

PREMISES INVOLVING ACCOUNTING IN ENVIRONMENTAL PROTECTION ACTIVITIES

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Abstract:

This article discusses issues related to the concepts of environment, sustainable development, accounting vision on environmental issues. Just as an entity takes into account the technological or social aspects, which may have a significant impact on the financial statements, it should take into consideration environmental aspects, to control the impact of its activities, services and products on the environment. This growing concern on pollution prevention and control appeared as a consequence of a tightened up legislation, but also because of the increasingly frequent use of the concept of sustainable development (sustainable). Accounting starts becoming more involved in the environmental issues, entities must submit information on policies, environmental programs implemented, expenditures they make to avoid as much as possible environmental destruction. Implementation of environmental accounting is necessary, because today the information system of the entities only partially considers environmental information.

Key words: environment, sustainable development, accounting, standardization

JEL classification: M41, O13

Some concepts regarding the concept of environment

With the emergence of the concept of sustainable development, environmental conceptual framework has changed a lot, becoming more complex. In the literature, the concepts of natural environment and environment are used often in the same sense, expressing an area where people live, do business. The concept of natural environment refers to nature as an assembly of material objectives structured in a whole, outside the social system and establishing relations with the latter. The environment has a wider scope including the environment changed by man. From the definitions above results that artificial environment is added to the natural environment.

Among the multiple definitions given to environment we highlight the definition given by Aurel Iancu, which states that "the environment is given a broad meaning, so in this class including both the natural and the artificial (economic, social, cultural, aesthetic) in which man carries out its entire activity, richer and complex. The definition refers to the global significance of the environmental concept, including geological, physical, chemical, but also economic, social, cultural phenomenon. The same global significance definition can be found in the academic's NN Constantinescu definition.: "The environment itself is defined in terms of human understanding as part of the nature and purpose of general development; it is all of the natural factors and the ones created at a time and in a place that, through close interaction, affect biological balance, determines living and working conditions for a man and the future development of society".

Also, different laws define environment. Law 265/2006 for approval of Government Emergency Decree no. 195/2005 on environmental protection, defines the environment as representing "a set of conditions and natural elements of Earth: air, water, soil, subsoil, the characteristics of the landscape, the atmosphere, all organic and

inorganic materials, as well as the living beings, interacting natural systems comprising the elements listed above, including some material and spiritual values, quality of life and conditions that may affect human health and welfare.

According to ISO 14001 environmental management systems, environmental concept is "environment, in which an organization operates, including air, water, soil, natural resources, flora, fauna, people and relations between them.

Here are more scientific and administrative definitions of the environment. Beyond a definition or another, some elements are undisputed.

First, the environment contributes to human welfare through the following functions (United Nations Integrated Environmental and Economic Accounting, 2000):

- resource function: by providing resources, especially space needed for human activity;
- function of absorption of wastes: neutralization or recycling of sewage dispersion from human activity
- function of environmental services: the conservation of the biosphere, climate stability, genetic diversity and providing human services that enable him to assess quality of life, for leisure.

From a simple enumeration of these functions results the extremely important role of environment in economic and social life. United Nations Conference on Environment in the summer of 1972 in Stockholm, where the United Nations Development Program was created, a program designed to address in this field, stressed that role, but also a minimum of necessary measures needed on the medium and long term. The main issues discussed at this conference were:

- Environment's natural resource management;
- Determination of pollutants of international significance;
- Educational, social and cultural issues of the environment.

The conclusion we get from the above, is that the environment is a set of natural resources, but also many social, economic, cultural factors, with a major role in the present and future of mankind, and that its preserve at a level to increase the standard of human life depends on our daily actions as individuals and/or as entities.

Sustainable development - the premise of environmental protection

Sustainability is a concept that has to resolve the relationship between economic growth necessary to a increasing population on the one hand, and the limits of the exploitation of exhaustible resources and their effect on the other. At the same time, the concept of sustainability concerns the ways of allocating more or less fair the resources on a global scale, rational and responsible distribution of resources and opportunities between present and future generations, and also a scale of economic activities in relation with their ecological life support systems (O'Dwyer & Owen, 2005).

The concept of development or sustainable development has a relatively recent history, belonging to the new theory of economic development. The year 1972 saw the first UN Conference on Development, held in Stockholm, where the cross-development was mentioned for the first time. Also, in 1972, the Club of Rome Report, published as "The limits of the growth ", has claimed that all mankind must realize that problems of economic growth are closely related to the environmental pollution, resource depletion, population growth.

So, the UN took the initiative to establish the World Commission on Environment and Development, the main role of this committee is to undertake studies and provide recommendations that will improve living conditions and human-environment relationship.

The term sustainable development is launched with the publication of the Brundtland Report of World Commission on Environment in 1987, entitled "Our Common Future"; it defines the concept of sustainable development as "that type of development that meets the needs of present without compromising the ability of future generations to meet their own " and which remained until today the best known definition of sustainable development concept.

Brundtland Report includes several objectives; according to them sustainable development means (Pohoata Ioan, 2003):

- To ensure further economic growth while respecting the basic condition of conservation of natural resources;
- To eliminate poverty and ensure basic needs like employment, food, energy, water, housing and health;
- Orientation of growth processes to a new quality;
- Ensure the controlled growth of population;
- Conservation and enhancement of natural resources, monitoring environmental impact of economic development;
- Restructuring of production technologies and maintain control of their risks;
- ensure an integrated approach to the decisions on growth, environment and energy resources.

The ISO 14001 Environmental management systems makes reference to the concept of sustainable development, stating that "all types of organizations are more preoccupied to achieve and demonstrate a clear environmental performance by controlling the impact of their activities, products or services on the environment and taking into account their environmental policies and objectives. These issues fall under the current rules like the development of economic policies and other measures to encourage environmental protection, including sustainable development.

During the United Nations Conference on Environment and Development in Rio de Janeiro (1992) it's officially recognized the need to integrate economic development and environmental protection in sustainable development and the international environmental law as a mechanism to promote sustainable development. Subsequently, in 2001 takes place a Summit in Goteborg, where the EU's Sustainable Development Strategy was adopted; it calls for the need for balanced operation, in which economic, political or social actions undertaken must aim for an environmental component.

Sustainable Development Strategy of the European Union made on this occasion, was added in the Lisbon Strategy at the Summit in Stockholm in 2001 to ensure the sustainability of all policies adopted. It was translated into concrete objectives and action lines in the context of the Sixth Action Program for Environment (2002) and focuses on several priority areas where significant changes are necessary to achieve the kind of sustainable economic growth type : limiting climate change and improve the use of energy sources that do not harm the environment (clean energy); improve public health; responsible management of natural resources; improving transport systems and land use; combating poverty.

Summit on Sustainable Development in Johannesburg (2002) reaffirmed sustainable development as a central element of the international agenda and gave new impulse for the practical application of comprehensive measures to fight poverty and environmental protection. It developed the understanding of the concept of sustainable development, especially by highlighting the main connections between poverty, environment and natural resource use. Through the Johannesburg Declaration was assumed collective responsibility for progress and development of three interdependent piles of sustainable development: economic development, social development and environmental protection at local, national, regional and global level.

In 2006 the EU Sustainable Development Strategy has been "renewed" for an enlarged Europe that focuses on several main directions, like: increase of economic prosperity through efficient management of resources, unlocking the potential of knowledge, innovation and competitiveness of the economy creating jobs, improving equity and social cohesion by ensuring equal opportunities in terms of fundamental human rights, promotion by the the EU for sustainable development principles and practices.

Fully assuming the new philosophy of sustainable economic growth, specific for the European Union and shared globally, Romania has adopted the National Strategy for Sustainable Development with horizons 2013-2020-2030. This is a program of action destined to implement practice guidelines of EU policy in this area and ensure that the move towards a more successful economy model. As recent state of the Union (January 2007), Romania benefits from a draft national strategy for sustainable development and has a deadline for reporting progress towards implementing the European Strategy for Sustainable Development, year 2011. Legislative, institutional and executive concerns about sustainable development are older, Romania is one of the first signatories of the Kyoto Protocol on Climate Change (1997) and in 1999 under the aegis of the UN Development Program, had an official document, as an advisory, entitled National Strategy for Sustainable Development.

In the pre-accession period, according to agreements, Romania has adapted its policies to the main directions of development set by the EU and moved to implement sectorial strategies designed to contribute to a better correlation of economic, social and environmental factors, to ensure in time, a balanced development of national economy (Burja Camelia, Burja Vasile, 2009).

On January 22, 2008, Romania launches National Strategy for Sustainable Development (NSDS). NSDS is a programmatic document developed under the EU requirements by the Government through the Ministry of Environment and Sustainable Development, in collaboration with United Nations Development Program by the National Center for Sustainable Development. The strategy was completed and submitted to the European Commission at the end of 2008, and has an orientation on the medium and long term perspective, and contains the target objectives, implementation measures and realistic evaluation of funding sources at the horizon years 2013, 2020 and 2030.

Needs and conditions to reflect in accounting the environmental issues

Accounting is required to submit various types of user information on the financial position and performance of entities in the management of resources at their disposal. Historically speaking, the accounting was limited, mostly, to the resources represented by material and financial goods of entities. This became less appropriate, being left out of accounts significant "costs", such as environmental, social, which were not found in the financial statements of entities. This is because entities didn't "pay" anything for the environment, and only little for social issues. This does not mean that society as a whole, does not support these "costs". Various other factors have forced the conservative to take measures of modernization. In recent decades a growing number of entities give great importance to environmental issues and their reflection by accounting, either under the influence of administrative regulations or because of their information needs. In certain circumstances, for certain fields, they can have a significant impact on the financial statements, and that of their users.

These "modernizations" are found in international accounting rules, especially when the financial statements may be affected by environmental issues, and should be

taken in their calculation. The international rules in this category mention IAPS 1010 - International Auditing Practice Statements which provides:

- is necessary to adopt laws and regulations on environmental protection which may generate a depreciation of assets and therefore will reduce their book value;
- failure on the environment, such as emissions to air, water, soil may require some remediation costs;
- some entities, such as those in the mining, the chemical, petrochemical or the recycling industry have obligations regarding environment protection as a direct consequence of their activities;
- obligations involved, which are generated by a voluntary initiative to address environmental problems; for example an entity identifies soil contamination and without any legal obligation, may make the decision to address the issue of concern for long-term reputation and relationship with the community;
- it's imperative to present possible liabilities in financial statements in case if costs of removing pollution issues can not be reasonably estimated;
- in extreme circumstances, breach of certain laws and environmental regulations may affect the continuity of an entity's business, and therefore, according to the principle of business continuity, it may affect the presentation of information and basis of preparation of financial statements.

Likewise, the European Commission's Fifth Environmental Action Program "Towards Sustainability", asks the entities to:

- Disclose any details in their annual reports of their environmental policy and activities carried out and their effects;
- Present in detail in their accounts, costs on environmental programs and give a clear definition of these costs, and
- Forecast in their accounts the environmental risks and future environmental costs (European Commission, 1992).

Constant environmental degradation and increasing number of ecological disaster was another element that made environmental problems seen in several ways, including in terms of their influence on accounting information. Integrating environmental issues in the life of the entity presumes taking into account the economic, legal, accounting, financial and technical level (Lafontaine, J.P, 2002).

In economic terms taking into account environmental parameters in the cost of services or products, on the one hand allow entities to rationalize energy consumption of natural resources, achieving substantial savings and, secondly, to satisfy the requirements of environmental impact and consumers health. Legal consideration of environment is required by the risks that engages the responsibility of the entity. This responsibility is generated by environmental legislation and may result in administrative and / or criminal sanctions. From the accounting and financial point of view record of the environmental costs generated by the entity's business and presentation of related financial information is a method of evaluating the performance (Bețianu Leontina, 2008).

An authorized accountant in Bulgaria, Dimiter Jeliakov, in an article entitled "Accounting can and should be involved in environmental protection" raises the following question: Which department in companies would be most appropriate for management of environmental information? and concludes that "the only subdivision that could meet this challenge, is the accounting department as reflecting economic and financial condition of the company and change the conditions in the most comprehensive and multilateral. Accounting methodology and technology regularly allows generation of information on environmental status employed in certain spatial boundaries around the company, having in forefront activity and environmental impact as a result of its operation. He proposes to develop an international standard for

environmental accounting, entitled "Reporting on environmental regeneration" to implement a uniform solution across the globe. The standard would aim to determine the organization and implementation of reporting on environmental regeneration in the company that pollutes and should be implemented by all companies that pollute and those who use natural resources. He said that in Bulgaria there is such a standard dealing with environmental issues and lines of coordination to be put into application, but did not become operational due to lack of interest from the companies that pollute and the proficient government authorities.

Involvement of Romania's accounting in the business of environmental protection is even stronger with the entry into force on January 1, 2010 of the Order 3055/2009 for approving the Accounting Regulations in accordance with European directives, so in the chart of accounts, a new account is inserted, account 652 "Expenditure on environmental protection. With this account is recorded environmental protection expenditure recorded in the relevant period, for example, environmental taxes paid, the certificates of emissions of greenhouse gases effect purchased.

Conclusions

Given the intense process of normalization and standardization in the field of accounting, it should be noted that in the management and protection of the environment efforts are made to a common representation of such activities in other countries. Once with the appearance of Order 3055/2009 for approving the Accounting Regulations in accordance with EU Directives in Romania, accounting's involvement in the environmental aspects makes his presence.

Since 1972, at the Conference on Environment held in Stockholm, and until now, were over 60 interpretations of the concept of sustainable development, but the most eloquent way of defining the concept of sustainable development remains one given by former prime-minister of Norway, Gro Harlem Brundtland in 1987: "development which meets present needs without compromising the ability of future generations to meet their own".

Romania accepted the EU acquires on Chapter 22 - Environmental protection in effect since December 31, 2000 and became a member of the European Union on January 1, 2007. Agreement between Romania and the European Community on the participation of Romania in the European Environment Agency and the European Network of Environmental Information and Observation (EIONET) was ratified by Law no. 622/2001 (Official Gazette no. 770/03.12.2001). Romania participates fully in the Agency's Board and is an associate to the activities of the Scientific Committee of the Agency. Ministry of Environment is the national focal point and is coordinating the task of supplying information that will be provided to the agency and the organizations constituting the EIONET.

In December 2009 in Copenhagen took place a summit on climate change, in which the European Commission presented proposals for a new global agreement in terms of solving climate change. In the summit, Environment Commissioner Stavros Dimas said: "Tackling the causes and effects of climate change will require significant private and public investment in the coming decades, but these investments will cost less than if we let climate deteriorate further. European economic recovery plan and other similar measures taken to combat the global economic crisis is a chance to give an impulse to the necessary investment in low carbon technologies and to stimulate the same time, growth, innovation and jobs. In order to reach agreement in Copenhagen Inspire, is vital to find new funding solutions. The Commission's communicate has a major contribution in this regard, a comprehensive set of proposals for increased funding and investment. "To keep temperature increase below 2 ° C, developing

countries will need much more funding from developed countries and multilateral institutions to help them contribute to climate change. Not to exceed this threshold, global emissions must reach their peak before 2020, to fall until 2050, at more than 50% of 1990 levels. This will require action by both developed and developing countries.

The conclusion that can come off is that we must do so that all activities are in full harmony with the environment, ensuring sustainable development and in this effort must be involved all the forces of humanity, including financial accounting disciplines.

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