THEORETICAL BACKGROUND AND CASE STUDY APPROACH OF THE DIFFERENCES BETWEEN INTERNATIONAL ACCOUNTING STANDARDS (IASs) AND GREEK GAAP.

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Abstract

The need to study the International Accounting Standards (IASs) is detected in the transformations in the local and universal level. In this paper, we present a comparison of specific Greek Accounting Standards to related International Accounting Standards (IASs) before the fully adoption of IASs in Greece. This paper is intended to enlighten many aspects of these differences as far as it concerns the valuation of fixed assets, the methods of depreciation, the valuation of stock (inventory), the deferred taxation, the foreign currency translation, the brand and trademarks, the goodwill and the cash flow statements. Furthermore, the impact of the differences on the general economic level is depictured. An attempt is being made, via a case study approach to analyse their impact in the financial statements. For that reason, we select the financial statement of an enterprise, which belongs in the food industry sector in ASE, for further analysis. The results indicate that, there are significant differences between International Accounting Standards (IASs) and the specific Greek Accounting Standards which we should study in order to reassure the credibility of the financial statements in the extremely fluid business environment.

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1. INTRODUCTION

The scenery of legal systems differs around the world and as a consequence, accounting systems are regulated with different way in various countries (Alexander and Nobes, 2001). However, the globalisation of markets and the extension of companies over the narrow national limits are a reality. It is necessary for companies to change its strategy in proportion to this new environment (Elliot,2004). The use of a common accounting system is a step for effectuation of these objectives. For these reasons it is developed an internationally acceptable set of reporting standards that would generate more comparable financial information across national boundaries by minimizing, if not eliminating, differences in countries' domestic generally accepted accounting principles (GAAP) (FASB, 1996).

The adoption of International Accounting Standards (IAS) in Greece gives an opportunity to the Greek companies to elect their advantages and to rival equally in the international ground **(Panagiotidis, 2004)**. Moreover, the adoption of IAS helps the Athens Stock Exchange (ASE) to improve its picture and attract foreign investments and therefore foreign capitals. Law 3229/2004 provides the possibility of deviation from the Greek Uniform Chart of Accounts (GUCA) in order for the companies to adopt IAS and prepare its financial statements according to international standards.

2. Methodology

The purpose of this paper is the comparison of specific Greek Accounting Standards as far as it concerns the valuation of fixed assets and the methods of depreciation, valuation of stock (inventory), deferred taxation, foreign currency translation, brands and trademarks, goodwill and cash flow statements to related International Accounting Standards (IASs) before the fully adoption of IASs in Greece. For that reason, we select the financial statement of an enterprise, which belong in the food industry sector in ASE(Athens Stock Exchange), for further analysis. This company is Goodys S.A., a Greek enterprise that is the largest company of quick service restaurant in Greece. We use the financial statements of Goodys for 2003 and specific items, which are referred above, are compared to each other and to the methods suggested by the benchmark treatment of IAS. It is important to notify that Goodys reports its financial statements using Greek GAAP.

Specifically, the paper is structured as follow: analysis of valuation of fixed tangible assets, depreciation of fixed tangible assets, valuation of inventories, deferred taxation, foreign currency translation, brands and trademarks, goodwill and cash flow statements according to principles of IAS and Greek GAAP. In the end of the paper, we arrive to some conclusions about the above comparison.

3. FIXED TANGIBLE ASSETS

"IASC Framework defines an asset as: a resource controlled by the enterprise as a result of past events, and from which future economic benefits are expected to flow to the enterprise. They are divided to "fixed assets" or "non-current assets" and "current assets". Fixed assets are divided to "intangible assets" and "tangible assets". Tangible fixed assets are referred to as property, plant and equipment. They are used more than one period in order to product or supply goods and services" (Alexander et al, 2003).

European Union Fourth Directive contains land and buildings, plant and machinery, other fixtures and fittings, tools and equipment, payments on account and tangible assets in course of construction in a list of tangible assets that should appear in the balance sheet.

When concerning the published annual reports of companies, where relevance and reliability are needed the valuation of assets adopts the historical cost. The benchmark treatment of IAS 16 states that: "Subsequent to initial recognition as an asset, an item of property, plant and equipment should be carried at its cost less any accumulated depreciation and any accumulated impairment losses"(paragraph 29). When an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs should be revalued. When an asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to equity under the heading of revaluation surplus. A revaluation increase should be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

According to the Greek Accounting Standards, the first group of the Greek Uniform Chart of Accounts (GUCA)-Fixed Assets- includes the total of goods, values and rights, which are intended to remain long-lasting, with the same roughly form, in the economic unit, as well as expenses such as depreciation. Tangible Fixed Assets (accounts 10-15) are the material goods that are acquired by the economic unit with an intention of using them as means of action at the duration of their beneficial life which lasts more than one year (Law 2190/1920). They can be extended, improved, maintained or repaired. Any improvement has as a consequence the increase of their beneficial life, the increase of their productivity, the reduction of the cost of operation or the improvement of the conditions of utilisation of them. The cost overloads the value of possession of these assets and is registered in the relative accounts of them (PD 1123/1980,article 1,paragraph 2.2.205). The expenses of maintenance and repair of them are registered in the familiar accounts of expenses of group 6 (Greek Uniform Chart of Accounts). The fixed tangible assets are valued in the price of possession or at the cost of their construction. In case of readjustment of an asset, the rehabilitated value is considered to be the value of possession of it (Law 2190/1920, article 43, paragraph 5).

Table 1: Statements of fixed assets of Goodys S.A. (All assets are valued at cost less accumulated depreciation - Annual Report 2003).

FIXED ASSETS	**COST OF ACQUISITION 31.12.00**	**ADDITIONS / (DEDUCTIONS) 01.01.01 31.12.03**	**TOTAL COST BEFORE DEPRECIATION 31.12.03**	**TOTAL DEPRECIATED VALUE 31.12.03**	**TOTAL VALUE 31.12.03**
Tangible Assets					
Fields-Grounds	588,9	2409,2	**2998,1**	-	**2998,1**
Buildings & Facilities	1525,2	4530,7	**6055,9**	820,4	**5235,4**
Machinery, Machine installations & other mechanical equipment	110,9	(58,2)	**52,7**	52,7	**0**
Transport Equipment	506,7	(506,7)	-	-	-
Furniture & other equipment	1539,9	814,3	**2354,2**	1723,7	**630,5**
Capital Investment in Progress	-	143,8	**143,8**	-	**143,8**
TOTAL	4271,6	7333,1	**11604,7**	2596,8	**9007,8**

When the company applies IAS, then the valuation of its tangible fixed assets can be done by reducing the accumulated depreciation and any accumulated impairment losses from the cost of possession of these assets. When there is a revaluation of an asset, the increase of the value should be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense. To conclude, either the enterprise adopts IAS or continues to apply Greek GAAP, it applies the same policy in the valuation of tangible fixed assets with the only difference in revaluation policy. According to Greek GAAP, the rehabilitated value is considered to be the value of possession of it.

4. DEPRECIATION OF TANGIBLE FIXED ASSETS

IAS 16 defines depreciation as the systematic allocation of the depreciable amount of an asset over its useful life. Depreciable amount is the cost of an asset substituted for cost in the financial statements, less its residual value (Alexander et al, 2003). For this allocation a number of known methods are used:

- Straight line

- Reducing balance
- Sum of the digits method

IAS 16 states that the method used is selected based on the expected pattern of economic benefits and are consistently applied from period to period unless there is a change in the expected pattern of economic benefits from that asset. A company is supposed in regular intervals to revise the useful life of assets as well as the method of depreciation (Grant, 2002).

In Greek GAAP, depreciation is the time distribution of amortizable value of fixed assets that is calculated based on the useful duration of their life and, consecutively, the accountant representation and the charge of it in every following period (Ignatiadis, 1989). The amount of annual depreciation represents the reduction of value of the assets that is caused by the use, the byway of time and its economic scorn (Sakellis, 2003). Depreciated value is the historical cost or other amount that replaced regularly the historical cost decreased by the residual value, provided that this is appreciable (Greek Uniform Chart of Accounts). The depreciated value of tangible fixed assets is distributed in each accounting period, during their beneficial life, with regular technique. For the calculation of it, the method of constant depreciation is applied (Sakellis, 2003). The depreciation is calculated based on the annual depreciation rates determined by the legislation for each category of the fixed tangible assets (PD 299/2003). It is not allowed the estimation of depreciation using rates higher than those are determined by the current legislation. Also, the Greek Legislation does not permit the estimation of depreciation using rates lower than the minimal rates required. The calculation of depreciation starts from the moment it begins to be used or to be operated (Greek Uniform Chart of Accounts). PD 299/2003 allows the use of reducing balance method (Sakellis, 2003). However, the straight-line method is the more accepted method of depreciation in Greece. In contrary, it is not accepted the sum of the digits method. Below in table 2 we illustrate the new rates of depreciation according to P.D. 299/2003:

Table 2: The rates of depreciation according to PD 299/2003

CLASS OF ASSETS	**% DEPRECIATION**
Commercial/residential buildings	Min 3% max 12%
Industrial buildings	Min 5% max 8%
Machinery and equipment	Min 11% max 15%
Computers	Min 24% max 30%
Trucks and buses	Min 15% max 20%
Other vehicles	Min 11% max 15%
Office furniture and equipment	Min 15% max 20%

Goodys S.A. follows the Greek legislation and it performs depreciation on its fixed assets, according to the new rates of P.D. 299/2003. Consequently, the results of the closing year for Goodys are benefited at an amount of approximately euro 73.000 euro.

IASs suggest that each company will appreciate the beneficial life of assets with constant controls and readjustments **(Mavromatis, 2002).**

Each company determines the rates and the method, which are used for depreciation, and it must notify them. Overall, we can understand that the depreciation is not so fixed as it is in Greek GAAP.

5. STOCK (INVENTORY) VALUATION

The valuation of inventories (IAS 2) demands concern as it is a significant factor for the determination of cost of goods sold and consequently of the net income (Alexander et al, 2003). Before the evaluation, it is needed to know the quantity of and the type of the existing inventories. One of the estimating quantity methods is the periodic counting where all types of inventory are physically counted and recorded at a specific date (Alexander and Nobes, 2001). The other method is the perpetual inventory method according to which the inventory is recorded item by item. (Alexander and Nobes, 2001). After that, the revaluation follows. In order to evaluate the cost of the inventories, it is necessary to determine the cost of raw materials as well as the cost of converting raw materials into goods and services for sale (Horngren, 2003). Costs incurred in bringing the inventories to their present location and condition, which have to be estimated, too.

The methods for evaluating the inventories according to IAS principles are:

- First in, first out (FIFO).
- Weighted average.
- Last out, first in (LIFO).

It must be mentioned that according to last revision of IAS 2, LIFO (Last In, First Out) is not accepted.

International Accounting Standard Committee states that an enterprise should use the same cost formula for all inventories having similar nature and use to the enterprise. The IAS policy for the valuation of the inventory is to be measured at the lower of cost and net realizable value (IAS 2, Paragraph 2). It also states that inventories should be measured on the historical cost basis. Its benchmark treatment does not require any particular method.

In the Greek Uniform Chart of Accounts, group 2 includes the Inventories of economic units that come from market, or from production. In group 2 are included the following categories of inventories:

- Merchandises (account 20),
- Final products (account 21),
- Semi finished products (account 21),
- By-products (account 22)
- Remains (account 22),
- Work in progress (account 23),
- Direct and indirect raw materials (account 24),
- Packaging and packing materials (account 24),
- Consumable supplies (account 25),

The companies must record all the spices of their inventories, their quality and quantity and classify them in categories at least one time in each economic period and particularly at the end of it (www.gus.gr). Inventories that have been bought are evaluated at the lower of cost and current price of market (Alifantis, 2004). The Methods are:

- Weighted average
- First in, first out (FIFO)
- Last in, first out (LIFO)
- Base inventory
- Unit cost.

The method which is used by the enterprise will be fixed and its change is allowed only if either the conditions fluctuate or there is any important reason.

Goody's S.A. does not have significant amount of inventories although its value has a little increase in relation to the previous years (2002). The inventories were 48008,5 in 31/12/2003. The inventories of Goody s are valued with the method of weighted average while there are not damaged inventories and remains. Weighted average is a compromising between LIFO and FIFO. The difference is that, in IAS, the weighted average and the FIFO are the only accepted methods. In the table 3, it is presented the inventories of Goody's S.A.:

Table 3: Inventories (Annual Report 2003)

GOODYS S.A. INVENTORIES	31.12.2003
Merchandise	29271,36
Raw and packaging material and consumables	13030,55
Goods- in- transit	5706,59
TOTAL	**48008,50**

6. DEFERRED TAXATION

IAS 12 has the purpose to set down the accounting treatment of income taxes (www.iasplus.com). Accounting for deferred tax is the appreciation of the tax implied by the estimations of assets and liabilities in the balance sheet date **(Alexander and Nobes, 2001)**. The main idea is that deferred liability should be recognized for all taxable impermanent differences except from those that arise from goodwill, from initial recognition of an asset/liability apart from in a business combination and those that arise from undistributed profits from investments (www.iasplus.com). Taxable temporary differences have as a result taxable amounts when the carrying amount of the asset is recovered or the liability settled. In addition, deductible temporary differences have as a result amount tax deductible when the carrying amount of the asset is recovered or the liability settled **(Johnsen et al,2003)**. The measurement of the deferred tax and liabilities is achieved by using the tax rates applied to the period during which the asset is realized or the liability settled (liability method). Actually, there is another method of estimating of it, which is the deferral method. Then the tax rate is applied when the time difference is originated **(Alexander et al, 2003).** Current and deferred tax is recognized as income or expense and is integrated in net profit or loss with the exception of the arising of it from event recognized in equity or business arrangement regarded as acquisition (IAS 12).

In 1992, Law 2065/1992 brought a great tax change in our country: the common taxation of all legal entities with a single factor initially fixed in 35% of the total of taxable profits of enterprises **(Alifantis, 2004).** In order to calculate the tax of income, the profits which are exempted from the tax are deducted from the net profits of the legal entities, as well as the profits which come from dividends of native society anonyme or cooperatives or from mutual funds or from shares of company of limited responsibility **(Walter, 2000).** During this estimation, there are some expenses that they are not recognized as tax expenses which can be removed from the gross income, so that they can determine the tax profit and accordingly the tax of income. Thus, tax differences are created. Expenses that are not tax deducted are the premiums of insurance of personnel (more than an amount), important donations, the expenses of cars etc. These expenses create an additional expense for the enterprise, which is the tax of income because it decreases its income but does not have however the same right tax **(Alifantis, 2004).** Finally, it is necessary to tell that there is not any statement in Greek GAAP for deferred taxation.

Goodys, which report its financial statements using the Greek Accounting Standards, do not apply any law about the deferred calculation of taxes. Oppositely, according to IAS deferred tax is recognized as income or expense and is integrated in net profit or loss with the exception of the arising of it from event recognized in equity or business arrangement regarded as acquisition (IAS 12).

7. FOREIGN CURRENCY TRANSLATION

All records and reports of the companies that are cooperating with other companies abroad or own subsidiaries internationally must be stated and followed in “home” currency by using exchange rates which are changing all the time globally **(Alexander et al, 2003).**

According to IAS 21 “An exchange difference results when there is a change in the exchange rate between the transaction date and the date of settlement of any monetary items arising from a foreign currency transaction….”. “Exchange differences arising on the settlement of monetary items or on reporting an enterprise’s monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, should be recognized as income or expenses in the period in which they arise”. When translating any particular item two possible views are taken: 1) we can use the rate ruling when the item was created (historic rate) and 2) when the item is reported (current or closing rate) **(Alexander, et al, 2003).**

IAS 21 mentions that when foreign operations are essential to those of the reporting company, the temporal method is used and when they function independently from the parent enterprise the closing rate one **(Alexander and Nobes, 2001).** Under its benchmark requirements only foreign currency monetary items should be reported using closing rate; non-monetary items which are carried at historical cost denominated in a foreign currency should be reported using the exchange rate at the date of acquisition, or if the fair value is used, the exchange prevalent when the fair value was determined.

Greek Uniform Chart of Accounts distinguishes the foreign exchange differences into two categories: a) the differences that come from evaluation of debits or loans used for the acquisition of fixed assets and b) those that come from the evaluation of other claims and liabilities **(Alifantis, 2004).** As far as it concerns the exchange differences, they are transferred in the account "Foreign exchange differences". Law 2190/1920, article 43, paragraph 3c states that: "The exchange differences that result during the payment or the valuation of obligations from loans or credits in foreign currency, provided that the loans were used exclusively for the acquisition of fixed assets, are registered in the account of set-up expenses Exchange differences of loans for acquisition of fixed assets". Tax Record Code states that such differences are registered in account of long-lasting depreciation. The exchange differences resulted at the estimation of requirements and obligations in foreign currency, with further discrimination in short-term or long-term requirements and obligations are transported in profit and loss accounts of the current use when it is about debiting balance and in profit and loss accounts of next use when it is about credit balance **(www.gus.gr).** According the Greek Uniform Chart of Accounts fixed investments of an enterprise that happen to be abroad are estimated at their acquisition cost.

For the use of 2003, Goodys S.A. did not have any loan from foreign banks or other foreign institutions with the result we can not understand the way which it used the foreign currency translation.

Generally, according to Greek GAAP the exchange differences (expenses) come from loans which are considered as intangible assets and amortized during the period of loans while in IAS the differences (expenses) increase the cost of acquisition of an asset and amortized during the useful life of the asset.

8. BRAND AND TRADEMARKS

Both of them belong to the Intangible Assets of an enterprise. Enterprises frequently expend resources on the acquisition, development, maintenance or enhancement of intangible resources such as scientific or technical knowledge, licences, intellectual property, trademarks and brand names (IAS 38). Three criteria need to be satisfied before an item should be recognized as an intangible asset under IAS 38: identifiability, control and reliable measurability **(Alexander et al, 2003).** Trademark is any statement, name, figure or device or any combination of them adopted and used by a firm to identify goods made or sold by it and to differentiate them from products that are made or sold by other firms. Brands are considered to be main possessions for any company and are gradually more significant in today's extremely competitive markets (www.nortonrose.com). These intangible assets after initial recognition should be carried at cost less any accumulated depreciation and any accumulated impairment losses (IAS 38). Consistent with IAS 38 some internally generated brands are not recognized as assets. They are considered to be part of goodwill.

Apart from the Goodwill, in Group 1, are included rights such as industrial rights, trademarks, patents, licenses, processes, models and patterns. Intangible assets are these assets that have no physical substance, ensure to their holder certain exclusive rights, provide to the enterprise future profits and have relatively big useful life (G. U. C. A.). They are distinguished into two categories: a) rights and b) relations, real situations and attributes. These assets that are bought, are evaluated at their cost of acquisition **(E. Sakellis, 2003)**. The cost of acquisition of these assets is amortized in a straight-line method during its useful life. Goodys S.A. produces and sells club sandwich (the most popular product of Goodys S.A.), Pita pita, Premiere, Richie, Juniors club etc.

Both of IAS and Greek GAAP accept the use of brands and trademarks by enterprises. With the only difference that in IAS brands are considered to be part of goodwill while in Greek GAAP they are amortized in a straight-line method during its beneficial life.

9. GOODWILL

On 31 March 2004, the International Accounting Standard Board issued International Financial Reporting Standard 3 (IFRS 3), which replaces IAS 22. The reasons for IASB issuing this standard was the reduction of existing options established in superseded IAS 22 under national accounting regimes and the search of international convergence on the accounting convergence on the accounting for business combinations **(Enevoldsen, 2004)**. With this replacement, IASB changes IAS 16- Impairment of Assets and IAS 38- Intangible Assets. Business combinations must be accounted for using the purchase method. Amortization of Goodwill is prohibited. Instead of this, it must be tested for impairment in one year or more frequently if events or changes in circumstances indicate that it might be impaired (www.iasb.com).

As far as it concerns the G. U. C. A., Goodwill is included in Group 1. It represents the "surplus value" or "fame and clientele" of a company that offers total value higher than the one that result from the evaluation of its individual assets **(Sakellis, 2003)**. In account 16.00 "surplus value of enterprise (Goodwill)" is estimated the surplus value that is created during the mergers or acquisitions of companies and it is equal to the difference between the total price of market and the real value of their individual assets **(Law No 2190/1920)**. The Goodwill is amortized entirely or partially but no more than five years (G.U.C.A.).

In balance sheet of Goodys S.A, for 2003, is also included goodwill euro 3393 millions derived from the acquisition of its subsidiary in previous year, which is annually amortized at a rate of 5% instead of 20%. The amortization of goodwill will become within 20 years after the decision of the company and not according to article 43 of law 2190/20, which define that the goodwill amortized within 5 years. Consequently, the equity is increased at an amount of approximately euro 2,545 millions and the results of the closing year are also increased at an amount of approximately euro 509 thousands.

According to IFRS 3, the company must impair the goodwill in one year or more frequently while Greek GAAP define that goodwill amortize within 5 years.

10. CASH FLOW STATEMENTS

According to IAS 7, the cash flow statements constitute integral part of financial statements of a company. This means that the statement is obligatory such as the balance sheet, the income statement and the statement of changes in equity.
The cash flow statement is divided in three parts:

- Operating activities: this part contains the cash inflow and outflow which derive from the main or core revenue-producing activities of the enterprise
- Investing activities: this part contains revenues or payments, which derived from investing activities of company. Investing activities are all the activities by which we have purchased or have sold some assets or part of assets, which were bought for its financial utilization.
- Financing activities: this part contains transactions which clearly derived from financial activities such as increase of capital, issue of shares, creation of new loans, repayment of shares, prepayment of debts and repayment of dividends.

The calculation of cash inflows and outflows, which derived from the operating activities of the enterprise, can become with two different ways:

- Direct method: it presents receipt and payment flows separately for each category of operating activities: selling, purchasing, securing employees labour etc.
- Indirect method: calculates the net cash flow from operating activities by adjusting net profit or loss for the effects of:
  - Changes in inventories and operating receivables and payments
  - Add non-cash items (depreciations, provisions, deferred taxes)
  - All other items for which the cash effects are investing or financing cash flows.

With decision of the committee of the market (5/204/14-11-2000), the only difference on the Greek accounting policy in relation to International Accounting Standards is that in Greek GAAP the cash flow from operating activities is calculated only with indirect method while IAS 7 suggests the application of direct method while it accepts and the application of indirect method. Meanwhile, the most companies use the indirect method for the calculation of its operating activities in their cash flow statement.

In its cash flow statement in 2003, Goodys S.A. uses the indirect method in the calculation of cash flow from operating activities. The specific method is chosen by Goodys because of the more ease and the acceptance of Greek GAAP by Goodys. The enterprise does not publish the cash flow statement in its financial statements, which is obliged to do when it adopts IAS.

It has to be mentioned that the Greek companies are not obliged to publish its cash flow statement according to Greek GAAP. The financial statements, which must be published, according to Greek accounting standards, are the balance sheet, the income statement, the income appropriation account and notes to the financial statements.

11. CONCLUSION

By analyzing and comparing the accounting methods used by Goodys according to Greek legislation and those required by IAS, it is investigated the degree to which national standards are consistent with them and moreover, it is more obvious the extend to which Greece has to try in order to leave its accounting tradition and enter the new accounting perspectives. **Ashbaugh (1999)** suggest that firms adopting IAS are meeting higher recognition and disclosure standards than required under their domestic-GAAP. Greece adopted accounting harmonization with the enactment of Law 2992/2002, which requires Greek companies listed on the Athens Stock Exchange to apply IAS, beginning in the calendar year 2003. The disclosing of financial statements according to IAS for the Greek Listed Companies deferred for 2006.

The results of the comparison between Greek GAAP and IAS that took place in this paper are stated below:

1. In valuation of fixed tangible assets, the process which is applied according to Greek GAAP is the same as this which is applied from companies that have adopted IAS. They valuate their fixed tangible assets if it is reduced the accumulated depreciation from historical cost of them. The only difference is in the revaluation policy in which according to IAS principles the increase or decrease in value is considered as income or expense correspondingly while in Greek accounting standards the readjustment is considered to be the value of possession of asset.
2. According to Greek legislation, Greek companies depreciates its fixed tangible assets from the 1/1/2003 based on the annual depreciation rates determined by the legislation for each category of the fixed tangible assets **(PD 299/2003).** In IAS, each company appreciates the useful life of its fixed tangible assets and in base to one of three methods of depreciation, it calculates the depreciation.
3. In valuation of inventories, the Greek GAAP accepts five methods (FIFO, weighted average, LIFO, unit cost and base inventory) while IAS accept the two first methods. The formula, which the each company chooses, is up to it.
4. According to Greek legislation, in financial statements appear only taxes that are estimated based on Greek Tax Code while there is not any statement about deferred taxes. On the other hand, IAS

demand each tax income to be faced as an expense. Obligations due to temporary accounting differences are supposed to be calculated and presented as future obligations of payable taxes or as requirements representing forward payment taxes **(Grant, 2002)**.

5. According to Greek Legislation exchange differences (expenses) arose by loans which are taken for the acquisition of a fixed asset, are considered as intangible assets and amortized during the period of the loan. For IAS these expenses increase the cost and amortized during the useful life of the asset.
6. Both of IAS and Greek GAAP accept the use of brands and trademarks by enterprises. In IAS, brands are considered to be part of goodwill while in Greek standards they are evaluated at their cost of acquisition and it is amortized in a straight-line method during its useful life.
7. According to Law No 2190/1920, the surplus value that is created during the mergers or acquisitions of companies and it is equal to the difference between the total price of market and the real value of their individual assets is the Goodwill which is amortized entirely or partially but no more than five years (G.U.C.A.). IFRS 3 prohibit the amortization of Goodwill. Instead of this, it must be tested for impairment in one year or more frequently if events or changes in circumstances indicate that it might be impaired.
8. According to IAS, the companies is obliged to publish its cash flow statement with other financial statements while it is not obligatory in Greek GAAP. Furthermore, IAS give the opportunity to companies to use either the direct or the indirect method in the calculation of cash flow while Greek GAAP accept only the use of indirect method.

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