IBIMA Publishing
Journal of Accounting and Auditing: Research & Practice
https://ibimapublishing.com/articles/ JAARP /2021/404252/
Vol. 2021 (2021), Article ID 404252, 11 pages, ISSN : 2165-9532
DOI: 10.5171/2021.404252
Research Article

The Changes of Polish Accounting Regulations after the 1989 Political Transformation Incorporation of Global Solutions

Ewa W. BABUSKA

Cracow University of Economics, Cracow, Poland
babuskae@uek.krakow.pl

Received date: 2 September 2020; Accepted date:21 January 2021; Published date: 27 July 2021

Academic Editor: Małgorzata Macuda

Abstract

The aim of the article is to present the changes in Polish accounting regulations in the last thirty years of the ongoing systemic transformation from socialism to capitalism, which began in Poland in 1989. The changes consisted in adjusting Polish regulations to the Directives of the European Union and to the International Accounting Standards and International Financial Reporting Standards. There are no synthetic studies on this subject in the available literature. The article partially fills this gap and is therefore original. The introduction provides a background followed by a retrospective outline of Polish and international accounting regulations. The main part describes the most important changes introduced to the Polish Accounting Act of 1994 over the last 25 years. The research method was a review of Polish, European and international accounting regulations in that period. The hypothesis related to the question whether the amendments to the Accounting Act were regular, immediate and adequate to the amendments of the EU and IAS / IFRS laws. The answer to the question was positive.

Keywords: regulations of accounting and financial reporting, the Polish Act on Accounting European Union Directives, International Standards IAS / IFRS.

JEL classification: M41, K20, K29

Introduction

Accounting, which was developed over the centuries, in today's socio-economic reality has gained the unquestionable and honorable name of the business language. It is an expression of the ennoblement of accounting in terms of theory, practice and policy. Fundamental accounting principles have been shaped in its historical development which is still going on (Surdykowska, 1999; Jaruga ed., 2002). Accounting development is international, for the reason that different countries have contributed to accounting advances. Accounting is subject to different legal systems in which are big differences, mainly in Europe. Therefore, apart from the existing specific national accounting systems, universal systems are created on a regional, international and world scale. The systems are the result of the ongoing processes of standardization and harmonization of accounting norms and

Cite this Article as: Ewa W. BABUSKA (2021), " The Changes of Polish Accounting Regulations after the 1989 Political Transformation Incorporation of Global Solutions", Journal of Accounting and Auditing: Research & Practice, Vol. 2021 (2021), Article ID 404252, DOI: 10.5171/2021.404252

practices. Standardization is associated with the standards of the International Accounting Standards Board (IASB) and harmonization with the directives of the European Union, (Alexander and Nobes, 2010). The accounting of highly developed countries has been standardized on the basis of international accounting standards [IAS – issued until 2001 by International Accounting Standards Committee (IASC)] and international standards of financial reporting [ISFR – issued since 2001 by IASB with its headquarters in London]. Standardization and harmonization of accounting and financial reporting resulted from the necessity to standardize various solutions found in accounting theory, practice and policy in particular countries and from the need to develop and implement international patterns of conduct in accounting, as well as in order to make financial reports in global economies comparable (Olchowicz, Tłaczała, 2015). The standards are not strictly provisions of law, but they are reflected in legal regulations of national states referring to the accounting and the financial reporting used there. The aim of the article is to present the changes in the Polish accounting regulations in connection with the transformations that have taken place in the Poland over the past thirty years. The chiefly section is preceded by an outline of Polish and international accounting regulations. The originality of the article lies in tracing the evolution in the Polish accounting laws during the systemic and economic transformation, adjusting them to the EU and IAS/IFRS solutions. The research method consists in reviewing the legal regulations: national, European and international, as the related literature on the subject does not synthetically and comprehensively reflect all changes introduced to the Polish Accounting Act during the period. The article is an attempt to fill this gap. The research hypothesis was verified by checking what changes and at what time were introduced to the Polish Accounting Act in accordance with the amendments of EU and IAS / IFRS laws. It was shown that changes to the Act were introduced regularly and adequately to European law and International Standards. The Act was frequently amended and adapted to new regulations on an ongoing basis, and the hypothesis was positively verified.

The retrospective outline of Polish and international accounting regulations

The Polish economy in 1945-1989 was a centrally-steered economy, with social (state) ownership, deprived of private ownership. The socialized economy was in opposition to the capitalist economy. It was modeled on the Soviet economy, in close connection with it and the economies of other Central and Eastern European countries, which were imposed on socialism and a "planned" economy. In that system, accounting was a tool of central planning, its purpose and addressees were different than in the market economy, and the informative function of financial statements was also different.

Poland has "always" used the continental (German) accounting model in its practice, preferring the valuation of assets and liabilities according to their historical cost. It was only in 1994, when the first Polish Act on Accounting was passed, that Poland started to implement the solutions contained in the Anglo-Saxon accounting model and apply international standards. Already the first version of the Act incorporated some solutions of this model and contained references to international standards.

At some point the establishment of accounting norms was the subject of the state intervention. In the European area this occurred directly in the legal form, in the English and American area stakeholders ordered directly the creation of professional standards. The European mode relied on political will, while the American one requires participation of all interested parties and legitimization that is broader than political will. That is why at the beginning of the 1970s the USA became home to the first board in the world i.e., Financial Accounting Standards Board (FASB) which represented interests of economic entities more fully and whose task was to establish financial accounting standards. The Board was also forced to solve the problem of its own legitimization on the intellectual platform and needed theory that would justify the content of standards and the way of establishing them. However, since accounting has never had a generally accepted scientific theory, the Board formulated it independently in the shape of a concept framework of financial accounting in the mid-1960s. It was then that the main focus shifted from measuring income to generating information for stakeholders who needed it to take economic decisions. This direction is still developing along with the process of globalizing world economies. In Polish one can read "The Concept Assumptions of Financial Accounting" formulated by IASB with its registered seat in London, which establishes financial accounting and reporting standards. Both Boards originate from English and American areas. Financial statements and corresponding measurement, structure and communication patterns, that is financial reporting standards, are the major products of the current stage of development of accounting (Nowak, 2010, pp. 15-20).

It must be remembered that in the searching for generally accepted principles of accounting in the USA there was a significant change and the major focus was shifted to searching conceptual assumptions as the theoretical foundation for standards that have become their major part. "Concept Assumptions", as FASB document, was called the "constitution", on which standards were to rely, while the choice of vocabulary emphasized the political essence of standards. However, the "Concept Assumptions" were not referred to financial accounting, but to financial reporting. The assumptions, contrary to expectations, did not become a generator in the process of developing standards, but their significance gradually decreased and they became only a source of concepts, preserving their political characteristics (Hendriksen and van Breda 2002, pp.138-148).

The recent study of The Routledge Companion (2015 ed. by S. Jones), devoted to the theory of financial accounting, draws attention to the fact that this theory finds many applications in the accounting practice of many entities and also has political implications. The authors of the new standards rely extensively on theoretical assumptions of accounting, and the regulatory bodies in corporations behave in a similar way when establishing regulations and evaluating existing accounting solutions in practice. The theory of accounting deals with formulating and analyzing rules on which the accounting practices rely and supporting them. In the USA these are Generally Accepted Accounting Principles – GAAP (Delaney et al, 2003). The IASB and the FASB have made some attempt to collaborate in the global financial reporting convergence process to align IAS / IFRS and US GAAP smoothly, and then align with other legal systems.

Changes in accounting and financial reporting regulations in Poland adjusting them to European and international solutions

Financial reporting is an integral part of accounting, since the financial reports are the final products of accounting. Accounting and financial reporting are subject to continuous changes as they try to adjust to the developing global economy as well as regional and national economies. The growing flow of goods, services, capital and people attributed to the progressing process of globalization – in the 1990s brought about a change in the purpose of companies' activities and contributed to the increased demand for new information, necessary for management and investment purposes. Since then the top priority has been seen not in increasing short-term profits, but in increasing the value of the company in the long term, whereas financial and non-financial data included mainly in financial reports are used when making strategic decisions and checking their implementation, as well as when managing risk in an enterprise. They are also used by other stakeholders, primarily investors, when choosing an optimal way of allocating capital in selected investment ventures.

In 80. years of XX age the harmonization of financial reports has been greatly affected by the UE directives. These were: Directive IV from 25th July 1978 on principles of making, publishing and auditing annual financial reports, Directive VII from 13th July 1983 on principles of making, publishing and auditing consolidated financial reports, and Directive VIII from 10th April 1984 on professional qualifications of persons authorized to audit annual financial reports and requirements to be met by auditing companies in order to be able to audit annual financial reports. However, since Directives IV and VII, in spite of numerous modifications, did not help to achieve the desired state of comparability and transparency of financial reports, the European Commission implemented a new directive on accounting, aimed at decreasing administrative burden, mainly of small companies, and improving clarity (transparency) of financial reports. It is Directive of the European Parliament and of the Council of 26th June 2013 on the annual financial statements, consolidated financial statements and related reports of certain undertakings. This Directive amended the Directive of the European Parliament and of the Council 2006/43/EC and repealed the Directives of the Council 78/660/EEC and 83/349/EEC (OJ of EU 29.06.2013, item L182/19). In 2002, the European Parliament adopted Regulation No 1606/2002 on the application of International Accounting Standards in the European Union. The regulation included the order to use IAS/IFRS in making consolidated financial reports for issuers of securities allowed for public trade since 2005. Since January 2005 banks and capital groups operating in the EU, including those operating in Poland, are obliged to make annual financial reports in accordance with the IAS/ISFR. It should be emphasized that accounting in Europe, as in other regions of the world, has been shaped by various social, economic and political factors for centuries. These factors have marked significant differences deeply rooted in the practice of making financial reports. These factors include: various legal and tax systems, different perception of goals of financial reporting and various sources of financing economic activity (Bonham et al, 2006, p. 66).

Accounting in Poland, as mentioned, was based on the continental model and was subject to various legal regulations which covered all its issues, namely bookkeeping, cost accounting and financial reporting. As the Polish state underwent constitutional transformation, accounting was governed by new acts of law in order to adjust it to the free market economy conditions and the information needs of both external and internal users. The first of them was the regulation of the Minister of Finance from 15th January 1991 on principles of accounting, which normalized the accounting records and the new financial reporting, whereas in other issues (including mostly cost accounting) it referred interested parties to the principles developed by the accounting science and to accounting practice and customs (Regulation of the Minister of Finance, Journal of Laws No 10, item 35, § 3 point 6).

The key legal act, however, has been the Act on Accounting of 29th September 1994 (Journal of Laws No 121, item 591). The Act was passed when the legal order of the IV Directive of the Council of 25th July 1978 on annual reports (78/660/EEC) was implemented into the Polish law. The Act includes provisions concerning financial accounting and financial reporting (Article 4 section 3). The issue of costs, that is managerial accounting (in German-speaking countries known as controlling), however, was neglected and the provision on applying principles of the accounting science and its practice and customs in matters not regulated by the Act was not repeated, i.e., § 3 point 6 of the aforesaid regulation of the Minister of Finance. According to Sobańska and Walińska (2018, p. 155), this created „regulation and terminology confusion in the subject literature and in accounting practice". The act which regulated accounting and financial reporting while ignoring managerial accounting was called "inadequate to the subject scope" (Sobańska, 2012, p. 179). The Accounting Act has been amended many times in order to adjust it to social, economic and legal changes and to the EU and IAS regulations. The harmonization of the Polish accounting law with the EU directives started 12 years before Poland's accession to the EU. From the very beginning the Act combined provisions of the IV and VII Directives, while the European Commission did so only in 2013 (Dadacz 2018, p. 5-8). The Act also introduced some solutions from the international standards. The first significant amendment was introduced in the Act of 9th November 2000. It was so-called "big amendment", which brought expended definitions, simplified inventory, changes to report templates and adjustment of accounting principles to the requirement of computer bookkeeping (Gnich, 2002, p. 14). This amendment of the Polish Accounting Act for the most part took into account the provisions of the International Accounting Standards containing solutions used in international practice. It also took into account the needs specific to the developing market economy, in particular with regard to the standardization of the content and scope of information presented in financial statements. New regulations were adopted on issues not regulated by the previous act. At that time, the following was introduced into the law: the principle of "substance over form" and "fair value" as a new parameter for the valuation of certain assets and liabilities, including goodwill and badwill. Detailed provisions of all changes to the Act on Accounting are presented in Table 1 below.

Table 1: Amendments to the Polish Act on Accounting, presented chronologically

No	Legal act introducing changes and the goal of the amendment and the introduced changes
1.	The Act of 9th November 2000 on Amending the Act on Accounting, Journal of Laws No 113, item 1186 (valid since 1st January 2002, but Article 1 point 42 entered into force on 1st January 2001 and applied to financial statements for the year beginning in 2000). The aim of this amendment was to adapt the Polish Act on Accounting to regulations valid in the EU and the IAS. Some missing provisions were supplemented, concerning, e.g. mergers and takeovers of companies, capital investments, financial leasing, long-term contracts of services, deferred tax; some concepts not used in Polish practice were defined, such as consolidation of financial reports of units in a capital group; the concept of "reporting period" was extended; smaller units were exempted from audit and consolidation thresholds (revenues, balance sheet sum, employment) were increased for small and medium size capital groups; in matters not covered by the Act, it was allowed to use National Accounting Standards (NAS) and if there was a lack of them, IAS.
2	The Act of 27th August 2004 on Amending the Act on Accounting Journal of Laws No 213, item 2155 (valid since 1st January 2005). This amendment was connected with Poland's accession to the EU and the adjustment to the Regulation 1606/2002/EC of the European Parliament and of the Council of 19th July 2002 on the use of IAS. The issuers of securities allowed in one of the regulated markets of the EEA (European Economic Area) and the banks were obliged to make consolidated financial reports in accordance with the IAS starting from 2005. These changes were to allow comparison of data from financial reports of particular units on a global scale as they were made in accordance with the IAS.
3	The Act of 18th March 2008 on Amending the Act on Accounting Journal of Laws No 63 item 393 (valid since 1st January 2009). This amendment was to implement in the Polish Act the provisions of Directive 2006/46/EC amending directives IV and VII on annual and consolidated financial reports. It defined, i.e., responsibility of company organs for preparation and publication of financial reports and reports on company activities; it unified the valuation and inventory of investment in real estate; it precised exact situations when opening and closing books, e.g. bankruptcy with an option of making a settlement, division by separation; it limited the method of combining shares when merging companies only to companies which were under joint control; it regulated the commercial bookkeeping in connection with the growing outsourcing of accounting services. It also changed the wording of the provision on exchange rate differences and increased the limit of turnover from which it was necessary to run accounting books from EUR 800 000 to EUR 1 200 000.
4.	The Act of 9th May 2014 on Facilitating Access to Some Regulated Professions, Journal of Laws item 768 (valid since 10th August 2014). This amendment to the Act repealed the provisions limiting the commercial running of accounting

	books and since it came into force, such services could be performed by anyone with full capacity to conduct legal activities, with clean criminal record for some specific crimes and possessing an insurance policy against third party liability. The Minister of Finance thus stopped issuing certificates of an accountant which were necessary in order to offer commercial bookkeeping. Market mechanisms that increase competition and economic freedom should verify access to these services.
5.	The Act of 11th July 2014 on Amending the Act on Accounting, Journal of Laws item 1100 (valid since 5th September 2014; The Act of 23rd July 2015 on Amending the Act on Accounting and Some Other Acts, Journal of Laws item 1333 (valid since 23rd September 2015). The amendment of the Act in 2014 and 2015 was connected with the implementation of the Directive of the European Parliament and of the Council 2013/34/EU of 26th June 2013, replacing directives IV and VII on annual financial reports, consolidated and related reports of some entities. The changes were combined with the introduction of some simplifications in financial reporting of micro units in 2014 ("small amendment") and small units in 2015 ("big amendment"). Two annexes were added to the Act, annex No 4 and No 5, which included scopes of information indicated in the financial reports of such units. By introducing some simplifications, the law makers took into account the greater susceptibility of smaller entities to economic fluctuations and administrative burden. Amendments to the Act allowed the use of simplifications by a wider group of entities, and the amendment from 2015 allowed non-governmental organizations to run a simplified register of revenues and costs in place of accounting books.
6	The Act of 15th December 2016 on Amending the Act on Accounting, Journal of Laws from 2017, item 61 (valid since 26th January 2017) This amendment widened the thematic scope of the Act by implementing the directive of the European Parliament and of the Council 2014/95/EU of 22nd October 2014 on the duty to reveal non-financial information in reports on activities of the biggest entities of public interest. This mainly concerns stock exchange security issuers and large financial institutions, if they employ over 500 staff on average in a year and if they have PLN 85 million of the balance sheet sum or PLN 170 million of annual net revenue from sales of goods/ products. These units are obliged to submit "a declaration on non-financial information" concerning social and staff matters, natural environment, respect for human rights and fight with corruption. On top of it, large stock exchange companies must reveal in their reports information on the applied policy of diversity towards persons who are members of company organs, giving their age, sex, geographical origin, education and professional experience. The inclusion of new reporting obligations due to CSR is to ensure coherence and comparability of such information revealed by European companies and large capital groups and to facilitate winning investors, strategic partners and clients. This amendment also referred to financial reports of non-governmental units for which a separate, simplified scope of reporting information was developed, included in Annex No 6 to the Act on Accounting. It reflected the specificity of the activities of public benefit organizations and specific nature of their revenues and costs..
7	The Act of 9th November 2017 on Amending Some Acts in order to Improve the Legal Surroundings for Innovative Activities, Journal of Laws item 2201 (valid since 1st Jan. 2018) The Act of 15th December 2017 on Amending the Act on Tax on Goods and Services and Some Other Acts, Journal of Laws from 2018, item 62 (valid since 1st July 2018); The changes introduced by the quoted here acts (items 8 and 9) consisted in adding new items to Appendix No. 1 to the Accounting Act, entitled "Additional information and explanations". And so: in section 2 of the Annex, after point 10, point 11 was added about the requirement to provide information on costs related to research and development works that were not classified as intangible assets, and in section 1 after point 17, point 18 was added about the obligation to provide information on money means accumulated on the VAT account in accordance with the Act of August 27, 1997 Banking Law (consolidated text, Journal of Laws of 2020, item 1896, 2320, 2419 and of 2021, item 432) and the Act of November 5, 2009, on Cooperative Savings and Credit Institutions (consolidated text, Journal of Laws of 2020, item 1643, 1639 and of 2021, item 432). Thus, additional information and explanations have been extended to further required information.
8	The Act of 26th January 2018 on Amending the Act on National Court Register and Some Other Acts, Journal of Laws item 398 and 650 (valid since 15th. March 2018); The change resulting from the amendment to National Court Register was related to the obligation to make separate and consolidated financial reports and a report on the entity's operations in an electronic form. Units covered by the register of enterprises of NCR were obliged to make reports electronically following the logical structure and format given in Public Information Bulletin on the website of the Ministry of Finance and were exempted from the obligation to submit them to the

	Tax Office. This form is aimed at increasing the security of economic activities and improving insight into the whole information and documentation held by the NCR.
9	The Act of 9th November 2018 on Amending Some Acts in order to Make Simplifications for Entrepreneurs in Tax and Economic Law, Journal of Laws item 2244 (came into force on 1st January 2019, with exceptions); On the other hand, amendments resulting from the act on simplifications for entrepreneurs in tax and economic law, known as the so-called Package for Small and Medium-Sized Enterprises, concerned: -raising revenue thresholds (from PLN 17 million to PLN 25.5 million and the balance sheet sum (from PLN 34 million to PLN 51 million), that is to the highest values determined in the directive 2013/34/EU for small entities, whose number thus grew by 3 thousand, that is by over 7%, this is specified in article 3 section 1c and 1d of the Accounting Act; -increasing the number of micro entities which make financial reports, mostly simplified ones, these entities include individuals, civil partnerships of individuals and enterprises inherited, general partnerships of individuals, partnerships, if their net revenues from sale of goods, products and financial operations amounted to, in Polish currency, at least EURO 2 000 000 and not more than EURO 3 000 000 for the previous financial year, these changes are specified in article 3 section 1a and 1b of the Accounting Act; - abolishing the requirement to store the confirmed financial reports for an unlimited period of time and limiting this period to 5 years, as specified in article 74 section 1 of the Accounting Act; - extending the group of entities which are entitled to use the tax definition of financial leasing, that is to classify leasing contracts in a simplified way, following the rules specified in tax provisions, as stipulated in article 3.6; - resigning from determining deferred tax, article 37 section 10; - not valuing assets and liabilities by a micro entity according to their fair value and correcting the purchasing price, art. 28a of the Accounting Act; - small entities do not have to apply provisions on financial instruments (regulation of the Minister of Finance on detailed principles of acknowledging, ways of valuation, scope of disclosing and way of presenting financial instruments), article 28b section 1 in connection with article 81 section 2 point 4 of the Accounting Act; - using simplified principles of calculating costs of manufacturing the product – article 28 section 4a of the Accounting Act; Moreover, in micro and small enterprises which are not covered by the directive on accounting, and in non-governmental organizations, changes referred to: - using tax rules of appreciation of tangible and intangible assets, article 32 section 7 of the Accounting Act; - resignation from creating risk reserves, faced losses and effects of other events and resignation from write-offs updating the value of assets, article 7 section 2a and 2b of the Accounting Act; - resignation from creating accruals for future payments to employees, including retirement pension payments, article 39 section 6 of the Accounting Act.
10	The Act of 31 July 2019 amending certain acts in order to reduce regulatory burdens, Journal of Laws from: 2019 item 1495, 2020 items 568, 875, 2255, 2021 item 255 (comes into force on 1st January 2020, with exceptions). The amendment to the Accounting Act consisted in adjusting its provisions to the change of the title of the Act quoted on the left from "on succession management by a natural person" to "on succession management by a natural person and other facilities related to the succession of enterprises". In addition, the wording of some articles stating that the financial statement, the report on operations of the entities entered in the National Court Register, the consolidated financial statement and the payment report and the consolidated payment report are prepared in electronic form and bear a qualified electronic signature, trusted signature or with a personal signature. This applies to: article 45 section 1f, article 49 section 7, article 63c section 2a and art. 63k of the Accounting Act.

Source: Author's own elaboration.

Table 1 presents the most important amendments to the Polish Accounting Act so far, however, on November 25, 2020, the assumptions of a new draft amendment to the Accounting Act and certain other acts were published in the list of legislative and program works of the Council of Ministers. The amendments are envisaged in the draft Act on December 2020 which is currently being processed. The changes relate to the principles of preparing financial statements and reports on operations, as well as the principles of signing reports. The draft introduces new file formats for electronic financial statements and reports on operations (XHTML and XBRL) and allow signing of reports by only one member of the multi-person management board. In addition, it also provides for a number of changes for statutory auditors and audit firms. These changes correspond to the draft technical standards adopted by the European Commission Delegated Regulation 2019/815 of 17 December 2018. This regulation supplemented Directive 2004/109 / EC of the European Parliament and of the Council with regard to regulatory technical standards concerning the specification of a single electronic reporting format. The adopted standards are an act delegated by the directive, so after being adopted, they are directly applicable in all European Union countries. Under this Regulation 2019/815, issuers are required to prepare their annual financial reports (which also include financial statements) in XHTML format. Where this report will contain consolidated financial statements prepared in accordance with IAS, issuers are required to tag these statements using the Inline XBRL markup language (iXBRL). The XBRL technology has already been implemented in many countries around the world and the European Union has been interested in it for over 10 years. Currently in Poland pursuant to article 45 section 1f of the Accounting Act financial statements are prepared in electronic form and equipped with a qualified electronic signature, a trusted signature or a personal signature. Moreover, according to article 45 section 1g of the Accounting Act entities entered in the register of entrepreneurs of the National Court Register prepare financial statements in a logical structure and format made available in the Public Information Bulletin on the website of the Ministry of Finance [in XML format (Extensible Markup Language)]. On the other hand, according to article 45 section 1h of the Accounting Act financial statements prepared in accordance with IAS are prepared in a logical structure and format, if they are made available in the Public Information Bulletin on the website of the Ministry of Finance – this means that currently these statements can be prepared in any electronic format, e.g., PDF. The new draft is justified by the argument that keeping the current wording of the Accounting Act, while the provisions of Regulation (EU) 2019/815 are in force, would result in the need to use different formats for the same financial statements. This solution was supported by the European Parliament already in 2008 (Resolution 2007/2254 (INI)). The European Commission has also endorsed XBRL. The obligation to prepare financial statements and submit them to supervisory authorities in a standardized format for companies listed on the regulated markets of the European Union is regulated by Directive 2013/50 / EU of the European Parliament and of the Council. It obliged issuers to prepare annual reports in a single electronic reporting format (ESEF – European Single Electronic Format). ESMA (European Securities and Markets Authority) has been required to develop draft regulatory standards to define an electronic reporting format. ESMA is an independent body of the European Union that aims to improve investor protection and promote stable and efficient financial markets (ESMA, 2020a). ESMA proposed several solutions, including the XBRL technology. The proposed amendment is to adapt the currently applicable provisions on financial reporting and auditing to the current legal and economic situation and to technological possibilities. The dynamic development of digital technologies, which we are currently dealing with, has a significant impact also on accounting and auditing. The possibility of using modern IT tools and digital technologies makes it easier for entities applying the Accounting Act to fulfill their obligations in the field of bookkeeping, preparation of financial statements or remote controls in audit firms. On the other hand, users of these reports can quickly download, analyze and interpret the data they need. The digital transformation of economic life was accelerated by the pandemic caused by the spread of the SARS-CoV-2. Annual reports in the uniform European reporting format (ESEF) were to be prepared for the financial years beginning on or after 1 January 2020. However, in connection with Covid 19, this obligation was postponed by Regulation 2021/337 of February 16, 2021.

The decision on this matter rests with the Member States.

Polish accounting regulations have been linked to the content of IAS / IFRS and EU Directives by introducing standards and regulations to the Accounting Act. This content was usually simplified to facilitate the work and make it easier to perform. At the same time, the Act contains an important provision, namely that in matters not regulated by the provisions of this Act, and provided that the accounting principles (policy) are applied, entities may apply National Accounting Standards issued by the Accounting Standards Committee. In the absence of a relevant national standard, entities may apply IAS / IFRS, except for entities for which these standards are law. So far, the National Accounting Standards have been issued as outlined below. 1. Cash flow statement, 2. Income tax, 3. Unfinished construction services, 4. Impairment of assets, 5. Leasing, rental, lease, 6. Provisions, passive cost accruals, temporary liabilities, 7. Changes to the rules (policy) accounting, estimated values, correcting errors, events after the balance sheet date – recognition and presentation, 8. Development activities, 9. Report on activities, 10. Public-private partnership agreements and concession contracts for construction works or services, 11. Fixed assets, 12. Agricultural activity, 13. Manufacturing cost as the basis for product valuation. National Accounting Standards are to facilitate the application of accounting principles by entities by making them more precise and providing interpretations helpful in the practical implementation of regulations. Entities operating in Poland, for which international standards are law, obligatorily apply all these standards, without exception, together with the interpretations issued for them. Other entities apply only those regulations that were included in the Accounting Act. IAS / IFRS are the leading accounting standards adapted to economic changes in the world, while national regulations are usually traditional. However, the Polish Accounting Act is changing dynamically, introducing immediately the appropriate solutions contained in subsequent international standards and EU directives.

Conclusions

In the period of 25 years which passed since the passing of the first text of the Polish Accounting Act, many significant amendments have been introduced to it. All these changes resulted from the need to adjust the Polish Act of Accounting to the global and European tendencies in accounting, elevated as “the language of business”: in international economic relations. These tendencies reflect the processes of standardizing this language on a global scale and harmonizing and standardizing financial reports as the basic carrier of financial information. Every change in newly-implemented solutions in theory, practice and policy of accounting, exerts some influence on the financial reporting of entities, constituting the final product and an integral part of accounting. Referring to the purpose of the article, it can be stated that a detailed study of frequent changes to the Polish Accounting Act over the last 30 years of the political and economic transformation in Poland shows that the act is being gradually and immediately adapted to the IAS / IFRS international standards and directives of the European Union. It can also be hoped that the article filled the gap in the literature on the subject in terms of a synthetic and comprehensive presentation of the changes introduced in the Polish Accounting Act in order to adjust it to the EU Directives and the MRS / IFRS standards. The research hypothesis as to whether the changes to the Polish Accounting Act are implemented frequently, regularly and adequately, to the changes introduced in EU directives and in international accounting and financial reporting standards has been positively verified. That explains why Poland belongs to a group of countries which update their national provisions on accounting in accordance with arrangements and norms promoted and adopted in the world. Thanks to the updates, the Polish Act on Accounting includes modern trends in decisions concerning accounting and does not lag behind the world solutions in this field. On the other hand, this act reflects the specificity of the Polish economy and its further development prospects. The implemented provisions are deeply analyzed by numerous Polish theoreticians and practitioners in order to ensure their best adjustment to the reality of the economic life in Poland.

Foot Notes

XHTML (Extensible Hypertext Markup Language), an extensible hypertext markup language, does not require separate mechanisms to be presented in a human-readable format - XHTML reports can be opened and viewed using a standard web browser. As it is not proprietary, it can be used freely.

XBRL (Extensible Business Reporting Language) is a markup language used to describe (mark) data sets in such a way that they can be processed automatically (Regulation 2019/815).

Inline XBRL (iXBRL for short) is a technology that provides embedding of XBRL tags in HTML / XHTML documents. It combines the advantages of data tagging in XBRL and the advantages of presenting a report in a human-readable format (ESMA, 2019).

Ministry of finance

However, on the website of RP is a note: "Ministry of Finance informs that the logical structures and the format of financial statements prepared in accordance with IAS will not be published in the Public Information Bulletin of the Ministry of Finance" https://www.gov.pl/web/kas/struktury-e-sprawozdan [Date of access 2021-07-19]

References

- Act on Accounting of September 29, 1994, Journal of Laws No 121, item 591; consolidated text Journal of Laws of 2021, item 217.
- Alexander, D., Nobes, Ch., (2010), Financial Accounting. An International Introduction, Pearson Education Limited, England.
- Bonham, M. et al., (2006), Międzynarodowe Standardy Sprawozdawczości Finansowej w interpretacjach i przykładach, Wydawnictwo Prawnicze LexisNexis, Warszawa.
- Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109 / EC of the European Parliament and of the Council with regard to regulatory technical standards concerning the specification of a single electronic reporting format, OJ L 143, 29.5.2019.
- Dadacz, J. (2018), Polskie przepisy o rachunkowości po transformacji – historia, stan obecny, kierunki rozwoju, „Rachunkowość" 11/2018, SKwP, Warszawa.
- Delaney, P. R., Epstein, B. J., Nash, R., Weiss Budak S., (2003) Wiley GAAP 2003 Interpretation and Application of Generally Accepted Accounting Principles 2003, John Wiley & Sons, Inc., Hoboken, New Jersey, USA.
- Directive 2013/50 / EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109 / EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, 2003/71 / EC of the European Parliament and of the Council on the prospectus published in connection with the public offering or admission to trading of securities and Commission Directive 2007/14 / EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109 / EC, Journal L 294 of 6 November 2013.
- European Parliament Resolution of 21 May 2008 on a simplified business environment for enterprises in the fields of company law, accounting and auditing (2007/2254 (INI)).
- ESMA (2019), *ESEF Reporting Manual Preparation of Annual Financial Reports in Inline XBRL,* electronic document, https://www.esma.europa.eu/sites/default/files/library/esma32-60-254_esef_reporting_manual.pdf.pdf, accessed March 18, 2021.
- ESMA (2020a), https://www.esma.europa.eu/about-

esma/esma-in-brief, accessed March 18, 2021.

- Gnich, J. (2002), Komentarz do znowelizowanej ustawy o rachunkowości. Poradnik dla małych i średnich przedsiębiorstw, Polska Agencja Rozwoju Przedsiębiorczości, Warszawa.
- Hendriksen, E.A., van Breda, M.F. (2002), Teoria rachunkowości, Wyd. Naukowe PWN, Warszawa.
- Międzynarodowe regulacje rachunkowości. Wpływ na rozwiązania krajowe, (2002), pod red. A.A. Jarugi, Wydawnictwo C.H. BECK, Warszawa.
- IAS 1 Presentation of financial statements [in:] International Financial Reporting Standards (2016), SKwP, IFRS, Warszawa.
- Nowak, W. A. (2010), Teoria sprawozdawczości finansowej. Perspektywa standardów rachunkowości, Oficyna a Wolters Kluwer business, Warszawa.
- Olchowicz, I., Tłaczała, A. (2015), Sprawozdawczość finansowa według krajowych i międzynarodowych standardów, wydanie III zmienione i rozszerzone, Difin, Warszawa.
- Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021 amending Directive 2004/109 / EC as regards a single electronic reporting format for annual financial reports to support recovery after the COVID-19 crisis, Journal Laws L 68 of January 26, 2021.
- Sobańska, I., Walińska, E., (2018) Przyczynek do postrzegania struktury współczesnego systemu rachunkowości, '*Zeszyty Teoretyczne Rachunkowości*' tom 96 (152), SKwP, Warszawa.
- Struktury e-sprawozdań. [Online] https://www.gov.pl/web/kas/struktury-e-sprawozdan
- Surdykowska, S. T. (2002), Rachunkowość międzynarodowa, Kantor Wydawniczy Zakamycze, Kraków1999.
- The Routledge Companion to Financial Accounting Theory (2015), edited by S. Jones, Routledge Taylor & Francis Group, London and New York.
- Conceptual Assumptions of Financial Reporting (2016) [in:] International Financial Reporting Standards, SKwP, IFRS, Warszawa.