Applying National Accounting Standards, International Accounting Standards, and Strategic Management Accounting Costing Techniques in Durres SMEs in Albania

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Abstract

This study will develop some problems and characteristics of implementing International and National Accounting Standards. It will discuss some issues facing Albanian companies, especially SMEs in Albania, with the performance of these standards and compare different companies.

The methodology used in this study will be quantitative and focus on analyzing about 30 financial statements of some SMEs in Albania.

The implementation process of National and International Accounting Standards in our country was scheduled for January 1, 2006, and it is still challenging to be entirely accepted for use and evaluation. Conflicts between the NAS and the tax legislation are too tricky to be solved. In addition, other sources of administrative and professional reasons need to be considered, such as not all IASs are well translated into Albanian, most Albanian accountants are not sufficiently familiar with IAS standards for their implementation, etc. On the other hand, we will see that companies use IAS because they are obligated by law and public institutions. However, they do not care much about self-analysis to improve their performance like Strategic management accounting techniques.

The problem statement of this paper is to analyze how Small and Medium Enterprises in Albania, and concretely in Durres city uses National Accounting standards and Strategic management accounting costing techniques to improve their performance. Information is gathered from Financial Statements officially reported in National Registered Business center in Albania. There are analyzed about 30 companies in Durres city Albania.

The last section presents the study's main findings and draws conclusions based on the data analysis and other collected information.

Keywords: Standards, Accounting, National Accounting Standards, International Accounting Standards, Financial Statements, Strategic management accounting techniques.

1. Introduction

Human society, at every stage of its development, has needed information for all areas of its activity, especially economic activity. This information is better than anyone else providing ACCOUNTANT. Various authors have been given different definitions and meanings in different stages of its development.

Today, accounting is a comprehensive information and communication system used to make decisions on the use of economic resources, which allows effective control of the use of these resources and the assessment of the results achieved by economic activity.

With this, we need to understand that particular importance is given to the financial statements that are prepared based on accounting and are communicated to third parties.

In modern times, financial reporting is of the utmost importance because it serves as a "common language" in the compilation of financial statements published in different parts of the world.

Accounting is one of the most critical and objective instruments for information, supervision, and orientation of entities in the function of entrepreneurs, creditors, the state, the public, and other interested parties. For it to be readable financial statements have been continuously improved to the present level based on which the Standards have been prepared.

2. Methodology

This paper aims to identify the main problems of the implementation of NAS, IFRS, and SMAT by Albanian SMEs according to users' perception of financial statements (credit officers and inspectors of assessment and tax control). Furthermore, to identify the implementation of some techniques of strategic management accounting.

In order to complete this study and to see concretely what NASs and IASs are and how small and medium enterprises in Albania use them. The methodology used in this paper is quantitative. Information for 30 businesses has been taken from Financial Statements and explanatory notes accompanying these statements. Through financial statements is also seen the use of strategic management accounting techniques and significantly costing techniques used in the cost calculation process as it is an evident element.

Data for the completion of this study are taken from the official portal of the business registration center in Albania (BRC). In addition, I have downloaded the financial statements, balance sheets, audit reports, and explanatory notes to conclude the most used standards and SMA costing techniques. The information for the creation of this paper is taken from official and authorized sources which contain reliable data, such as National Registered Business center in Albania.

3. Literature review

3.1. Accounting in Albania

In recent decades, Albania has shifted from a centralized economy to an open market economy, which is still ongoing and deepening. The whole process refers to an extended transition. This transition has affected the economy, politics, culture, social sphere, and education. Moreover, we cannot miss the accounting scope when discussing a broad spectrum of changes. We would make a big mistake if the transformations of finance, taxation, and co-ownership spell out the accounting reform so necessary to accompany these transformations.

We are close to the closure of the second decade of transition, and we are witnessing significant economic and social changes in the path of transformation and development of our country. These transformations and developments have been accompanied by creating and upgrading legal and institutional infrastructure in all areas. One has been sought and realized in accounting and auditing, considering this a fundamental reform.

According to the official website of the National Council of accounting standards, analyzing the process of realizing this reform from the point of view of time and content, we can split it into two phases.

Accounting reform is carried out in two phases:

The first phase originates from the beginning of the transition period until 2004.

The second phase starts from 2004 onwards.

a) *The first phase* was about creating a legal and institutional infrastructure to pave the way and adapt to transforming the centralized economy into a market-based economy. Accounting legislation was created relying mainly on the legislation of the advanced Western countries and on the experiences of the eastern countries that were in transition. Law no. 7661, dated 19.01.1993 "On Accounting," defines the general obligations, principles, and primary rules for accounting keeping and preparing and presenting accounting products. By codifying the generally accepted fundamental principles at the international level and several accounting standards, the law established normalized accounting in our country.

The General Accounting Plan was drafted and approved to support the law. In addition, some measures
were undertaken To implement new accounting adjustments:

- Training of current professionals.
- Preparing future professionals in high and middle schools, making changes and improvements to curricula and teaching curricula.

At this stage, measures were taken to organize the profession of independent auditing, a profession that, in the centralized economy, was not only unknown but not necessary.

Modern times of economic development, especially globalization, make accounting and auditing standardization indispensable not only nationally but also internationally.

These were why the National Accounting Council took the initiative to draft the new Law no. 9228, "On Accounting and Financial Statements," approved by the Albanian Parliament on 29.04.2004.

3.2. Here begins the second phase of the reform in the field of accounting

The new Law 9228 "On Accounting and Financial Statements"(2004), addresses many shortcomings of previous accounting and financial reporting requirements. For example, accounting requirements in the previous law and the General Accounting Plan did not provide a high quality of financial reporting, especially to public interest entities based on which users of this information can make economic decisions.
The law stipulates that profit-making entities apply the Accounting Standards to prepare Financial Statements.
A considerable part of the above law occupies the status, composition, organization, and functioning of the National Accounting Council. The National Accounting Council, a consultative body of the Minister of Finance under the new law, is established as a public, professional body, independent, and enjoys legal personality. The National Accounting Council is the only body that compiles the national accounting standards following the requirements of this law and under international accounting standards. In addition, the council defines the rules for keeping the accounting, the list of accounts, and the format of the financial statements.
The public Oversight Board, a supervisory authority of the profession, and a guarantor for the audit quality have been set up. In addition, there are developments regarding the role of Certification and Registration Authorities, considering them as instruments necessary to ensure transparency in the preparation of members and to increase public confidence.

3.3 Achievements and shortcomings in the way standards are implemented

The design and implementation of Accounting Standards can not be thought of and perceived as something immediate and unchanging but as a continuous process, a process that will have time, which is about securing material infrastructure and professional capacities as well as reflecting post-internship requirements for the necessary changes in order to modernize and simplify it. According to J.Bollano, (2011), experience in standard implementation has highlighted achievements and shortcomings described below.

3.3.a. Achievements

J.Bollano,(2011) highlighted that the most significant achievement is that Albania, starting in 2008, implemented an accounting system that prepares financial statements based on International and National Accounting Standards developed in coherence. Therefore, when we talk about learning and applying accounting knowledge to its standards, we come to sample good practices in implementing the General Accounting Plan.
Ø From surveys and verifications, it has been shown that the preparation of financial statements is generally based on standards.
Using the information on the financial condition and performance prepared by economic entities, the National Accounting Council concluded that these micro-economic entities (such

as a bakery, shoe repairers, a professional, etc.) should be exempted from the obligation to apply the National Accounting Standards. These units account for a significant percentage of small and medium-sized units and cannot be left out of accounting regulation.

According to International Accounting Standard Board (2002), The necessary legal changes were made, and in the framework of the National Accounting Standards, a unique standard 15, "On the principles of Accounting and Financial Reporting by Micro-Entities," was drawn up and published. This standard aims to provide the basic concepts and principles and establish the rules for applying these principles to the presentation of economic events and the preparation of financial statements. Micro-units with natural person status with a turnover of up to 10,000,000 ALL will keep a simplified accounting by not preparing financial statements. In contrast, other entities with a turnover of more than 10,000,000 ALL will keep an incremental preparing and preparing statements such as Balance Sheet, Statement of Income and Expenses, cash flow, and Ownership capital statement, as well as explanatory notes.

3.3.b. Deficiencies

On the other hand J.Bollano,(2011) emphasized that the implementation of Standards for several entities is characterized by the inadequate preparation of the financial statements. Therefore, according to him another part of the subjects is of considerable sensitivity to the importance of enforcing standards and legal obligations to avoid these difficulties and problems related to:

1- Problems of transition from existing agreements to accounting standards.

Those who have dealt with the treatment of the elements of the previous balance sheet will have a new treatment in the future accounting period. Regarding conversion differences, entities have significant value items in their assets or liabilities, and the standards should undergo another accounting treatment. With new standards, conversion differences will also benefit from spending elements. These problems are more difficult because the entities implementing the IAS consider that these changes will be reflected retrospectively, which means correcting the previous years. In contrast, the changes will reflect prospectively for entities that apply the National Accounting Standards, which means not touching the past.

2- Measurement, evaluation, and presentation of the elements of the financial statements.

They relate mainly to the new concept of valuation of the elements of the financial statements— the main problems with the correct value.

Referring to the property, as there is no active market for it, the problem presented to their fair value is a problem for these economic entities. At the same time, using alternative means requires qualified staff to compile financial statements. It is done a little for intangible assets and liabilities to present their fair value.

In this regard, the impact has been inadequate staff training, the reporting culture has been geared towards fiscal reporting purposes, and no serious effort has been made for a true and accurate statement of the position and financial performance of the companies.

4. Problems encountered in drafting new financial statements

Blanc, L. (2003) pointed out that the new financial statements differ from previous ones created with problems. The tradition of presenting information in a certain way to create adaptation problems should already have been overturned by concepts such as:

a) From two financial statements and three different reporting formats for fiscal purposes, five formats have been developed according to standards.

b) the ratio of assets or liabilities. There were no such mandatory reports beforehand.

c) The presentation of property, plant, and equipment in the balance sheet will be for the carrying amount.

d) Presentation of the income statement will be realized in a single form (by nature or by function). Some items will already be presented at their net worth (allowing compensation).

4.1. Transition Problems to IFRSs and the need for SMAT

One of the transition problems from the General Accounting Plan to IFRS is that many accountants and business executives do not see the need to use IFRS. The financial information produced under IFRS is a product like everyone else, but the validity of this product is not always clearly legible.

One major problem is spending time and effort to explain to consumers the financial information that the product has any value.

According to Naco-Gaxha (2008), the most significant potential number of companies' financial information users belongs to the management of companies. The number of companies that need financial information for decision-making purposes exceeds those that need financial information to make attractive domestic capital. The utility of the information should be realized, which is why the demand for it has not increased.

One solution could be promoting and advertising the benefits of good financial information. It is necessary to show the arguments on the advantages of the financial statements under IFRS for business owners and their accountants.

The more societies adopt IFRSs, and the benefits of this transparent information will be, the more the word will spread, and the number of societies adopting IFRSs will increase.

Companies usually adopt only standard financial reporting, which is obligated by law, but the benefits of each company in implementing SMAT, especially in costing systems and in performance management or decision making related to customers, suppliers, and competitors. If companies implement SMAT, they will have the possibility to increase performance and have value-added for it.

- ***The need for legislative changes***

Naco-Gaxha, (2008), emphasized that another problem that has caused the change from the Albanian accounting plan to IFRSs is dealing with legislative changes. Significant changes have been made to existing legislation to make these changes. As a result, accounting and the law on taxes and civil society must change. Currently, slight changes in terms and definitions depend on which legislation we refer to. Nevertheless, there are also times when terms and concepts are not defined. For example, "market value" is used in accounting law, the term "market price" is used in the law on commercial companies, while the tax legislation uses both terms as replacements. At the same time, the IFRS system requires synchronization of sections with other parts of the laws.

- ***Administrative aspects.***

The number of ministry departments involved in the IFRS entry process in Albanian practices is not assisted by the number of ministry departments. This is strengthened by their coordination being small enough to say no more.

- ***Level of economic development.***

An argument often used as an admission of IFRS in Albania is that the economic structure does not allow the entry of many instruments or concepts as fair value or discounted value.

- ***The problem of accounting.***

There is a problem with accountants who know the rules and apply them. We have mentioned above why Albanian Constants do not follow the rules. As a result, some of them do not know the new rules. The mentality of Albanian accounting professionals needs to change before changes can be made to the system. A new generation of accountants should grow and be educated before replacing the old Albanian mentality. This mentality is replaced by a new way of dealing with accounting problems and solving their problems.

Today, a new dashboard control program is created to help companies improve their problems before bankruptcy. For example, if a company has problems with inventory, it flashes at the inventory point. If a company has problems with cash flows, it flashes at cash flow. So every problem should be identified on time. So the accountant or the owner can check it in time and make decisions to improve these elements and increase performance and profitability.

These elements are all part of strategic management accounting system implication.

4.2. Empirical data

To carry out this study, there are selected 30 businesses that operate in Albania, mainly in Durres, through the portal QKB.GOV.AL. As a result, they can see the balance sheets, financial statements, auditors' reports, and explanatory notes from which they understand how these businesses operate concerning the implementation of national accounting standards, international financial reporting standards, and costing SMAT.

In order to look at the impact of adopting the IAS on the financial statements, we analyze the data of the balance sheet statement of a company in the field of financial leasing services.

Tab.1. Summary of financial reporting requirements of economic entities

Entities	Standards	Audit	Explanatory notes
Limited liability companies	NAS / IFRS	(i) total assets (ii) total income (iii) number of employees (iv) if two of them are fulfilled for two consecutive years	They are required for medium, large and public interest units
Joint stock companies	NAS	Obligatory	They are required for medium, large and public interest units
Economic Units with Public Interest	IFRS	Obligatory	Obligatory
Public Entities	IFRS	Obligatory	They are required for medium, large and public interest units
Small and Medium Enterprises	NAS	(i) total assets (ii) total income (iii) number of employees (iv) if two of them are fulfilled for two consecutive years	

Source : Author

Tab.2. Summary of financial reporting requirements for micro, small and medium enterprises.

Criteria	Micro	Small	Medium	NPO
Total assets	15 mln ALL	150 mln ALL	750 mln ALL	-
Total revenue	30 mln ALL	300 mln ALL	1,500 mln ALL	-
Employees	10	50	250	
FINANCIAL STATEMENTS CONTENTS				
Balance Sheet	*abbreviated	Yes	Yes	Yes
statement of income and expenses	*abbreviated	Yes	Yes	Activities Overview
Cash Flow Statement	Optional	Optional	Yes	Yes
Statement of other comprehensive income	No	No	Yes	No
Statement of changes in equity	No	No	Yes	N/A
Explanatory notes	*abbreviated	Yes	Yes	Yes
Activity Progress Report	No	No	Yes	No
Internal Management Report	No	No	No	No
Report of Payments for State Institutions	No	No	No	No

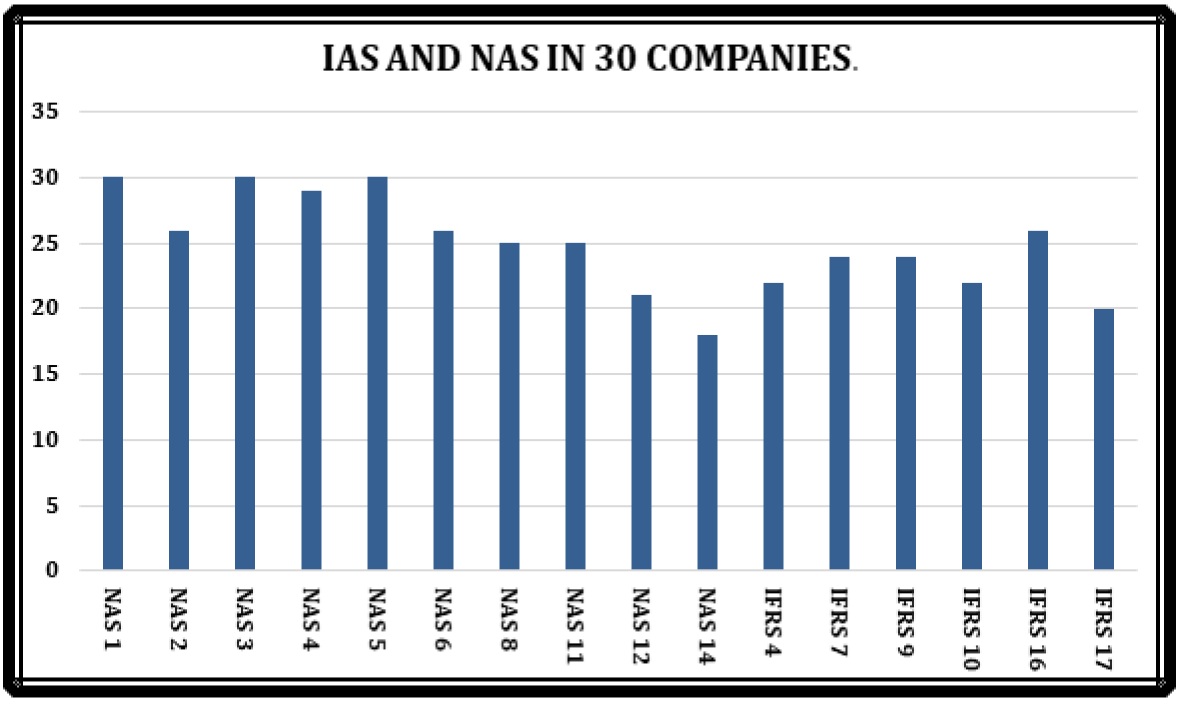
Source : Author

Tab.3. Summary implication of NAS, IFRS, and costing SMAT in 30 case study companies.

COMPANIES NAS/ IFRS	NAS 1	NAS 2	NAS 3	NAS 4	NAS 5	NAS 6	NAS 8	NAS 11	NAS 12	NAS 14	IFRS 4	IFRS 7	IFRS 9	IFRS 10	IFRS 16	IFRS 17	SMAT AC	SMAT ABC	SMAT TC	SMAT KC	SMAT QC	SMAT LCC	SMAT VCC
1	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X		X		X	X	
2	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X		X	X	
3	X		X	X	X	X	X	X	X		X	X	X	X	X		X	X	X		X	X	
4	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X		X		X	X	
5	X	X	X	X	X	X	X		X	X		X	X	X	X	X	X	X	X		X	X	
6	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X		X		X	X	
7	X	X	X	X	X	X	X		X	X	X		X	X		X	X		X		X	X	X
8	X		X	X	X		X	X	X		X	X	X	X	X	X	X		X			X	
9	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X		X	X	
10	X	X	X	X	X	X	X	X	X	X	X	X			X	X	X	X	X		X	X	
11	X	X	X	X	X	X					X		X	X	X	X	X		X		X	X	X
12	X		X	X	X	X	X	X	X	X	X	X			X	X	X		X		X	X	
13	X	X	X	X	X	X		X	X			X	X	X		X	X		X	X	X	X	X
14	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X		X	X	
15	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	
16	X	X	X	X	X		X	X	X				X		X	X	X	X	X			X	X
17	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X		X		X	X	
18	X	X	X		X	X	X	X	X				X	X	X	X	X		X			X	X
19	X		X	X	X	X	X	X		X		X		X	X	X	X		X	X	X	X	
20	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X
21	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	
22	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
23	X	X	X	X	X	X	X	X	X	X			X	X	X	X	X		X			X	
24	X	X	X	X	X	X		X			X	X	X		X	X			X		X	X	X
25	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X		X	X	
26	X	X	X	X	X	X					X		X		X		X	X	X		X	X	
27	X	X	X	X	X	X	X	X	X		X	X		X	X	X	X	X	X		X	X	X
28	X	X	X	X	X	X	X	X		X	X	X			X		X	X	X			X	
29	X	X	X	X	X		X					X	X	X	X	X	X		X		X	X	
30	X	X	X	X	X	X	X	X	X	X	X	X	X	X			X	X	X		X	X	X

Source: Author

Fig.1. IAS and NAS application in 30 SME-s in Albania



Source: Author

4.3. Data Analysis

From the observations of 30 companies which were taken into study it is noted the use of the following standards with their essential elements which are also emphasized by the National Accounting council.

NAS 1 and 2 included general information

NAS 1/37-69 included Principles and qualitative characteristics used for the drafting of Financial Statements. According to the National Accounting Council the economic entity has kept its assets, liabilities, and economic transactions in its accounts. Continuity of the economic activities of the reporting unit is ensured by not planning or needing to interrupt its activity. Council emphasized that there is no compensation between an asset and a liability, while there is between income and expenses only in the cases allowed by NAS. The comprehensibility of FS is realized to the fullest extent to be clear and understandable for external users with general and sufficient knowledge in the accounting field. The responsible persons have assessed the materiality, and on its basis, F.S have been drawn up only for material items.

On the other hand National Accounting Council decided that reliability has no material errors by applying the principles of faithful representation, the priority of the economic content over the legal form, impartiality without any intentional influence, prudence without excessive optimism without deliberate under and overestimations, completeness by presenting an accurate and fair view of F.S, stability is not to change accounting policies and methods, and the principle of comparability ensures comparison between two periods.

In the **NAS 2,** National Accounting council pointed out that it Shows the obligation of the economic entity to provide explanatory notes. General accounting policies and notes explaining various items and accounting policies

In **NAS 3 -14** standard there is some accounting information **and basically in NAS 3; 32/39** there is information about accounting of financial instruments such as: Monetary means, A debt instrument or A commitment to borrow.

According to the Council standard, NAS **4** applies to all inventories except work in progress related to construction contracts or financial instruments, or biological assets related to agricultural activity and agricultural production at the time of harvest. On the other hand **NAS 4;15** – it is used for determining inventory costs with the FIFO method (first in / first out).

NAS 5 is about the condition of goods presented according to periodic inventories **and generally NAS 5;11** is for the initial assessment of an element of TLTA (tangible long-term assets) that meets the criteria for recognizing an asset in the balance sheet statement assessed at cost. **While NAS 5;16** is for the production or creation of TLTA, borrowing costs and interest is the capitalization method in the asset's cost for the investment period financed by loans. **Also NAS 5;21** is applied for the previous evaluation of TLTA, the cost model was chosen by presenting the balance sheet with cost minus accumulated depreciation. **In standard 5 is included NAS 5;38** which is for the calculation of depreciation, the eco unit has been defined as the depreciation method TLTA the depreciation method based on the residual value, while the depreciation rates have been revised to be the same as those of the fiscal system. Another important part is **NAS 5; 59** which helps in calculating Intangible Long Term assets (ILTA). The reporting unit defined the linear depreciation method with a 15% depreciation rate.

Council decided that standard **NAS 8** applies to the accounting of incomes resulting from the following actions and events: sale of goods, the performance of services; the use of the economic entity's assets by third parties, from which interest income from the use of ownership (royalty), and income from dividends are generated.

While NAS 11 is another standard which is for Profit tax accounting. An entity should account for income tax by following steps (a)-(i) below: ● recognize current tax, measured at an amount that includes the effect of possible outcomes of a review by the tax authorities. ● identify which assets and liabilities could be expected to affect taxable profit if realized or settled at their current carrying amounts. ● At the end of the reporting period, determining the tax base of *assets and liabilitie*s and the consequences of realizing their current accounting values. ●Measure deferred tax assets and liabilities at a value that includes the effect of the possible results of a review by the tax authorities, using tax rates approved at the end of the reporting period. * And Finally recognize a provision against deferred tax assets so that the asset's net value equals the higher amount that is more likely than not to be realized, based on current or future taxable profit.

According to National accounting Council when it is referred to international accounting standards the most important to be applied in our country is INAS 14 which applies to:

● the accounting treatment of participation in the consolidated financial statements of an investor that is not a parenting company but has participation.
● for the accounting treatment of joint ventures in the consolidated financial statements of an investor that is not a parent company but has an entrepreneurial interest in one or more joint ventures.

While according to IFRS which are international it is necessary to implement IFRS 4 which is applied to:
● insurance contracts (including reinsurance contracts)
● financial instruments that it issues with a free participation feature
● product warranties issued directly by a manufacturer, broker, or retailer
● contractual rights or contractual obligations
● contingent amount payable or receivable in a business combination
Another important IFRS is 7 that deals with accounting value of each of the following categories,
● financial assets at fair value through profit or loss, presented separately
● investments held until maturity;
● loans and receivables;
● financial assets ready for sale;
● financial liabilities at fair value through profit or loss, presented separately
● financial liabilities measured at depreciated cost.
● the maximum exposure to the credit risk of the loan or receivable at the reporting date.
● the amount related to credit derivatives or similar instruments mitigate this maximum exposure to credit risk.
● The accumulated amount, with the loans' fair value, corresponds to the change in the credit risk of the defined financial assets.
Also principal is IFRS 9 which applies to those contracts to buy or sell a non-financial element that can be settled in cash or by exchanging other financial instruments.
On the other hand it is IFRS 10 which is necessary when an economic entity, a parent company, is obligatory to present consolidated financial statements.
The economic entity considers all the contract terms and other relevant facts and circumstances based on implementation of **IFRS 16**.
And finally The economic entity must consider its primary rights and obligations arising from a contract, law, or other regulation based on **IFRS 17**.

4.3.a. Balance Sheet statement of sample "X" company from observations.

Once we have obtained the company's financial statements, according to the current accounting rules, we have made the necessary adjustments to appear in the accounts built according to international accounting standards to see their impact on these statements.

The first table gives the data according to the two standards and the corresponding effects on the company's balance sheet items.

Tab.4. Balance Sheet statement sample of "X" company

Account Balance IFRS / NAS	**166,267,517**	**166,237,998**	**29,519**
Assets	**Value as for IAS**	**NAS**	**Differences**
Cash and Bank	511,995,823	511,995,823	
Bonds	1,136,109,403	1,136,109,403	
Loans to clients	168,676,835	168,638,418	(38,417)
Deferred (quotas)	(2,345,473)		2,345,473
Net fixed assets	6,576,889	6,576,889	
Unprocessed assets	1,380,103	1,380,103	
Deferred tax assets	174,038		(174,038)
Other assets	26,557,641	32,075,358	5,517,717
Total Assets	1,849,125,259	1,856,775,994	7,650,735
liabilities			
Other loans	1,737,084,487.0	1,737,084,487.0	
Current and other obligations	3,190,821.0	4,031,494.0	840,673.0
DTL	174,038.0		(174,038.0)
Total liabilities	1,740,449,346.0	1,741,115,981.0	
Shareholders' equity			
Capital	123,000,000.0	123,000,000.0	
Delivered victories			
Profit for the contagion period	-14,324,088.0	-7,339,987.0	6,984,101.0
	1,849,125,259.0	1,856,775,994.0	7,650,735.0

5. Some more details about SMA, NAS, and IAS noted in Albanian companies

SMA is a combination of financial accounting, managerial accounting, and strategic management. It gathers different information from customers, suppliers, products, and competitors in the market.

SMA is not legally obligated, which is why many companies do not use this accounting. In contrast, Financial Accounting is legally obligated, and all companies have used it. While about strategic management accounting techniques, they do not have much information about this kind of accounting and its techniques. This is a new accounting field, and businesses do not have much information about it. On the other hand, it has to do with inside information, and it is not obligated by law, so companies are not obligated to use it. Techniques of SMA even are not obligated. Nevertheless, they must be used because each SMAT helps better planning and

future decision-making. Techniques are divided into seven different groups according to the function they perform.
A) Cost-oriented techniques which include: 1- Attribute costing, 2- Activity Based Costing (ABC/ABM), 3- Target Costing, 4- Kaizer Costing, 5- Quality Costing, 6- Life Cycle Costing, 7- Value Chain Costing
B) Planning evaluating and monitoring oriented techniques: 1- Capital Budgeting Cost, 2- Benchmarking, 3- Integrated Performance Measurement or Balanced Scorecard.
C) Decision-making or future-oriented techniques: 1- Strategic Pricing, 2- Brand monitoring and valuation, 3-Strategic Costing, 4- Product Profitability Analysis.
D) Competitor Oriented techniques: 1- Competitive position monitoring, 2- Competitor Cost Estimation, 3- Competitor Performance Evaluation.
E) Customer-Oriented Techniques: 1- Lifetime Customer Profitability Analysis, 2- Valuation of Customers as Assets, 3- Customer Profitability Analysis, 4- Environmental Costing.
F) Process-Oriented Techniques, which Include: 1- Total Quality Management, 2- Just in Time Product, and 3- Lean Costing.
G) Supplier Oriented techniques: 1- Supplier Position Monitoring, 2- Suppliers Performance Evaluation.
Many SMEs taken into the study have used these techniques but do not have information that these are part of Strategic Management Accounting. According to all the SMEs, a suggestion is to be more informed about this new kind of Strategic Accounting which is indispensable for increasing their performance by improving the planning, controlling, and decision-making process in every SME. In this study, only costing techniques are tested, which are very important in producing high-quality products, realizing high production processes, and setting fair prices in the market. It all has to do with decision-making, competitors in the same market, and with suppliers for producing the same product. That is why costing techniques are essential for every company, especially for the production industry.

6. Conclusions

Albania's SME sector mainly focuses on the domestic market and lacks or fears international competition. Therefore, it profoundly affects their growth opportunities in international markets.
Various reports from national or international agencies, including periodic progress reports prepared by the European Commission, emphasized that the business environment of SMEs in Albania has improved, especially with company registration procedures and access to financing.
However, significant gaps remain in terms of technological capacity and human capital development, hindering the ability of Albanian micro, small and medium-sized companies to compete with EU SMEs. In the EU, there should also be ease in creating SMEs by creating special funds for their financing on an ongoing basis.

Other economic entities that recognized the importance of implementing the standards and accepted the legal responsibility to do so experienced difficulties and problems related to the transition from existing agreements to the new standards of accounting, measurement, evaluation, and disclosure of information in the statements. Financial statements, or the adjustment of new financial statements, etc.

In order to achieve the correct and complete implementation of KKK/IFRS, It is believed that all parties involved should continue to work towards raising the awareness of the business environment about the importance of exemplary implementation and comprehensive standards of accounting/auditing and financial reporting.

SME standards should closely follow the full ICS/IFRS and respondents advocated a more active rule for local authorities seeing the two sets of standards as essentially independent.

7. Recommendations

The process of education and teaching should be a process that begins at school and continues indefinitely during the exercise of the profession. With this, we must understand that university education should provide the theoretical foundations for prospective accounting professionals or auditors and conduct a review of curricula and university programs.

Professional organizations and continuous training courses for educators and auditors of financial statements should consider as their work priorities updated programs with changes from competent standard bodies to reflect problems arising from the practice and seeking solutions.

Encouraging and stimulating individual works or co-authors of educators and professionals in accounting and the creation and well-functioning of various professional organizations.

Give special attention to the business environment to sensitize the importance of applying accounting standards.

The business community, especially senior managers, must understand that financial statements are used by the tax department and many other users. Therefore, proper application of accounting standards means education for the whole society and not for a part of it.

Professional and professional structures must be set up and operated to resolve asset valuation and repricing issues as required.

Increase the boundaries for the classification of entities by making the change in legislation to approach other countries in the region, which will reduce the cost of business information. Currently, the criteria for turnover are several times lower than in the region.

This and for reasons to further expand cooperation and exchange experience with regional counterparts in the accounting field.

Today we need to change our thinking and action culture, prepare financial statements and audit them.

Today, we are a candidate to join the EU and have to think about such acts as *opening capital markets, signing the Stabilization and Association Agreement, signing free trade, etc.*

The agreement and Europeanization of the Albanian economy require transparency and accounting in the same language. Fulfilling these conditions will ease the problems of Albania's EU integration.

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