it focuses more on the shareholders and investors. Also, due to its nature, of working well for large publicly traded companies, the research shows that it is most appreciated by foreign investors and companies, who also use these standards. (Schadewitz & Vieru 2007, 3-7) This supports the statement by Markku Ala-Mettälä, who stated that for smaller companies IFRS is relatively useless because it is so complicated compared to national standards and is currently more effective for large companies doing a lot of international trading. (Ala-Mettälä 2017)

In recording transactions, IFRS uses normal double-entry accounting and the basic accounting equation (assets = liabilities + equity). In addition, IFRS uses many other principles, such as going concern assumption, periodicity assumption, measurement principle etc. The

financial statement of the company can be called IFRS financial statement only after the company has followed all the standards and models stated in the IFRS. So, for example, even if the company follows some of the principles and standards of the IFRS in their financial statement, it is still not considered a proper financial statement according to IFRS until all of the principles are not included. This is important to notice since financial statements using IFRS are mandatory for publicly traded companies in EU. (Hassinen 2008, 5-11)

One of the more unique things about IFRS is that it uses two basic principles in formatting income statement and balance sheet. First of all, the company has to report the best and most accurate image of its financial situation and while doing so, they have to include specific balance sheet and income statement entries. This absence of specific formula again, gives a lot of discretion for the company. (Tikka, Nykky, Virtanen, Heiniö, Linnanvirta 2014, 116-119)

2.1.3. Valuation and revaluating of assets according to IFRS

There are many different ways to measure value of assets and liabilities in accounting. Some use net value and some historical cost or acquisition value, but the IASB is increasingly requiring the use of fair values in IFRS financial statements. According to IFRS – Fair value measurement, fair value is “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” (<https://www.iasplus.com/en/standards/ifrs/ifrs13>) This could give a more accurate measurement of asset value than the use of historical cost, because fair value is a market-based value (Kieso et al. 2011, 51–52, 288). Closer look on balance sheet shows that valuation and revaluation of assets and liabilities in general is one of the defining factors of IFRS. This is quite logical since the different valuation methods of companies are crucial for a highly functional stock market. (Schadewitz & Vieru 2007, 33–34, 41)

Especially visible this valuation is in inventories. According to IASB, companies should use mainly two different inventory valuation methods, FIFO and average cost method. Also, the recording of depreciation expenses by commercial substance is one of the key features of IFRS. This means that depreciation determination is no longer as closely tied to national tax legislations

of different countries as before IFRS, which also serve international companies. (Soderstrom & Sun 2007, 680–682) IFRS also makes it possible to revalue different assets, for example land and buildings. This means that a company can choose to use revaluation in accounting by valuing assets periodically using fair value. This possibility of revaluation can increase the value of property plant and equipment (PP&E) as well as inventory and receivables. So, adopting this method could increase the value of equity and possibly also the net income of the company due to possible changes in depreciation. (Soderstrom & Sun 2007, 680–681) However, when using revaluation, company can't just choose specific items to which they want to apply it and they must apply it to the whole class of assets. This possibility of revaluation is one of the features that demonstrate IFRS being more ambiguous than many national accounting standards. (Ala-Mettälä 2017) & (Benston et al. 2006, 168–171)

Revaluating of assets may seem like a great advantage, but despite this majority of the companies don't use revaluation in their accounting. The requirement of using the whole asset class in revaluating might lead to losses in revaluation, which would directly decrease the net income of a company. Even if the revaluation would be profitable, the gains recognized by revaluating will go straight to equity rather than net income. (Kieso et al. 2011 583) Thus in positive cases of revaluation, it would increase the book value of equity for the company and negative revaluations would decrease net income (Soderstrom & Sun 2007, 680–681). Also, if company decides to use revaluation, it would have to update the values its assets frequently. Especially if company chooses to use revaluation on assets, which prices change rapidly. Most useful revaluation would be for companies which are doing business in countries or areas, where the historical cost data is clearly out of date. This would make revaluation more secure and would minimize losses to net income. Also, companies, which would need to increase their equity to meet some requirements or assure creditors of solvency, might want to use revaluation accounting. (Kieso et al. 2011, 583) The inventory valuation, depreciation and revaluation of assets, all emphasize the principle-based nature of IFRS. In some cases, it could benefit struggling companies, because there are more inventory and valuation methods to choose from. However, this also increases the possibility to manipulate the financial statements. So, there is both advantages and disadvantages to these valuation and revaluation methods.

2.2. The use of FAS and IFRS in Finland

According to Finnish accounting legislation, all companies and associations are required to prepare their financial reports during accounting period. In most cases, the company can choose whether to use the national standards (FAS) or the international standards (IFRS) in their accounting. However, if the shares of the company are publicly traded within European Economic Community (EEC) it is mandatory to use the IFRS. (Kirjanpitolaki 1336/1997) Even though, IFRS is legally compulsory for publicly traded companies and optional for others to use in their accounting, FAS is much more common in Finland. Most of the Finnish companies are relatively small and they do not see IFRS as necessary or helpful in their business. More often it is seen as too complicated and too difficult to understand. The simple division between expenditures and revenues of FAS is easier to comprehend and to use. Due to the renewal of the legislation in the 1990's, FAS is usually also internationally compatible enough for smaller companies. So, it is extremely rare that smaller companies would use IFRS, if they do not have to. (Ala-Mettälä 2017)

According to the Finnish national legislation, a company has to prepare a balance sheet, income statement and financial statement and for larger companies, also the annual report. The reports have to represent the true and fair view and thus show the real and honest situation of the company. (Kirjanpitolaki 1336/1997) All in all, most of the regulations in accounting legislation still follow the old accounting legislation, where Saario's expenditure-revenue theory was used as a base. So, it can be said that the core principle in Finnish national legislation has remained the same and still uses expenditure-revenue theory in the national accounting legislation. (Ala-Mettälä 2017) However, if companies have to use, or choose to use the IFRS in their accounting, many statutes and sections of Finnish accounting legislation are replaced by the European Parliaments accounting standards. For example, sections which obligate companies on which reports to prepare and which principles they have to follow. Also, the sections about settling, valuing and accruing of different items to different accounts are replaced. (Kirjanpitolaki 1336/1997 5, 4§) These changes in sections and statutes cause the largest difference between two accounting methods in Finland. The IFRS regulations are more open to interpretation and give more liberties to companies, whereas the national legislation sets more exact and maybe even rigid rules, on how accounting should be done. Most Finnish companies, especially the smaller ones, favor this more exact and stiff

legislation. This is, because the rules are clear and simple and by following them entrepreneur might not have to second guess himself with accounting as much as he might with the IFRS. (Ala-Mettälä 2017) The use of IFRS in accounting clearly shows the trend of internationalization, which has continued in Europe for several decades. However, the presence of expenditure-revenue theory to Finnish legislation is still visible today. This clearly emphasizes the impact, expenditure-revenue theory had on Finnish economy and legislation.

3. COMPARISON OF EXPENDITURE REVENUE THEORY TO IFRS

3.1. The advantages and disadvantages of expenditure-revenue theory

The expenditure-revenue theory has many advantages, which is why the current legislation in Finland regulates the use of FAS in addition to IFRS. One of the biggest advantages of expenditure-revenue theory based accounting/FAS, as stated in the first chapter of the thesis, is its close relation to clear accounting theory. This theory sets clear ground rules, which have to be followed and are similar to everyone. Also, following closely to accounting theory creates a sense of security and makes accounting more understandable, for example, for entrepreneurs and business owners. It is easier to comprehend and grasp, when all the accounting rules are based on a written theory, rather than on many different precedents and framework and can thus easily be read and studied. This kind of strong theory relation in accounting is very rare and the expenditure-revenue theory is very unique to Finland. (Ala-Mettälä 2017)

Another great advantage is how simple the theory is. It defines and focuses only on the three main components of accounting: expenditures, revenues and financial transactions. This makes it very easy to teach in universities, and for students to understand, which is one of the reasons why the theory has remained very popular for all these years. Even though another accounting standard would be used in the future, the recording of simple expenses and revenues in T-accounts remains a great way to start learning accounting and makes it simpler and easier to comprehend. Also, because the theory is so simple, it only focuses on the most important things about the company: calculating possible profits/losses and is thus very connected to the day-to-day business of companies. This is appreciated especially by the entrepreneurs and business owners,

who often feel that accounting is quite difficult and hard to understand. Using this theory, it is easier for companies to understand how accounting is done and why different things are recorded the way they are (Ala-Mettälä 2017) Because of this, it can be seen that expenditure-revenue theory brings accounting closer to the entrepreneurs and business owners and makes accounting more approachable and understandable for companies.

However, there are some disadvantages, which make the direct use of this theory in accounting quite difficult. One of the largest disadvantages is the division of expenditures to regular costs and unexpired expenses. Because this method allows the managers of the company to evaluate which costs are transferred to future accounting periods, it creates a possibility of malpractice. For example, a company could improve its profits for current year, by transferring most of the expenses to following years, thus making the company look better. Or the managers could accumulate more depreciation on good years and thus avoid paying taxes. This model places a lot of trust to the managers of the company to report expenses honestly. (Pihlanto 2003) Usually in these situations the managers take the advantage of the theory and try to artificially improve the financial situation of the company. These problems are fixed in current legislation by different depreciation clauses. This has also been seen by the Finnish legislators, as the expenditure-revenue theory is no longer in line with the fair presentation. This makes it impossible for expenditure-revenue theory to be used in the modern world without modifications or changes to the legislation.

Also, in the modern world the importance of financial markets has drastically increased. This means that it is more and more important to focus accounting on calculating the market value of companies. Currently the best way to do this, is to concentrate on the balance sheet and calculation of equity. (Pihlanto 2011) As stated in the first part of this research, expenditure-revenue theory is very income statement centered and uses balance sheet as little as possible. This creates a problem because nowadays balance sheet is seen as the most important financial report. That is why the use of expenditure-revenue theory, without modifications, seems unlikely in the modern world. (Kosonen 2005, 65) Also, the excessive modifications to the theory move it further away from its origins and could easily remove what makes it unique. Expenditure-revenue theory would most likely also have problems in international use. Expenditure-revenue theory is unique to Finland, so if it is used by companies which are expanding abroad, the companies would

probably have to make two sets of financial reports: one according to Saario's theory and one according to some international GAAP or according to the standards of the other country.

All in all, the expenditure-revenue theory is probably one of the best methods of accounting, due to its simplicity. Because it focuses solely on the most basic and important things in everyday business, it gives extremely clear picture of bookkeeping and financial reporting. In a closed and theoretical environment, it could be used extremely well as it is. However, there are several features about this theory that do not work in the modern international world without modification. It is still extremely important part of Finnish accounting legislation and will most likely remain in the legislation in the future as well. Expenditure-revenue theory is especially well suited for teaching accounting. The simple and theoretical nature of it helps students to understand and learn the basic principles of accounting.

3.2. The advantages and disadvantages of IFRS

IFRS has increased its popularity internationally in the recent years. Since the beginning of the millennia, IASB has worked together with the US Financial Accounting Standards Board (FASB). FASB is similar standard setting organization as IASB, but it is located in the U.S.A. and focuses on creating and maintaining standards for U.S. based companies. The goal of this co-operation is to create new set of accounting standards, that could be used interchangeably all over the world. This shows one of the largest advantages of IFRS, it is very widely accepted and very widely used. This creates a sense of comfort that once a company has recorded its financial statements with IFRS, it is most likely compatible with many nations accounting legislation. It works especially well in the European Union. However, the goal of global harmonization of accounting standards seems quite unrealistic. So many countries have their own national accounting standards, so constructing a one set of standards by combining them seems unlikely. (Ala-Mettälä 2017)

Another advantage of IFRS is its close connection to financial markets. As stated before, nowadays one of the most important aspects of accounting is to indicate the market value of the company. The balance sheet centered ideology of IFRS is practically made for showing the current

value of the company. This has made IFRS extremely popular among large publicly traded companies and many nations have made the use of IFRS mandatory because of the indication of companies' market value, among other things. However, this is also a kind of double-edged sword. The market value indication is quite important to large companies, but most of the companies around the world are relatively small. For them it is rarely necessary to record everything according to IFRS accounting.

Also, the use of principle-based philosophy instead of rules-based, gives companies freedom to use the standards in a way that works for them. This gives companies more freedom and flexibility in their accounting. In some cases, flexibility in accounting could be important for a company, but it can also be a disadvantage. It gives a possibility to manipulate the financial statements to show results, that are better suited for the company at that time. IFRS is also relatively complicated and often more difficult to use than many national accounting standards. Adopting IFRS could be quite expensive for a smaller company, especially if they have been able to record their own books before. IFRS usually requires highly trained staff to conduct or consultation from outside accountants. (Ala-Mettälä 2017) Larger companies can probably manage this, but smaller companies could face serious financial consequences, if forced to adopt IFRS accounting.

Even though IFRS has some disadvantages, it has become extremely popular and internationally recognized international GAAP. Due to its popularity and good connection to modern financial markets, IFRS will most likely continue to spread around the world. The global harmonization of accounting standard is a noble goal but at the same time relatively unrealistic. Because of this, it is safe to assume that IFRS and different national accounting standards continue to be used side by side in different situations. Also, due to its complicate nature and possible high cost of adopting it, small companies most likely will not use IFRS if they do not have to. (Ala-Mettälä 2017) It is quite clear that IFRS is mainly designed for larger, publicly traded companies. They find the most advantages in IFRS, but at the same time it makes IFRS less attractive for smaller companies.

3.3. Comparison of expenditure-revenue theory and IFRS

Expenditure-revenue theory and IFRS are very different, both with advantages and disadvantages. Expenditure-revenue theory was developed by accounting professor Martti Saario and it introduced a theoretically pure and simplified method of accounting. Saario believed that the old accounting legislation was too mathematical and was not in touch with real life situations. His goal was to develop Finnish accounting towards more practical and realistic direction. Also, expenditure-revenue theory was originally created in a time when globalization and integration of Europe were not even close of what they are today. IFRS on the other hand was created by an international committee. The original committee consisted of accounting bodies of different nations. The committee's original goal was to develop common accounting standards that could be used in smaller countries to support their own development of national accounting standards. Later, the goal became to harmonize accounting globally and to create a set of accounting standards that could be used anywhere in the world. As can be seen, the development and purpose of both approaches differs greatly from each other.

Another separating factor is basis of the methods. Expenditure-revenue theory, as its name states, is a theory and all the basic rules and principles are defined by Martti Saario in his textbooks. Due to its theoretical and simple nature, expenditure-revenue theory is extremely well suited for teaching the basics of accounting. IFRS on the other hand, is based on a Conceptual Framework which is composed of different accounting standards. The framework is not a standard itself, but provides guidelines, principles, terminology and definitions and is thus used as a substitute for an accounting theory. This principle based accounting of IFRS is quite complicated and can be difficult to comprehend, especially without proper education. Expenditure-revenue theory on the other hand, is extremely simple and easy to understand. This is why expenditure-revenue theory could be used extremely well in teaching the basics of accounting. It gives a good basic picture of the financial reporting and basic structure of the company. (Pihlanto 2011) However, there are also some similarities. The inventory valuation is present in both methods. Saario believed that companies should be able to even their profits, so that they would not have to face losses, or that they could at least minimize losses. IFRS on the other hand provides different inventory valuation methods and the companies can choose which method is best suited for them.

However, one of the largest differences between the theories is their main focus in accounting. Saario believed that accounting should be mostly focused on calculating profits/losses instead of calculating the value of the company investors. With this in mind, Saario developed expenditure-revenue theory around income statement and minimized the meaning of balance sheet in his theory. Saario also wanted to simplify accounting and wanted the main focus to be on the three most important transaction components: expenditures, revenues and financial transactions. IFRS on the other hand, is clear opposite for expenditure-revenue theory in terms of balance sheet. In modern world calculating the value of the company is very important and the best way to do it, is with balance sheet. Focus on calculating the value of companies and concentration on balance sheet is one of the reasons why especially large companies prefer IFRS. Smaller companies in Finland still prefer the national legislation, which is still partially based on expenditure-revenue theory. (Ala-Mettälä 2017) All in all, are quite different accounting methods, that represent the time of their development well.

CONCLUSION

In this graduation thesis, the goal was to study Martti Saario and his expenditure-revenue theory and compare it with IFRS. Also, the goal was to find out how much of an impact expenditure-revenue theory has had on Finnish accounting, and how much it differs from modern accounting standards. Also in this thesis, the objective was to find out if there are situations where expenditure-revenue theory could be used better than IFRS. Expenditure-revenue theory is probably the most important development in Finnish accounting to date. Martti Saario, a famous and respected accounting professor, developed his theory in 1959. Expenditure-revenue theory simplified accounting and shifted its focus from balance sheet to income statement. Saario thought that accounting should concentrate only on expenditures revenues and financial transactions. This made his theory very easy to teach and to understand.

Saario's theory was so impressive that Finnish government decided to use it as a base for their new Accounting Act of 1973. The legislation added some modifications to the theory so it would suit the needs of Finnish economy better. These modifications proved successful and allowed Finnish companies to grow, which again improved Finnish economy. Thus, it could be stated that without Saario's theory, Finnish economic development might have been quite different. Expenditure-revenue theory is still used as a base for legislation and it is now used side by side with IFRS. Even nowadays, many accountants and academics value Saario's theory and some would even prefer it over IFRS. This being said, it would have been interesting to see how wide this theory might have spread, if it had been developed in the USA or in a large European country. In present world however, it seems quite unlikely that expenditure-revenue theory would spread anywhere besides Finland due to the large impact of internationalization and IFRS. All in all, Finland has used expenditure-revenue theory as a base for its accounting legislation and still uses it. The theory is unique to Finland and is largely appreciated by professionals and academics alike.

The basic structure of accounting and the basic principles are used in expenditure-revenue theory as well as in modern day accounting standards like the IFRS. However, there are obviously many differences largest of which are the origin of the methods, the main purpose of accounting and the role of balance sheet. Many of the differences are probably caused by the different period of time, when the methods were developed. Expenditure-revenue theory was developed right after the Second World War and IFRS was created officially at the beginning of the millennia. In this perspective, it is quite understandable why Saario did not pay much attention to investors or why he did not value balance sheet in his theory. In the end, it is difficult to directly compare these accounting methods, because they were created in different times and world has changed a lot between their development. Also, expenditure-revenue theory is a theory and has not been in use without modifications. Whereas IFRS was explicitly created for practical use around the world.

Despite the difficulty of comparing the two methods, there are some situations where expenditure-revenue theory could be used instead of IFRS. First of all, Saario's theory could be used in education. Many experts give credit to the simplicity of expenditure-revenue theory and emphasize its suitability for teaching. It could be used in the introductory courses of accounting, to introduce a simplified version of accounting. After learning the basics, the students would be ready to study the more complicated regulations of IFRS. This could get more people interested in accounting and to make it more understandable. Expenditure-revenue theory would also be more suitable for measuring profits/losses. At least slightly modified theory could be used for smaller companies around the world in formatting the income statement. However, as stated before it is highly unlikely that Saario's theory would spread anywhere in the internationalizing world. Also in its current state, it is not in line with the fair presentation, which makes its use without modification or legislation changes impossible.

In this thesis, I managed to answer to my research questions quite well. Expenditure-revenue theory has had a large impact in Finnish accounting and is clearly an important part of Finnish accounting history. Also, expenditure-revenue theory is still very usable in teaching and could work there better than IFRS. Despite its many differences with IFRS, it is still appreciated to date, which indicates the potential of the theory. Thus, it can be stated that expenditure-revenue theory has had a massive impact on Finnish accounting and will probably continue being a crucial part of it in the future as well.

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APPENDICES

Appendix 1. The Interview

Interviewee: Markku Ala-Mettälä (1)

Interviewer: Karri Heinonen (2)

2: Voisitko aluksi kertoa kuinka pitkään olet työskennellyt kirjanpidon ja tilintarkastuksen parissa?

1: Reilu 30 vuotta

2: Eli sitten meno-tuloteoria on varmaan tullut työnkautta tutuksi, kun se tuli lainsäädännön pohjaksi 70-luvun alussa

1: Joo, joo, sen mukaanhan tässä on eletty

2: Mitäs sitten, niin niin... mitkä olivat niin sanotusti keskeisimmät huomiotavat asiat kirjanpidossa ja tilintarkastuksessa silloisen lainsäädännön aikana, eli ennen kun lainsäädäntö muuttui 90-luvulla?

1: Niin joo... Tarkoitatko siis vanha meno-tuloteoria contra toi nykyinen?

2: Niin siis tavallaan semmoisia eroavaisuuksia esimerkiksi 80-luvun ja tämän päivän välillä?

1: No mä sanoisin, että mun mielestä tietenkin, siis lakikohdat on muuttunut ja luvut ja prosentit on muuttunut ja tämmöset, nehän on tietysti selvä, että nehän on muutoksia, mutta jos ajatellaan kirjanpidon peruseriaatetta mikä se on, niin eihän siinä oo tullu semmosia muutoksia, siis siihen peruseriaatteeseen millä, sitä kirjanpitoa tehdään, vaan tuota... edelleen tämä meno-tuloteoria perusteena. Ei tässä semmosia radikaaleja muutoksia oo, eikä niitä... tietenkin joitain

yksityiskohtia on muuttunut aina, aina tietenkin kun lakia muutetaan ja näin pois päin, mutta, se että joku periaate olisi ratkaisevasti muuttunut, niin sellaista ei ole tapahtunut tässä.

2: Elikkä niinkun tää nykyinen FAS menetelmä, tää Finnish Accounting Standards, niin ilmeisesti nojaa edelleen vahvasti tähän meno-tuloteoriaan ja tuloslaskelmakeskeiseen ajatteluun?

1: Joo, mun mielestä se on näin, näin se tekee, että tota noin noin... Asetukset on muuttunut, joku tuloslaskelman kaava on voinut muuttua toisenlaiseks vähän, tai onhan ne muuttunutki, siis taseethan muuttu toisin päin ja tota noin... tuloslaskelman kaavoja on muuteltu aina, asetuksia on tullu, mutta sehän on vain niiden tietojen ilmasemista ulospäin, se että jos aatellaan miten ne tiedot on saatu sinne, niin siinä ei oo tapahtunu semmosta olennaista muutosta, että siitä tässä tosiaan tästä perus meno-tuloteorian ajasta.

2: No seuraava kysymys olisikin ollut että onko jotain suuria käytännön eroja tullut, mutta ei ilmeisesti?

1: No käytännön eroja ei oo, että se on sit vaan joku kaava on muuttunut tai ulkoisen esittämisen kaava on voinu muuttua, mutta onhan ne muuttunu tietysti, mutta noin, mut sehän on vain noiden tiettyjen tietojen esittämistapa ja ja, jos ajatellaan miten ne tiedot on saatu sinne jotka sitten esitetään niin siinä ei oo sit semmosta oleellista muutosta tapahtunu... Ja ja ja, kyllä tää PK sektori, mikroyritykset joita on valtaosa, niin kyllähän ne ihan tän varassa elää ja menee ja mun mielestä sen on ihan hyvä.

2: Mikäs sitten tota... on niinkun semmosia selkeitä hyviä puolia tässä meno-tuloteorian mukaisessa kirjanpidossa, että niin sanotusti mitkä tekee siitä hyvän tavan tehdä kirjanpitoa?

1: Mun mielestä se on just se meno-tulo ja näätten jaksottaminen... siis kohtaamaan toisensa menon ja tulon, niin tota mun mielestä se on hyvä, se totanoin, se yksinkertaisesti kertoo sen... ihan yksinkertasella tavalla sen, että miten on menot ja tulot muodostuneet tilikaudelle. Se on yksinkertainen, selkeä, se on helppo ymmärtää, kun ei siihen liity mitään arvostuskysymyksiä.

2: Samoihin perusteluihin olen itsekin törmännyt artikkeleissa.

1: Joo kyllä ja se on nimenomaan se on helppo ymmärtää, koska nythän tän yrityksenkin pitää ymmärtää et mitä ne luvut on ja mistä ne on tullu, että eihän se voi olla niin, että niille lyödään nää eteen, eikä ne ymmärrä mitä nää on, että, et kyllä me ainakin tota noin, varsinkin tilitoimistopuolella on usein jouduttu uusille yrittäjille, on ruvettu ihan lukeen sitä tuloslaskelmaa ja tasetta ja kerrottu, miten nää tulot on tässä ja miten nää menot ja miten ne on siihen jaksottunut,

ja että ne on laitettu sinne siis menot tulot kohdalle ja tota noin... tää on niinkun se periaate, millä se on tehty ja yksinkertaisesti sen ymmärtää silloin tota noin, että ”ahaa, että näin se on muodostunut” ja sehän antaa selkeän kuvan, nimenomaan, sanotaan, että se antaa reaalikuvan siitä yrityksestä. (7.38)

2: Elikkä se on tavallaan selkeätä, kun se antaa tavallaan semmosen kaunistelemattoman kuvan, sitten siitä, että verrataan menot ja tulot ja sit katotaan mitä jää viivan alle

1: Tää on se, että mun mielestä tää on hyvä kun sinne ei tuu mitään ylimääräisiä arvostus... noh tietenkin onhan meillä tietysti ollu arvonkorotuksiaahan on ollu tietysti ja nehän on ollu sallittu iät ja ajat meilläkin, mutta tota noin, siis nehän on sitten asia erikseen ja nehän näkyy sitten erillisinä lukuina eikä niissä oo mitään epäselvyyttä, mutta muuten tää peruseriaate mistä se tulos muodostuu niin sen pitää olla semmonen, että sen niinkun yrittäjäkin ymmärtää, että kuinka tää on oikein mennyt näin.

2: Se on varmaan osaltaan ollu taustalla kun sitä on aikoinaan lainsäädäntöön otettu...

1: Mä luulen, että tässä on ollu joku tämmönen fiksu idea on ollu, joka sen on kehittänyt, että ei siinä mitään että noin, ja ja, vielä kun sitten yrittäjälle selvittää, sen että miks pitää inventoida varastossa olevat tavarat, mikä sen merkitys on ja mitä se tarkoittaa taas tässä... Meno-tuloteoriaan, että sehän liittyy kans siihenkin, että kun se viä ymmärtää sen että tota, mikä on tän idea.

2: Mennään sitten vähän toiseen suuntaan eli onko meno-tuloteoriassa jotain selkeitä heikkouksia tai muuta, että onko tullut käytännössä jotain tilanteita missä on huomannut, että se ei välttämättä toimi kaikissa tapauksissa?

1: No en mä kyllä äkkiä sanoen, vois sanoo, että se olis ny heikkous, heikkous tää meno-tuloteoria kun sitä noudatetaan tän kohdalla, koska sillan siinä ei voi vääristellä näitä tietoja, tulostietoja ja tota noin... se on niinkun vahvuus ja ja, että jos siitä jotain heikkoa kohtaa, niin äkkiä en löydä siis mitään että tota siellä on tietty tää meno tulo säännös ja pohja ja sen mukaan eletään... Se on hyvä säännös, jos sitten toinen ääripää on se ettei tarvi noudattaa mitään tämmösiä, meno-tulosäännöksiä vaan kirjataan vaan tota noin mitä on tullu ja mitä on menny... Ihan niin ku tavallinen ihminen, joka ei oo kirjanpitäjä niin sehän kirjaa mitä on saanu ja mitä on menny.

2: Joo, okei. Tää seuraava liittyy taas vähän niinkun tämmöseen lainsäädäntöpuoleen enemmän, mutta onko tota kommenttia, kun oon tutustunu, et varsinkin 70-luvulla niin ilmeisesti lainsäädäntö oli hyvinkin tota, miten sen sanoisi, löysää varsinkin verotusmielessä...

1: Se oli väljää joo, siellä oli tietysti jos ny sanotaan lainausmerkeissä hyviä verosäännöksiä, tota jossa siis sopivasti säästi veroja, mutta mutta se oli sitä aikaa ja se oli verotus verotusta koski, eihän se, kirjanpito oli kirjanpito, mutta verotuksessa oli säännökset, olihan siellä tietysti tommosia huomattavia verohelpotuksia yritystoimintaan nimenomaan, nimenomaan tota noin jaksotuksissa ja ja tota varauksia sai tehdä ja tietyt myyntivoitot oli verovapaa ja tietyssä tapauksissa ja tietysti se oli sitä aikaa tietysti ja mutta, no ajat oli erilaisia silloin

2: Onko omasta mielestä niin sanotusti jotain niistä ajoista, en tietenkään tarkota että lainsäädäntöön vois kokonaan niistä ajoista tähän päivään, mutta olisko siellä jotain asiaa mitä tavallaan vois ottaa vielä nyky suomen lainsäädännössä käyttöön

1: No en mä ajatellu että... no silloin oli tuloksentasaus mahdollisuuksia enemmän, mutta noh hienoahan se olisi jos olis verotuksessa tuloksentasaus menetelmiä erilaisia varauksia, okei, mutta tota tää on tietysti sitten Suomen valtion verokysymys että noin, jos tässä aletaan kaikki tekeen varauksia ja sääteleen näitä verotettavaa tuloa niin, niin joo, se on varmaan epärealistinen ajatuskin että semmosia enää tulisi, ei kannata haikailla semmosten perään, että eletään tätä päivää ja tiedetään mitkä talouden realiteetit on, ja ja, se näkyy myöskin tässä yritysverotuksessa ja ja... ja ja kirjanpitolainsäädännössäkin on siä takana koko ajan sitten.

2: Tosiaan niin niin, olikin tässä kysymys yhtäläisyyksistä nykyaikasen kirjanpidon ja meno-tuloteorian välillä, mut ilmeisesti hyvin, hyvin samankaltasia, että ilmeisesti pohjautuu samaan edelleen

1: Pohjautuu joo, yksityiskohtia rupee sieltä kaivaan niin toki aina löytyy yksityiskohtia kaikesta.

2: Joo, mitä on ite noita eri lähteitä lukenu niin moni on puhunu et meno-tuloteoria on ollu tavallaan niinkun merkittävin kehitys Suomen kirjanpidon historiassa niin allekirjotatko väitteen?

1: Kyllä se varmaan on, tietysti mä oon tehny hyvin paljon tätä, mun työurani on kaikki ollu tätä, tätä aikaa tota noin jo, että tota... Saarion kirjoja luettiin jo silloin ku minä opiskelin, että tota, eläny sitä aikaa ja ja ja niinkun mä sanoin niin ainakin se mun mielestä on toiminu hyvin... selkeä ja helppo omaksua.

2: Oon lukenu myös että varsinkin nykyään puhutaan et meno-tuloteoriasta on myöskin hyötyä sitten tossa, ihan kirjanpidon ja laskentatoimen opetuksessa, nimenomaan sen yksinkertaisuuden ja helposti ymmärrettävyyden takia, niin ootko sitä mieltä että sitä pitäis vielä

niinkun ehkä enemmän tuoda esille, ihan sillä periaatteella että se on helpompi ymmärtää kun tämmöset IFRS standardit?

1: Joo tota, mun mielestä se pitäis edelleen... aikanaan kun minä opiskelin niin laskentatoimen opettajat painotti sitä koko ajan ja ja, itekin on sen sitten työelämässä ymmärtänyt, että ihan hyvä juttu, että se se oli niinkun se keskeinen keskeinen asia, minkä mukaan, mukaan tässä mentiin, yksityiskohtiahan aina ja lisää eihän se, mutta noita... tää perusrunko, nii mun mielestä toi oli hyvä, koska siinä sen ymmärsi sen jutun, että mikä tää on ja miten nää oikein muodostuu nää menot ja tulot ja miten muodostuu se yrityksen tulos, et se oli niinkun selkeä eikä sen.. sen pysty nopeesti nopeesti ja peruseriaatteet omaksumaan... Että sitten on verotuksen säännöksiä ja muita tietysti ja ne vaikuttaa siihen, muttei se se, tää kirjanpidon perusta, niin mun mielestä toi on edelleen toi meno-tuloteoria on hyvä. Nytkun mulle on tullu, aikanaan tuli tietysti paljon nuoria työntekijöitä suoraan koulunpenkiltä ihan tässä 2000 luvullakin siis, totta kai... mä joskus kyselin että teittekö te tiliristikoita siellä, ne sano et kyllä me joskus tehtiin semmosia, mutta kyllähän sielläkin on koneet, millä tehdään ja silloin siinä hämärtyy koko ajan toi peruskuvio, mutta jos sä teet tiliristikoilla käsin, niin silloin sä huomaat ai se menikin näin. Silloin sulle lokahtaa et miks se meni näin, miks siitä tuli tämmönen tulos sitten. Että kyllä se mun mielestä, kyllä mun mielestä pitäis, koska niin kauan kun kirjanpitoa tehdään ylipäätään, yrityksen kirjanpitoa niin, kyllä tää ihan ihan käypänen ohje on josta se voidaan alottua alottaa ja lähtee se opetus opetus tekemään. Sitten on nää kaikki muut, tulee kaikki verosäännökset ja muut niitähän toki tulee, mutta se on sitten toinen juttu. Kyllä täytyy sanoa, että vieläkin ku täällä ite tilintarkastajana pyörii tuolla ja kirjanpitäjien joukossa, niin kyllä siellä, niin mä oon nähny, että siis vaikka joku olis ollu ammatti kirjanpitäjä olis hyvä ammattikirjanpitäjä, joka tietysti hoitaa ohjelmalla, mut sitten kun sille on tullu joku joku, ettei hän oikein ymmärrä että kuinka tää oikein menee, sit se on tehny paperille tiliristikot nämä tapahtumaviennit et se on ymmärtäny että tästä tulee se lopputulos mikä pitää tulla, ettei se oo vielääkään... että kyllä se on hyvä osata ne tiliristikko asia. Kyllä nää on tietysti nää apuvälineet hyviä totta kai ja ne on tätä päivää eihän tätä ny paperille mitään oo tehty enää pitkiin aikoihin, mut se ei poista sitä tosi asiaa että perusta on osattava.

2: Sitten siirrytään vähän käsitteleen tota kansainvälistymistä, että nykyäänhän on ollu selkeesti trendinä tota, pyritään harmonisoimaan tämmösiä yleisiä kansainvälisiä

kirjanpitosäädöksiä mm. IFRS:ää näätkö tän kehityssuunnan hyvänä, vai onko tää vähän liallista yrittämistä, että saadaan kaikki samaan muottiin?

1: No... Mun henkilökohtanen mielipide se on on... liian tota... tai yrittämistä liikaa kansaivälityä liikaa tämmösessä asiassa, mikä ei välttämätöntä oo... Toki mä ymmärrän jos sun pitää esittää ne lukus tonne johonkin toiseen maahan jossa ne... jossa on ihan eri systeemit, eihän ne ymmärrä sit tietysti sit tietysti sitä ku mites tää näin on ku meillä se on näin. Täytyy tietysti olla valmius siihen että pystyy myöskin toisella tavalla nämä luvut kääntämään kääntämään, mutta tota noin... noin noin... Emmä ny sitä siis oman kokemuksen perusteella mä en ku mä en oo siis missään tekemisessä minkään pörssiyritysten kanssa ne on mulle ihan vierasta, se on ihan vierasta maata, mä ymmärrän toki että siellä puhutaan eriasioista ja erilailla, mä pyörin tässä mikroyritys maailmassa, niin puhun niitten puolesta niitten puolesta, niin niin niitä ajatellen, niin kyllä nää saa olla ne IFRS:t muitten hoidettavana.

2: Yks isoimpia kritiikkejä IFRS:ää kohtaan on esitetty on et se on liian monimutkanen tehdä ja liian vaikeesti ymmärrettävä, niin onko tää perusteltua

1: No mun mielestä se on perusteltu, että nimenomaan että se vaatii aika paljon perehtymistä että sen edes ymmärtää, mitä se siinä on ja tota noin noin noin, siinä on virheen mahdollisuuksia ja tota ja sit kolmas on sit taas kerran kun siellä joku kuitenkin tän yrityksen taustalla on niin sanottu maallikko ihminen tai ihmiset niin jos sun pitäis se ilmasta niille et miten tästä on tämmönen tullu, kun tää on tää tässä on noudatettu IFRS säännöksiä, niin mä luulen et tässä tulee aikamoinen tietokatkos tässä välissä, että toinen ei voi kun todeta, että kai se sitten niin on ku sää niin sanot, että... itse en kannata näitä IFRS:siä tietenkin se on selvä, kyllä mä sen ymmärrän että mikroyritykset että no niitten nyt ei tarvi vaikka ne kauppa kävis jonkun kanssa, niin siis Suomen ulkopuolellekin niin kyllä ne pärjää täällä, mutta sitten tietysti isommat yritykset on asia erikseen, ne joutuu siellä yhdistelemään ehkä jopa yhdistelemään taseita että se on asia erikseen, heillä on sitten siihen oma asiantuntemuksensa ja kokonaan oma sektorinsa mikä sitä pyörittää... se on sitten oma juttu, oma juttunsa sitten ja he saa elää sitä sitten ja heidän täytyy elää sitä sitten. Kyllähän nyt esmes ku tuli taas muuttu nää kirjanpitolainsäädäntö, tuli tää mikroyritys, pienyritys jaottelu, tällai niinkun pyrittiin siihen, pyrittiin silläkin siihen että nimenomaan tää mikroyritys puoli olis mahdollisimman yksinkertasta selkeää, ilman mitään ylimääräisiä kiemuroita, saadaan selkeät raportit, että se yrittäjälle aukeaa tää homma.

2: Joo sitten, mitä luin et 2005 vuodesta alkaen tuli Suomeen tää, että julkisesti noteerattujen yritysten pitää tätä IFRS:ää käyttää ja siinä oli myös että yritykset joilla on virallinen tilintarkastaja niin saa myös käyttää tätä IFRS:ää. Niin ootko käytännössä törmänny moneen jotka käyttää tai mikä on se jakauma, et paljonko käytetään IFRS:ää ja paljonko FAS:ia

1: Mun helppo siihen vastata nimittäin mun omasta omista tilintarkastusasiakkuuksista, no mä en tietysti kun, on tämmönen yhen miehen tilintarkastufirma, et sitten on tietysti nää yhteisöt asia erikseen, että noin, niin niin, omissa puitteissa että, että mä oon törmänny nolla % IFRS säännöksiin ja säännöksiin ja jos joku rupee mulle semmosia tarjoomaankin niin sit melkein jo sanon että sitten teidän pitää viedä tilintarkastus johonkin isompaan yhteisöön, jossa nää säännökset myöskin osataan oikein, ettei tule sitten virheitä, että että ja mitä mun kollegoita on jotka tekee tässä, siis jotka tekee samanlailla kun minä ja jotka on samanlaisia tarkastajia kun minä, niin en mä oo keltään kuullu että niillä olis ollu joku asiakas jolla olis noudatettu näitä IFRS, et kyl se on tää mikroyritys mikroyritys pienyritys sektori niin kyllä se varmaan haluaa laistaa näitten käytön.

2: Taas vähän tulevaisuuden spekulointia vähän mutta tota, pidätkö realistisena että tota kun on lukenut noista kansainvälisistä standardeista niin tavoitteena olis että jossain kohtaa koko maailma vois käyttää niinkun yhteistä kirjanpito standardia ja mallia, niin pidätkö realistisena tämmöstä, että joskus vois olla maailman laajusesti yhdistetty?

1: No tällä hetkellä en pidä sitä realistisena, mutta kuka tietää ehkä sitten tarpeeks vuosia mennään eteenpäin jos kaikki tää yhdentymisen siis euroopassa ja ja, miksei se voi olla tonne USA:n puolellekin mennä, sitten on tietysti tuolla, no mä en siis tunne joku Aasia et onks siä mitään kirjanpitoa ylipäätänsä, että noin noin, en mä kyllä usko siihen, mutta ehkä se vuosikymmenten kuluttua vois olla tietysti mahdollistakin mutta tota tota, voi olla että nää asiat on kelattu moneen kertaan uudelleen sen jälkeen ja kaikki ei oo menny ihan niinku suunniteltiin, että, emmää emmää, mun on vaikea uskoa siihen.

2: Palaan vielä tohon meno-tuloteoriaan, et meno-tuloteorian yhtenä, ei ny heikkoutena mutta kritiikkinä, että hankalampi arvostaa tämmösiä useemmalle vuodelle jakautuvia kulueriä niin niin, ootko samaa mieltä vai onko tähän käytännössä joku ratkasu mikä helpottaa sitten?

1: No totta kai se on IFRS:ss helpompaa joustavampaa, sallivampaa, sehän on tietysti selvää, että kun se on niinkun rakennettu kansainväliseks ja ja tota muualla maailmassa kaikki on

vähän niinkun joustavampaa, ku tää meidän meno-tuloteoria, mutta se että onko se heikkous, että me ei olla niin joustavia, no mä sanosin taas jälleen kerran, että tälle pk sektorille se antaa varman taustan näille luvuille, miten nää on tuotettu, ehkä ne menee vähän kankeesti siis tämmösen jäykän kaavan mukaan, mutta ne menee jonkun kaavan mukaan, että sit siellä ei tuu tämmösiä et ruvetaan arvostaan niitä jollain periaatteella, joka nyt ei välttämättä mihinkään kaavaan oo sidottu, että mun mielestä se... siis onhan siellä tietysti jäykkiä kohtia, mutta en mä nää sitä et se yritykselle olis jotenki... ei mulle oo tullu vastaan, et se joku suunnaton ongelma olis jollekin.

2: Tässä kohtaa vois siis varmasti sanoa, että meno-tuloteoriaa helpottaa se, että siinä on selkeä teoria taustalla?

1: Niin se on sen vahvuus, se vahvuus on tämä, että se on on niin selkeä ja määritelty, ehkä sitä joku sitä joku sanoo jäykäks, voi olla, kyllä mä uskon, että jonkun muun maan lainsäädäntöön verrattuna se on jäykkä. Mutta mun mielestä se on toiminut täällä meillä hyvin, se on on ryhdikäs pohja sille miten se on miten se on tehty

2: Sitten onkin viimeinen kysymys, joka onkin vähän kevyempi ja spekulatiivisempi, mutta jos voisit ite päättää nii mikä olis sun mielestä selkein tai paras tapa tehdä kirjanpitoa, että olisiko se joku yks teoria vai lainattaisko siinä useemmasta teoriasta jotain?

1: No mun mielestä yks tämmönen teoria, mun siis kokemuksen perusteella on hyvä, koska kaikki tietää miten se on tehty, mihin se perustuu, mutta tietysti tätä maailmaa ja tulevaisuutta ajatellen pakkohan se on hyväksyä semmonen, että siihen joutuu tekemään joustoja, josutoja joutuu tekemään ja varmaan siihen lakiin tulee joustokohtia sitten jos saa joka sitten ehkä voi jollakin joltakin siinä ehkä laintaan ja IFRS:n jotain säännöksiä sitten ne ehkä sitten vähän lähentyikin toisiaan, mutta kuitenkin niin, mun mielestä, mun mielestä vielä toi, mä uskon ainakin että tulee säilymään toi meno-tuloteoria, koska niin, sen varaan on rakennettu niin paljon meillä on niin isot järjestelmät, kirjanpitojärjestelmät täällä Suomessa ja ne on kaikki siis kaikki rakennettu tän päälle. Et jos nää kaikki ruvetaan heittää uusiks sillai että ne... antaa siis muitakin mahdollisuuksiakin niin se on niin iso savotta, että se ei helposti muutu, että, että, että... kyllähän siihen tohon tietysti lakiinhan joudutaan aina ottaan muutoksia tekeen ja varmaan joustoja joudutaan tekemään ihan tän kansainvälisen kansainvälisten asioiden takia, mutta noin, noin... mä niinkun uskon, että pitkän aikaa mennään vielä tällä peruseriaatteella, se, kyl se kuitenkin, on se kuitenkin mun tota, tota

noin kokemuksen ja työkokemuksen ja sitten työstettävyyden kannalta niin selkeä, selkeä ja yksiselitteinen että... Ei oo niitä arvailukohtia paljon sinne jäänyt.

2: Tässä oli nyt niinkun nää viralliset kysymykset, että tuleeko siiten vielä mieleen jotain mitä haluisitte kertoa tästä niinkun käytännön tekemisestä, tai muuten jos oli jotain mitä iteltä selkeesti puuttu?

1: No emmä ny tiedä, et mun mielestä niinku mä sanoin aikasemmin jo niin tota, että että, tällä on hyvin pärjätty tällä systeemillä, ku tässä joutuu niinku kokoajan nää myydään asiakkaille kun me ollaa siis myyty kirjanpitopalveluita asiakkaille esimerkiks, että mun mielestä se on ollu semmonen että, vaikka mä meen sitten tonne sorvaamoon niitten papereiden kanssa noille kavereille siinä sorvin vieressä selitän niille et nää luvut tulee tällä tavalla ja tällä tavalla niin kyllä se sitten aukenee kaikille, että ei siinä tarvi tota noin nii ruveta pohtii jotain suuria suuria arvostuksellisia asioita, vaan se on yksinkertaisesti näin näin ja näin ja kyl sen se tietysti on ja onhan siinä tietysti kankeita kohtia toki, kun se on se on kirjoitettu lakiin, että siinä ei voi tehdä niinku huvittaa vaan niinkun laissasanotaan, eihän sitä lakia ny voi kirjottaa sillä tavalla, että että, tehkää nyt niin taikka noin taikka näin, että tai sitten on vielä kolmaskin vaihtoehto että voi tehdä vaikka näinkin, mutta noin, kun se on lakiin kirjoitettu, mut mun mielestä on niin joustava, että se palvelee ainakin tätä pk sektoria suomessa, enkä mä oo kuullu itekään et joku olis sanonu että tää on niin kankee, että tää tuottaa meille jotain ongelmaa... kyllähän sitä muuta systeemiä ruvettais vastustaan jos sitä menis tarjoomaan tonne jollekin, nii kyll siä sitten nousee kädet pystyyn, että tota noin... Sitten taas täytyy muistaa se, nää isot pörssiyritykset erikseen, että että, nehän elää sitä ihan omaa maailmaansa, mutta pk yrityksillä tää on toiminu hyvin vaikka ne tekiskin kansainvälisesti tai kansainvälistä kauppaa, niinkun ne tekeekin.

2: Haluaisin kiittää tässä kohtaa oikein paljon haastattelusta

1: Kiitos kiitos, näähän nyt on tosin vaan ihan mielipiteitä