# Analysis of Financial Accounting in Portuguese Companies: Context, Standards and Contemporary Challenges

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***Abstract***
*This study examines financial accounting in Portugal, investigating its historical development, theoretical foundations, applicable standards, and the impact of globalization on the national accounting system. It examines the role of regulatory entities, current legislation, and the unique characteristics of small and medium-sized Brazilian companies, highlighting the challenges and necessary adaptations in response to regulatory changes. The instruments and techniques used, such as financial statements and methods for valuing assets and liabilities, are discussed, as well as the integration of accounting with information systems and emerging technologies. The research also examines the increasing adoption of environmental, social, and governance (ESG) metrics, emphasizing the significance of sustainability and social responsibility in financial reporting. Finally, it emphasizes the importance of professional training and qualifications to ensure compliance and the quality of accounting information, while also highlighting the need for Brazilian companies to adapt to current and future regulatory and technological requirements continually.*

## 1 Introduction

Financial accounting serves as the primary basis for producing economic information within companies. It is through accounting that an entity's performance and financial position are organized, measured, and communicated, according to standards that aim to ensure consistency and comparability over time and between companies. This function is regulated in Portugal by the Accounting Standardization System (SNC), which aims to provide data on financial position, results obtained, and changes in that position, enabling a wide range of users to make informed economic decisions (Stefanyshyn & Dias, 2019). By adopting the SNC, a more stable reporting standard is expected. Still, there is room for debate as to whether such a change effectively impacts the quality of the information generated. Studies indicate that, in the Portuguese context, certain variations in this quality are not necessarily linked to the professional training of those responsible for preparing the accounts (Pinheiro et al., 2014). The relationship between auditing and financial transparency also deserves attention in this initial framework. Auditors seek to avoid associations with poor reporting practices by companies and tend to push for broader and more accurate financial disclosures. This includes information on risks and uncertainties detected in organizations' internal systems (Serrasqueiro & Mineiro, 2018). In the Portuguese case, there is no mandatory review or audit of interim reporting for listed companies. Nevertheless, the reputation of auditors acts as an incentive to maintain high standards even outside of annual reports. The concept of transparency encompasses providing accessible and understandable information to stakeholders, creating conditions for them to evaluate the company's financial management practices (Andianti & Afiqoh, 2024). Complementary to transparency is responsibility or accountability, which is the obligation of management to explain and answer for its actions to both internal and external stakeholders. This binomial also contributes to strengthening fiscal discipline and compliance with regulations, as identified by empirical analyses of municipal transparency in Portugal (Ribeiro et al.). Within financial accounting, there are behavioral aspects that directly affect this informational usefulness. Earnings management is a practice used by managers to alter perceptions of a company's performance among investors and other stakeholders. This process can take various forms, ranging from income smoothing to intentional manipulation or the creative use of accounting standards within non-fraudulent limits. It is essential to note that not all such interventions constitute fraud; some result from the legitimate exploitation of regulatory flexibilities (Stefanyshyn & Dias, 2019). Theoretically, the adoption of international standards (IAS/IFRS) has also been observed to affect relevant financial metrics. In Portugal, factors such as company size, internationalization, and type of auditor were found to be linked to the degree of preparedness of organizations for this regulatory transition. On the other hand, statistically insignificant differences were found in equity compared to net income after changes in the reporting model (Pinheiro et al., 2014). Liquidity emerges as a determining variable in the analysis of information quality. There is evidence linking higher levels of liquidity to lower perceived quality of disclosed information due to negative relationships with specific indicators, such as discretionary accruals. Interestingly, higher debt levels appear to be associated with reduced earnings manipulation (Stefanyshyn & Dias, 2019). These data suggest that internal financial conditions influence not only current operations but also the incentives to present a particular numerical configuration in reports. Finally, it is worth noting that changes in the format or tax base imposed by accounting standards do not have a profound impact on the tax burden borne by Brazilian companies (P. J. V. L. Dias, 2017). However, there is debate about possible indirect consequences: while unified reporting can reduce administrative costs, it can also limit the amount of relevant information available to the financial market. This raises questions about trade-offs between operational efficiency and the richness of information available for external evaluation. Observing this initial set of perspectives, it becomes clear that financial accounting in Portugal operates at an intersection where legal requirements, economic incentives, and individual practices coexist in a state of constant tension. This scenario directly shapes both the interpretations of financial reports and the internal strategies developed to communicate results externally (Stefanyshyn & Dias, 2019).

## 2. Theoretical Framework of Financial Accounting

### 2.1 Definition and Objectives of Financial Accounting

Financial accounting can be understood as a structured system for recording, classifying, and communicating economic transactions, developed to accurately reflect an entity's financial position and economic performance over a given period. At its core, it serves as a formal mechanism for producing quantitative information that, in accordance with certain normative frameworks, forms the basis for various strategic and operational decisions (Kavitha, 2023). This function unfolds into interconnected activities: collecting data related to financial transactions, processing this information according to defined accounting principles, and preparing reports that translate these transactions into useful indicators for different audiences. This framework supports two central objectives. First, it ensures that internal managers have consistent elements to plan and evaluate business policies; second, it provides external stakeholders, such as investors, regulators, and creditors, with means to assess the organization's ability to generate future cash flows and manage resources efficiently (Andianti & Afiqoh, 2024). The standardized nature of financial accounting also allows for such an assessment to be made within a framework that is comparable across companies and over time, thereby limiting interpretative biases resulting from heterogeneous practices. It is also important to consider that financial accounting does not merely fulfill a documentary or legal function. It establishes indirect mechanisms of corporate control. By providing audited or externally verified data, it creates conditions for monitoring management performance and reducing problems arising from the separation of ownership and management (Kavitha, 2023). For example, the transparent treatment of revenues or liabilities helps identify any fiscal or financial risks before they compromise the company's continuity. In the contemporary Portuguese context, benchmarks are primarily defined by the Accounting Standardization System (SNC), which is aligned with the International Financial Reporting Standards (IFRS). These standards establish not only technical criteria for measuring and recognizing the elements of financial statements, but also clear requirements regarding their presentation and disclosure (Azevedo et al., 2019). This harmonization with international standards places Brazilian companies on a level comparable to that of European companies, also promoting their attractiveness to foreign investors. From a broader social and economic perspective, financial accounting plays a key role in market efficiency. Reliable information on profits, capital structure, and liquidity reduces information asymmetries between companies and investors (Kurniawan, 2023). The presence of this asymmetry tends to increase the cost of capital or limit access to financing. Therefore, when we observe detailed and consistent financial reports across fiscal years, a greater purpose is underlying: facilitating the efficient flow of financial capital throughout the economy. Another essential aspect is the growing integration of non-financial metrics into reports. Environmental, social, and governance factors are beginning to be incorporated alongside traditional economic measures (Fakdawer, 2024). By including these dimensions in official financial reporting, whether through aggregate indicators or explanatory notes, the scope of financial accounting expands beyond simple immediate profitability, allowing for the assessment of the business's future resilience in the face of emerging regulatory or social pressures. From a more specific technical perspective, three fundamental categories underpin the objectives of this discipline: tax accounting (focused on determining taxes due), financial transaction accounting (which records all monetary transactions), and management accounting (although more closely associated with internal aspects) (Kavitha, 2023). Although these overlap in many practical aspects, the final product shared with external stakeholders through financial statements is primarily consolidated in the first and second. Informational transparency plays a central role in this process. The greater this openness in disclosure, both qualitatively and quantitatively, the stronger the relationship between the company and external users of the information (Andianti & Afiqoh, 2024). This applies not only to publicly traded companies but also to private organizations that depend on bank credit or strategic business partnerships. Ultimately, the primary objective of financial accounting is to maintain a high degree of credibility in the numerical statements issued by the company. In other words, more than simply recording past facts out of legal or tax obligation, it seeks to provide a clear picture that enables rational decisions about investing, granting credit, or maintaining long-term contractual relationships with each entity (Kurniawan, 2023). Within this conceptual framework, it is clear that this practice directly influences individual microeconomic decisions as well as macroeconomic movements resulting from the aggregation of these same choices.

## 2.2 Accounting principles and standards

Accounting principles and standards constitute the foundation that supports all financial accounting practices, serving as a reference for the preparation, presentation, and disclosure of financial statements. The application of a uniform set of recognition, measurement, and disclosure criteria seeks to ensure that the information provided is comparable, relevant, and reliable (Kurniawan, 2023). In the Portuguese context, the Accounting Standardization System (SNC) plays a central role, establishing not only technical rules for classifying and measuring equity items but also imposing precise requirements on how these should be presented in the financial statements. This regulatory framework was primarily influenced by International Financial Reporting Standards (IFRS), enabling national practices to align with global standards and reducing interpretive discrepancies between jurisdictions (Pinheiro et al., 2014). The adoption of IFRS had direct implications for intangible assets, revenues, expenses, and provisions, requiring many companies to reconfigure their internal recording systems to accommodate new definitions and assessment criteria. For example, intangible assets regulated by NCRF 6 have specific requirements regarding initial recognition, subsequent measurement, and mandatory disclosure in the accompanying notes. These requirements aim to ensure that non-financial assets, such as patents or software, are treated consistently across entities and periods, thereby avoiding practices that could distort financial indicators or hinder the assessment of economic performance. Experience shows that larger companies or those with connections to international markets tend to demonstrate greater compliance with these standards, likely due to increased regulatory pressure and a greater technical capacity to implement changes (Azevedo et al., 2019). Among the general principles applicable to financial accounting, concepts such as the going concern principle, which assumes that the entity will continue its operations for the foreseeable future; the accrual basis of accounting, according to which the effects of transactions are recognized in the period to which they relate regardless of the time of payment or receipt; and the principle of methodological consistency in the application of accounting criteria over time. The historical cost criterion for the initial measurement of assets is also relevant, although the standards permit revaluations under certain circumstances. This body of principles is designed to support a cohesive interpretation of financial data by internal and external stakeholders (Kavitha, 2023). The standards also function as an instrument of corporate discipline. By requiring a standardized structure for financial reporting, they reduce the scope for arbitrary or subjective interpretations, even in cases where there is technical leeway in choosing alternative methods permitted by the regulations. This directly impacts phenomena such as earnings management. Companies that overstate expenses or understate revenues for tax purposes ultimately deteriorate the informational quality of their financial statements, making them more susceptible to intervention by external auditors, who act as guardians of these technical and ethical standards. In this sense, audits performed by internationally recognized firms, especially those belonging to the Big 4, tend to reinforce compliance with current regulations (P. J. V. L. Dias, 2017). Interestingly, analyses of regulatory impacts on accounting practices have shown uneven effects on Brazilian businesses. Although specific items underwent significant changes following regulatory adjustments, such as the transition from the POC to the SNC, other indicators remained largely unchanged. This suggests that regulatory influence does not always translate into immediate quantitative changes in financial reporting; sometimes it is more about aligning qualitative criteria or ensuring additional transparency for supervisors and investors than profoundly altering the figures presented in the accounts. Furthermore, it has been found that many preparers consider the SNC advantageous for reducing the costs of preparing financial information and adapting it to the real characteristics of national companies (Pinheiro et al., 2014). Internationally, there are also concerns about regulatory harmonization in public and local contexts. Studies indicate that ongoing efforts are being made to reconcile different accounting systems within a harmonized framework capable of responding to both domestic and international demands (Jesus & Jorge, 2010). This harmonization does not eliminate the difficulties inherent in translating standards for different economic sectors or business profiles; however, it enhances the global relevance of the data produced within this standard framework. Another essential point is to understand that standards are not limited to the technical and financial aspects; they also respond to social pressures for greater transparency and corporate accountability. Recent regulatory changes have emphasized the growing obligation of companies to report not only traditional financial data but also metrics linked to corporate social responsibility (Kurniawan, 2023). Integrating these dimensions requires continuous adaptation of regulatory frameworks to maintain relevance in the face of emerging information needs. This interconnection between structuring principles and regulatory enforcement reveals a delicate balance: creating rules rigorous enough to limit undue manipulation without restricting the legitimate flexibility necessary to represent business specificities adequately. It is precisely in this space between the desired uniformity and the actual diversity of Brazilian economic practices that the current debate on the effectiveness of accounting standards applied to Brazilian private companies is taking place.

## 3 Historical Evolution of Accounting in Portugal

### 3.1 Origins and First Accounting Records

The first accounting records in Portuguese territory must be understood within the socioeconomic and institutional context of the time, where accounting emerged as a tool for control and administration, associated with the practical needs of managing assets and revenues. As in many European regions, its initial development was closely tied to religious structures and royal power, which relied on rigorous mechanisms to raise funds, manage assets, and finance political or military activities. Relevant examples can be found in the practices of the Holy Office, whose economic activities required formal bookkeeping methods to track income and expenses, especially when these came from varied and geographically dispersed sources. The very organization of the Lisbon Court, attached to the General Council of the Inquisition, gave it a central role in institutional financial consolidation, requiring the systematic maintenance of accounts that reflected revenues from fixed rents and confiscations. Historical theorizing suggests that confiscations increased in line with the financial pressure exerted on the Portuguese crown between the 16th and 18th centuries. During the Dynastic Union, as well as under the reigns of King Afonso VI and King João V, this type of revenue intensified. This practice was documented not only in criminal proceedings but also in the internal accounting records that recorded these asset transfers. Alongside income from ecclesiastical assets—from pensions to fractions of canonry—there was a diverse range of resources that needed to be accurately accounted for to ensure the institution's budgetary balance. In the early 18th century, certain district boards faced more severe economic instability than the General Council. The dynamics of preparing the accounts demonstrate a constant concern with adjusting balances, avoiding delays in the collection or physical delivery of the collected funds. The period between annual closing and final report could extend for as long as two years, allowing for corrective interventions aimed at aligning formal revenues and expenses. This practice already demonstrates a rudimentary but functional view of accounting as not only an administrative but also a strategic tool for maintaining solvency. Surviving documentation from these periods reveals interesting patterns: at certain historical stages, such as between 1700 and 1730, there was an increase in repressive actions directed at New Christians. This context coincided with higher accumulated balances in the Lisbon Court, suggesting a link between institutional policy and economic results (Lopes, 2016). Although still embryonic in comparison to modern methodologies, these accounts were sufficiently detailed to allow correlation between specific historical events and variations in financial data. Equally important is the fact that these early practices were not limited to mere factual notation; they incorporated specific classifications for different types of revenues and obligations, creating stable categories that facilitated temporal comparisons. For example, a clear distinction was made between ordinary funds, received regularly through income, and extraordinary inflows linked to specific events or court decisions involving the confiscation of assets. This separation helped not only in the current assessment of the financial situation but also in predicting the institution's future capacity to meet commitments. Parallel to medieval Iberian influences are traces of the broader impact of Islamic accounting systems in the eastern Mediterranean during early periods of commercial contact. Normative models adopted in Islamic contexts placed strong emphasis on faithful written documentation of transactions according to religious principles such as zakat, a mandatory tax destined for charity, which stimulated peculiar forms of reporting adapted to the sociocultural context (Muhamad et al., 2022). Although this influence was mitigated by the predominance of Christian law in medieval and modern Portugal, it demonstrates that international trade exchanges functioned as parallel channels for the cultural transfer of accounting techniques. These antecedents demonstrate how the primary function was to ensure the operational continuity of dominant institutions through strict control of monetary inflows and outflows. In this sense, the first Portuguese accounting records should be seen less as public reports accessible to investors, a logic typical of the contemporary market, and more as internal instruments protected by strategic confidentiality. The information they contained allowed the identification of defaults or immediate opportunities; they were a direct tool for tactical decisions about resources. Gradually, these core practices evolved into standards that would later be consolidated under harmonized formal guidelines. Thus, the value of consistently using classification criteria across financial years was already recognized, even before the declared existence of current principles such as temporal specialization or operational continuity (Pinheiro et al., 2014). This embryonic alignment paved the way for later European efforts toward supranational regulatory harmonization. Thus, it can be seen that the first Portuguese accounting records did not emerge in a conceptual vacuum: they were an organic integration of concrete administrative needs, the dominant political-institutional context, and transnational cultural exchange. It is in this combination that their historical importance lies as the foundation upon which the modern systems currently in force in the country were built (Azevedo et al., 2019).

### 3.2 Impact of globalization on Brazilian accounting

The intensification of international economic flows has introduced a structural challenge for Brazilian accounting. With the expansion of cross-border operations, the need to harmonize rules and practices to facilitate the interpretation and comparison of financial information across different jurisdictions has become evident. Historically, Portugal relied on its own regulations, aligned with domestic reporting logic. However, its effective entry into globalized markets prompted the adoption of internationally developed standards, such as the International Financial Reporting Standards (IFRS), which are developed and maintained by the International

Accounting Standards Board (IASB). The central purpose of the IASB is to ensure comparability and transparency within a global framework. The path to this convergence was not a linear one. Initially, systems inspired by local Generally Accepted Accounting Principles (GAAP) prevailed, responding to domestic tax and regulatory demands (Kurniawan, 2023). As Portuguese business groups began to operate more intensively in foreign markets, their relationships with foreign investors and multinational creditors also strengthened. These stakeholders demanded financial data prepared according to standards they know and trust, which accelerated the transition to the IFRS-influenced SNC. This change led to the adaptation of internal processes, the reclassification of assets and liabilities, and enhanced disclosures related to sensitive items, such as intangible assets or impairment tests (Azevedo et al., 2019). This process involved more than just technical compliance; it involved a complex interplay between local and global actors in applying this new framework. Studies show that Portuguese companies have adjusted not only their accounting forms and statements, but also internal practices to address the specific concerns of users of this information, ranging from international auditors to domestic regulators. Accounting firms played a key role as mediators in this context. In addition to translating standards into the practical reality of client companies, they were also influenced by their clients' expectations regarding the impact of changes in the presentation of economic and financial performance (Caria & Gomes, 2022). At the same time, globalization imposed new pressures linked to economic volatility and reputational risk. Moments of international crisis, such as the recent pandemic, highlighted the importance of global standards for mitigating information asymmetries and stabilizing market perceptions of corporate health (Kurniawan, 2023). By enabling more uniform metrics on liquidity, profitability, or debt levels, these benchmarks tend to reduce uncertainty in international trade and financial relations. There are also relevant sectoral implications. Exporting companies or those with geographically integrated production chains found that harmonized standards provided a tool to align their internal financial policies with competing requirements in different countries. This limited accounting translation costs between distinct local systems, a persistent barrier before regulatory convergence, and improves administrative efficiency. However, critics argue that this standardization may result in a loss of granularity in information tailored to national or sectoral specificities, thereby creating a challenging balance between global standardization and local relevance. A concrete reflection of these changes is visible in the way Portuguese public companies manage their reporting obligations. In the case of state-owned or mixed-ownership entities, the increased pressure for transparency from stakeholders is even greater, requiring more detailed statements on impairments or provisions (Oliveira et al., 2018). These practices are all the more challenging because they operate within constraints specific to the public sector, namely remuneration caps indexed to political function, while remaining subject to assessments based on economic performance. The articulation between accounting standards and taxation has also been influenced by globalization. National taxation maintains criteria distinct from the purely financial objectives of accounting (P. J. V. L. Dias, 2017). However, there has been a growing need to reconcile key concepts to avoid significant distortions in international operations. Significant differences in tax and financial rules can impact common indicators used by external analysts; therefore, minimal integration of these systems helps maintain global comparability without sacrificing sovereign tax prerogatives. It cannot be ignored that this transformation required significant investment in the technical training of Portuguese accounting professionals. Many of these professionals initially expressed reservations about the direct benefits of this harmonization for small and medium-sized Portuguese companies (Pinheiro et al., 2014). The cost of technological and training adaptation represents a greater relative burden for these organizations than for large corporations, which are already accustomed to operating under multiple regulatory frameworks. However, over time, a positive side effect has also been observed: companies audited by international firms now tend to present financial statements that are more consistent with IFRS/SNC requirements compared to the pre-convergence reality (P. J. V. L. Dias, 2017). This consistency strengthens credibility with external markets, a significant factor in a scenario where investment decisions can depend heavily on this perception. The globalizing impact was also reflected in the permeability of domestic standards to international discourse on corporate social responsibility and integrated disclosure (Kurniawan, 2023). The country gradually shifted from an exclusive emphasis on financial results to including environmental or social indicators as material factors in assessing future business risks. This shift reflects not only technical alignment but also a growing cultural sensitivity to global expectations for increased transparency of information. A partial summary of these dynamics shows that globalization acted as a catalyst for both technical-accounting alignment and the conceptual expansion of Portuguese financial reporting. While on the one hand, it provided easier access to foreign capital by strengthening informational comparability, on the other, it introduced operational tensions in segments less prepared for the additional costs of this broad regulatory integration. The balance between these forces will likely remain subject to the simultaneous evolution of international regulatory pressures and the competitive strategies adopted by national companies in the years to come.

## 4 Regulatory and Institutional Environment

### 4.1 Accounting Regulators in Portugal

The accounting regulatory framework in Portugal comprises a set of entities with distinct but interconnected functions, whose work ensures that accounting practices are aligned with current legal and technical regulations. Their diverse responsibilities range from defining standards to overseeing compliance, including providing technical support and offering ongoing training for professionals in this field. Among these entities, the Order of Certified Public Accountants (OCC) stands out, acting as the representative and regulatory body for the profession. It is responsible for ensuring the ethics and technical qualifications of certified public accountants, as well as imposing initial and continuing education requirements for the practice of accounting (R. Silva et al., 2021). The OCC also provides direct support to its members, clarifying questions related to the application of new systems or regulations, a role that becomes more important during periods of regulatory transition when the technical requirements for adaptation are greater. Another key player in the regulatory landscape is the Accounting Standards Commission (CNC), currently part of the Public Accounting Standards Commission (CNCP) for the public sector. This entity is responsible for issuing and updating national accounting standards, including the Accounting Standards System (SNC) and its sectoral standards. Furthermore, it clarifies technical interpretations of specific accounting principles when companies or professionals have questions. During periods of significant reforms, such as the adoption of the SNC-AP in public accounting, this interpretative function becomes especially critical to ensure uniformity in the procedures adopted. Within the public administrative sector, the General Budget Directorate (DGO) also intervenes, with a role that includes monitoring and evaluating the budgetary execution of various state entities, aligning financial reporting with macroeconomic objectives defined by the government (Jorge et al., 2021). This articulation assumes practical importance, especially when there is a need to reconcile financial reports according to the International Public Sector Accounting Standards (IPSAS) with statistical methodologies used at the European level or by the OECD (Jesus & Jorge, 2010).

The practical implementation of these standards also requires the active involvement of accounting software providers. They play an indirect but crucial role in adapting technological solutions to updated legal requirements. With successive regulatory revisions, it is necessary to parameterize IT systems to ensure automatic compliance in the recording and presentation of economic transactions (Jorge et al., 2021). Within this regulatory web, international and community organizations also emerge whose guidelines influence the development of local standards. The IFRS issued by the International Accounting Standards Board (IASB) has a strong influence on the SNC, requiring translation into the Portuguese legal framework while preserving global criteria designed to promote cross-border financial comparability (Jesus & Jorge, 2010). This external influence is particularly evident in the recommendations made regarding the measurement and recognition of complex assets and liabilities, as well as in mandatory disclosures aimed at greater transparency. External auditors play a complementary role to direct regulatory action. When applying International Standards on Auditing (ISAs), they express an independent opinion on the compliance of financial statements with current requirements and assess factors such as fraud risks or the company's ability to maintain future operations (Haraguş & Tamaş, 2023). Although they are not legislators or issuers of accounting standards, they hold disciplinary power through their ability to point out relevant non-conformities in academic or corporate reports submitted for public review. It is important to note that the effective functioning of this institutional framework depends heavily on the two-way flow of information between public and private bodies. The standard process involves systematically collecting feedback from monitored entities, such as inquiries sent by the OCC to its professionals or pilot tests conducted under the coordination of the CNCP, which often result in practical adjustments to the application of the standards. This interaction contributes to both improvements in standards and updates to the training programs for the professionals involved. Another aspect that requires attention is the direct involvement of these entities in monitoring the digital implementation of accounting processes. Legal compliance requires not only technical and conceptual knowledge but also technological compatibility in an ecosystem where tax authorities, auditors, and employers share information through regulated platforms. This digital alignment reduces human error but requires regular synchronization between legislative changes and operational adaptations by technology providers linked to the sector (Jorge et al., 2021). Therefore, in a national accounting environment marked by international influence and specific internal demands, Brazilian regulatory bodies assume complementary roles with functional boundaries that are not always watertight: they define technical rules, oversee compliance with these rules, continuously train their professionals, and actively contribute to the harmonious integration of Brazilian accounting into a globalized system (Haraguş & Tamaş, 2023). The effectiveness of this institutional arrangement has a direct impact not only on the reliability of financial reports issued in the country but also on the external credibility of Portuguese companies before international investors.

### 4.2 Legislation Applicable to Portuguese Companies

The legislation applicable to Portuguese companies in the accounting field is the result of a regulatory evolution that has sought, on the one hand, to safeguard the specificities of the national legal system and, on the other hand, to align with international standards that facilitate greater comparability of financial statements. Historically, the Official Accounting Plan

(POC/89) guided the preparation of reports until the mandatory implementation of International Financial Reporting Standards (IFRS) for consolidated accounts of companies listed in the European Union from 2005 onwards, according to Regulation (EC) No. 1606/2002 (Caria & Gomes, 2022). However, for tax purposes, the POC remained in force until 2009, highlighting the close link between financial accounting and taxation in the Portuguese context. With the approval of the Accounting Standardization System (SNC) by the Accounting Standardization Commission in July 2009, a unified framework was established for unlisted companies, aligning them with IASB standards. The entry into force of this system in January 2010 marked a significant change: it replaced criteria based predominantly on European directives from the 1980s with a framework closer to the Anglo-Saxon logic of investor-oriented accounting. This transition required companies to reassess policies, including the impairment of assets, the recognition and measurement of inventories, and the accounting treatment of impairment losses. This body of standards is distinguished by incorporating specific standards numbered as NCRF (Accounting and Financial Reporting Standards) and by providing adaptations for micro-entities and non-profit entities. Some of these standards adjust international practices to the local context; For example, in the case of NCRF 7 and 18, a distinct level of compliance is observed, influenced by factors such as the company's age or degree of internationalization (Oliveira et al., 2018). Furthermore, the application of the SNC (Portuguese Accounting Standards) in private companies does not eliminate ancillary tax obligations: Portuguese tax law maintains a strong correspondence between accounting results and taxable income (Montenegro, 2017), encouraging practices such as the strategic deferral or anticipation of revenues and expenses. From a practical and operational point of view, this legislation requires that each relevant transaction be recorded in accordance with fundamental principles, accrual accounting, continuity, and consistency, which are simultaneously outlined in national regulations and are compatible with the IFRS framework. The adoption of these principles aims to guarantee the relevance and reliability of the financial information communicated to different stakeholders (Stefanyshyn & Dias, 2019).

Furthermore, there are legal provisions regarding the mandatory disclosure of certain asset items and contingencies, reinforcing the qualitative aspect of the report. There are also specific sectoral regulations and complementary requirements imposed by the Commercial Companies Code. This legislation establishes general duties, such as the annual approval of accounts by partners or shareholders, and the mandatory filing of these accounts with the Commercial Registry. These provisions work in conjunction with the technical requirements of the SNC (National Accounting System) to ensure formal transparency in the legal accounting cycle. In parallel, regulations issued by the Federal Revenue Service include additional requirements on standard electronic formats (SAF-T PT), integrating accounting obligations with the tax technology infrastructure. No less important is the existence of labor and commercial legislation that indirectly affects accounting records. Obligations related to the reporting of social security contributions or the legally defined calculation of indemnities imply timely recognition and rigorous measurement of these liabilities, as established by the applicable regulations. The interdependence between different legal areas obliges financial teams to maintain high technical coordination to avoid non-conformities. For companies subject to prudential supervision, such as financial institutions, specific regulations issued by the Bank of Portugal or the CMVM (Portuguese Securities Market Commission) also apply, amending or supplementing general accounting requirements. These bodies transpose additional European directives into Portuguese law, particularly regarding harmonized prudential reporting or enhanced disclosures on complex financial risks (Jesus &

Jorge, 2010). When these demands are combined with the SNC (Portuguese Accounting Standards), hybrid scenarios emerge in which financial statements simultaneously fulfill both sector-specific regulatory functions and generic informational functions. Another legally relevant aspect is the framework for mandatory audits for certain types of businesses. Companies exceeding the defined legal thresholds have a statutory obligation to submit their accounts to review by a ROC (Official Auditor). This imperative is incorporated into Law No. 140/2015 concerning the legal regime of public audit supervision. The interaction between corporate law and accounting standards thus reinforces the mechanisms of external assurance regarding the reliability of reports. Looking at this integrated set of legislation, it becomes clear that it acts simultaneously as a technical-accounting guide and an economic-legal instrument with multiple objectives: to promote international comparability (Caria & Gomes, 2022), to guarantee tax compliance (Montenegro, 2017), to protect creditors through the reliability of balance sheets, and to ensure that investors have helpful information for evaluating Portuguese companies. Although successive regulatory changes have imposed significant adaptive costs, especially on small organizations less exposed to external markets (Pinheiro et al., 2014), they have also increased the institutional credibility of national practices in global markets. Finally, it is important to note that this legislative framework is not static. Regulatory changes in the European Union, changes in IFRS standards issued by the IASB, or internal revisions promoted by the CNC are cyclically reflected in Portuguese benchmarks (Caria & Gomes, 2022). Companies must therefore adopt a proactive stance regarding the constant updating of these regulations to ensure that future reports remain compliant with contemporary legal and competitive requirements.

## 5 Instruments and Techniques of Financial Accounting

### 5.1 Financial Statements

Financial statements are the final product of the accounting process, translating the financial position, performance, and cash flows of companies into structured and standardized forms for a given period. They concentrate the essential information so that internal and external stakeholders can assess the economic health and prospects of the organization. The typical structure includes documents such as the balance sheet (or statement of financial position), the income statement by nature or function, the statement of changes in equity, the cash flow statement, and a set of accompanying notes that contextualize and detail the items presented (Akintayo & A). These instruments are legally required for a wide range of commercial companies, and the SNC guides their preparation in Portugal, which the IFRS issued by the IASB primarily inspires. Each statement fulfills a distinct but interdependent role. In the balance sheet, assets and liabilities are identified and categorized according to defined criteria, typically classified as current or non-current. In financial institutions, it is common to order elements by degree of liquidity, starting from the most liquid assets to the least liquid (Dabour, 2023). This rearrangement is not merely aesthetic: it reflects specific informational needs of the report's users, allowing for a quick perception of the immediate availability of resources or the most pressing obligations. In the income statement, the performance achieved during the period is reflected in the comparison of revenues and expenses recognized in accordance with the accrual basis of accounting. This approach aims to provide a faithful representation of the economic transactions that occurred, regardless of the exact moment of receipt or payment. The cash flow statement adds another layer to the analysis by presenting effective cash inflows and outflows segmented into operating, investing, and financing activities. This segmentation enables the assessment of the company's actual capacity to generate operational liquidity, differentiates nonrecurring impacts, and clarifies dependencies on external financing. The statement of changes in equity records movements in reserves, retained earnings, or other equity components that explain variations in the residual value belonging to the owners after deducting all liabilities. The accompanying notes play a critical explanatory role: they contain accounting policies applied, relevant estimates used in measurement, disclosures about related parties or contingencies that may affect future projections (Akintayo & A). The content of these documents is not arbitrarily fixed by management; it must comply with current regulatory requirements. In the banking sector, for example, IFRS impose specific requirements regarding the recognition and measurement of financial instruments, impairment of assets, and hedge accounting (Dabour, 2023). Meeting these requirements entails the consistent application of the technical criteria defined by the relevant standard (such as IFRS 9 for financial instruments), thereby enhancing comparability between institutions of the exact nature in different jurisdictions. This comparability on a global scale reduces informational asymmetries between national and international markets. The reliability of these statements also depends on compliance with underlying principles such as relevance, reliability, and temporal comparability. Transparent disclosure simultaneously serves as an informative signal to the market (Zaldin & Husein, 2024), mitigating uncertainties about the company's prospects. This reinforces the confidence of both investors and financing entities, such as banks, which frequently require access to detailed reports to assess loan applications.

In the specific case of Austrian SMEs analyzed in other European contexts, it was found that 95% had to provide complete financial statements to obtain bank financing (Lindner & Hoelzl); a similar scenario is observed in Portugal, given the prudential framework applied by financial institutions to their business clients. Although the mandatory format contributes to standardizing practices, there is limited room for choices in presentation that can alter external perceptions: opting between the direct or indirect method in cash flows affects clarity about daily operations; grouping certain expenses can reduce visibility into problematic areas; prioritizing adjusted alternative metrics in annual reports can smooth out temporary fluctuations in reported results (P. J. V. L. Dias, 2017). Therefore, the standards seek to limit such arbitrariness by imposing supplementary disclosures whenever there are relevant changes in the policies or estimates used.

Another central point is that these documents do not exist in isolation from the broader legal context previously discussed in Section 4.2. The Portuguese Commercial Companies Code requires that annual accounts present an accurate and fair view of the company's position and net income for the financial year. Failure to comply with these obligations may result in the formal rejection of the accounts by shareholders or competent authorities, prompting legal interventions or extraordinary audits if there is a well-founded suspicion about their accuracy (Akintayo & A). In listed companies, there is also a regulatory requirement imposed by supervisory entities regarding the timeliness of reporting. Strict deadlines for public disclosure aim to ensure that all investors have equal access to material information before making decisions in secondary markets. Furthermore, robust financial reporting practices directly affect indicators used in prudential monitoring, such as solvency ratios or regulatory liquidity applicable to financial institutions (Edeh & Oyekezie, 2023). In any of these cases, deficient preparation of financial statements can result in increased financial costs through regulatory penalties or a higher perceived risk by private financiers. Finally, it is essential to emphasize that the usefulness of these documents extends beyond immediate legal compliance: they constitute a vital historical archive for internal longitudinal analyses and external sectoral comparisons. They allow for the detection of trends in the company's own economic cycles, such as seasonal variations in revenue; they provide consistent indicators for the periodic reassessment of corporate strategies; they support negotiations with potential business partners by providing solid documentary evidence of financial soundness; and they serve as an empirical basis for predictive modeling in strategic planning supported by reliable historical data (Andianti & Afiqoh, 2024). It is precisely this multifunctionality that demands continued technical rigor in its preparation process, coupled with complete transparency in its disclosure to the interested public.

**5.2 Asset and Liability Pricing Methods**

The valuation of assets and liabilities is one of the most technical aspects of financial accounting, directly influencing the reliability and usefulness of the information presented in the financial statements. Among the approaches provided for in the standards, fair value measurement stands out, a concept defined by the IASB as the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an independent transaction. This definition presupposes the use of active markets whenever available to ensure objectivity and comparability. When there is no direct market, alternative methods are used to estimate prices, which introduces greater subjectivity to the process. Fair value is organized into hierarchical levels according to the availability and quality of market evidence. At level 1, a price quoted in an active market for identical items is used; at level 2, prices of similar or adjusted products are used; and at level 3, theoretical models based on the projection of future cash flows and appropriate discount rates are adopted. This gradation aims to strike a balance between informational relevance and the reliability of the estimation, acknowledging that elements evaluated by models tend to carry greater uncertainty. A historical alternative to fair value is historical cost, a method that records the asset or liability at the value paid or received in the initial transaction. Critics of this model point to a supposed limitation: it would produce static snapshots that do not reflect changes in current economic value, especially in non-monetary assets (Cardao-Pito & Barros, 2016). On the other hand, proponents emphasize its objectivity and operational simplicity. The choice between historical costs and fair values is usually conditioned by the nature of the asset and the objective of the reported information. In financial institutions, the classification of assets according to IFRS 9 or SNC follows specific tests of contractual flow and business model, to determine whether it will be measured at amortized cost, fair value through profit or loss (FVTPL), or fair value through other accumulated global income (FVOCI) (Dabour, 2023). This logic seeks to align measurement with business intent: assets held to collect regular contractual flows tend to be measured at amortized cost; assets intended for trading or subject to active management are measured at fair value, with immediate impacts on the result. Certain areas exhibit distinct characteristics that challenge the traditional framework. The case of "human assets" in professional sports is illustrative: researchers have demonstrated that the valuation of a player can be modeled by both their expected performance (parameterized by factors such as injury history) and their marketing potential, calculated based on revenues like merchandising sales. These models, analogous to options on tangible assets, conceptually approximate fair value measurement in club balance sheets (Calahorro-López & Ratkai, 2024). This reveals a forced effort to adjust financial metrics to the inherent volatility of these particular intangible resources.

The valuation process inevitably incorporates professional judgments. Choosing a discount rate in discounted cash flow calculations or defining assumptions about future growth implies subjective interpretation. Regulators seek to mitigate discrepancies by imposing detailed disclosure of the criteria used, primarily when values derive from internal models in contexts without direct market reference (Cardao-Pito & Barros, 2016). This aims to enable effective auditing of these estimates and allow external users to calibrate their analyses considering the different degrees of uncertainty. Also relevant is the treatment of impairments: both financial and non-financial assets should be revalued when signs indicate a substantial and lasting loss in their potential to generate future economic benefits. Post-impairment measurement depends on the same methodological arsenal described above. However, it is guided by prudence, adjusting accounting values to reflect deteriorations in the underlying economic capacity of the item being valued. This mechanism enhances the reliability of balance sheets by mitigating the risk of artificially inflating unrealistically high equity. In Portuguese practice, there is an increasing focus on harmonizing these techniques with tax requirements whenever possible (P. J. V. L. Dias, 2017), thereby avoiding significant misalignments between corporate results and taxable matters that could hinder external comparisons. However, specific methods, such as fair value applied under IFRS, can generate significant fluctuations in results without immediate parallels in national tax systems, creating additional challenges for accounting management. In interconnected global markets, as discussed in Section 5.1, the consistent application of these methodologies enhances international comparability, which investors perceive as a positive sign in assessing corporate solvency. However, there are cautious movements among SMEs regarding the technical costs associated with the systematic adoption of fair value measurement in areas where it is not mandatory (Pinheiro et al., 2014). Many choose to maintain historical costs in less volatile elements or where the search for comparable data would imply disproportionate expenditure compared to the expected informational gain. In the context of provisions for future liabilities and obligations, a similar effort is observed in aligning valuation with the most realistic monetary expectations possible (Dabour, 2023). This goes beyond mere estimation based on a single probable scenario; it works with intervals weighted according to the relative possibility of the projected circumstances. This brings the calculation closer to the actuarial methodology used in insurance and pension funds, where multiple parameters decisively influence the present amount of the future obligation. Thus, contemporary techniques combine different approaches, from mathematical rigor to informed qualitative judgment, forming a flexible yet internally coherent methodological framework designed for the rigorous measurement of the asset elements presented by Portuguese companies under current regulations.

## 6 Financial Accounting in the Portuguese Business Context

### 6.1 Predominant Economic Sectors

The Brazilian economic structure features a sectoral composition that significantly influences the analysis and practice of financial accounting. Services account for a significant portion of the gross domestic product and employment, a phenomenon that follows trends observed in other developed economies. This predominance is reflected in a greater presence of companies involved in commerce, tourism, transportation, public administration, private education, and financial activities. These sectors have specific accounting dynamics, more intensely marked by the registration of intangible assets, time-scheduled service contracts, and cash flows with pronounced seasonality. The relevance of the tertiary sector does not eliminate the importance of industrial and agricultural activities. However, analyzed data show that in the Brazilian industrial segment, specifically in manufacturing, there is a lower degree of internal impact when compared to other international contexts (D. A. Dias et al., 2015). This finding implies that additional productivity gains to close the aggregate gap with economies like those of the United States would depend more on productivity improvements in the service sector than on exclusive investment in industrial improvements. This perspective is also helpful for financial accounting, as it highlights where traditional metrics may encounter explanatory limits in assessing overall economic performance. In the agricultural context, the sector has a relatively limited impact on the overall creation of national gross value, but it retains significant social and regional importance. Accounting practices in the agricultural domain face unique challenges, including the periodic valuation of biological assets according to specific standards such as SNC or IFRS (e.g., IAS 41), the recognition of fluctuations in market prices, and the direct impact of weather conditions on measurement and impairment. Thus, although numerically less representative in terms of global business volume, the sector requires specialized technical attention in financial reporting. A cross-sectoral analysis of agriculture, manufacturing, and services reveals disparities in informational needs and associated risks. Industrial companies tend to hold significant tangible fixed assets, which are subject to regular impairment testing, whereas service providers rely more heavily on human capital, whose asset quantification follows alternative methods or is only disclosed qualitatively (Calahorro-López & Ratkai, 2024). This distinction directly conditions financial statements: industrial balance sheets show higher ratios between tangible fixed assets and total assets; companies in the tertiary sector have a greater relative weight in operating expenses associated with human resources. In addition to structural characteristics by sector, such as capital-labor intensity or operating cycle, geographical patterns also influence sectoral concentration. In Portugal, there is a polarization of services between metropolitan and port areas (Lisbon, Porto), and a greater industrial concentration in specific regions, particularly those linked to metalworking, textiles, or footwear. Such concentrations generate economic clusters with direct effects on accounting practices. For example, in an export-oriented textile industry concentrated in the North, there is greater pressure for compliance with international standards to facilitate access to foreign markets. A tourism cluster in the Algarve may prioritize metrics related to the seasonality of revenue. Recent macroeconomic factors have also influenced these sectors.

The period between 1996 and 2011 was characterized by significant structural transformations, which preceded economic crises that had a decisive impact on corporate accounts (D. A. Dias et al., 2015). The way capital was allocated during this period generated academic debate, as significant inflows of external capital were disproportionately channeled into less productive, non-tradable sectors, such as specific subsectors of domestic services or commercial real estate. This influences interpretations of financial accounting, as temporary increases in results do not necessarily translate into sustainable productivity. From the perspective of Portuguese private businesses, micro, small, and medium-sized enterprises predominate (Montenegro, 2017). This highly fragmented business fabric implies significant differences in the preparation of financial information compared to large, listed corporations subject to international supervision. Many SMEs operate in traditional sectors such as local retail or artisanal production associated with tourism; In these cases, accounting maintains a strong direct link with national tax obligations (P. J. V. L. Dias, 2017), often being used primarily for the calculation of taxable profit, even though it formally follows the SNC (Portuguese Accounting Standards). Export sectors show additional accounting requirements related to exchange rate hedging or the management of international exposure through derivative financial instruments (Dabour, 2023). Segments more focused on the domestic market, on the other hand, focus on tax optimization within the limits of current regulations without a great need for detailed disclosure to foreign investors. This creates a diverse mosaic where accounting policies are shaped both by the sectoral nature and the geographical strategy of business operations. The focus on sectoral particularities is crucial for interpreting financial metrics. For example, classic ratios such as current liquidity or operating margin may have divergent readings depending on whether we are dealing with an exporting industrial company subject to long production cycles or an emerging technology company based in Lisbon whose recurring revenues derive from digital subscriptions. Current regulations seek to create a comparable basis but do not eliminate the need for sectoral contextualization to assess real solvency or profitability. It is also relevant to note the differentiated impacts of the full adoption of IFRS/SNC in various economic areas (Azevedo et al., 2019). Sectors with a strong presence of intangible assets, information technology, and specialized consulting showed greater adjustments when adopting international standards due to the more stringent requirements for capitalization/derecognition of these assets compared to the previous regime. In contrast, more traditional sectors with dominant tangible fixed assets showed fewer quantitative differences but increased requirements for disclosures regarding remaining useful life or residual values. Thus, a panorama emerges in which understanding the predominant economic sectors ceases to be a merely statistical aspect and becomes an essential element in the critical reading of financial statements produced by Brazilian companies. By linking the intrinsic characteristics of the productive sectors with applicable regulations (Pinheiro et al., 2014), a more precise understanding is obtained regarding latent risks, competitive capacity, and potential future evolution, as formally recorded in the updated national accounting.

**6.2 Characteristics of Portuguese SMEs**

Small and medium-sized enterprises in Portugal represent the overwhelming majority of the business fabric and have their own specific characteristics that influence accounting practices and results. These organizations are generally characterized by simple corporate structures, often family-based, with ownership and management concentrated in a small number of individuals. This configuration favors speed in decision-making, but can also limit the formalization of internal processes and the full adoption of sophisticated corporate governance mechanisms (Montenegro, 2017). The proximity between owners and managers directly influences the function of accounting in these companies: in many cases, it primarily serves tax and legal compliance purposes, relegating its potential as a tool for in-depth strategic analysis to a secondary role (P. J. V. L. Dias, 2017). In parallel, it is observed that in SMEs, there is often less functional separation between financial and tax accounting, which is amplified by the almost exclusive use of accounting results as the basis for calculating the tax base. The small size generates constraints in terms of specialized human resources. The team dedicated to accounting functions is usually small or outsourced to independent accounting firms, a situation that hinders the immediate monitoring of more complex regulatory demands or frequent changes in regulations (Pinheiro et al., 2014). This can result in a more reactive stance towards the implementation of regulatory changes, waiting for external guidance, rather than a proactive adaptation with an internal focus on informational leverage. Consequently, certain qualitative requirements of the IFRS are incorporated into the SNC in a strictly formal manner to avoid legal non-compliance, but without necessarily fully exploiting their added value in management. Another distinctive feature of these companies is the limitation in the technological resources allocated to accounting. Although there is increasing use of certified software aligned with obligations such as SAF-T (PT), there is not always advanced customization of these systems to optimize management reporting. This technical restriction is also linked to economic issues: significant investments in technology or continuous training compete with immediate operational liquidity needs, leading to the prioritization of essentials over ideals (D. A. Dias et al., 2015).

Exporting companies or those integrated into international production chains tend to invest slightly more in these areas due to pressure from external partners regarding the quality and timeliness of financial information. Access to financing is also a critical factor in characterizing Portuguese SMEs. Many rely heavily on traditional bank credit to sustain current activities and expansion plans. In these contexts, financial statements play a central role in creditors' assessment of repayment capacity and solvency (Lindner & Hoelzl). However, the historical relationship with banking institutions, marked by geographical proximity and personal knowledge of the bank manager, still influences local credit policies, mitigating in some cases the requirement for high levels of sophistication in financial reporting. Despite this, banks are progressively standardizing criteria and demanding greater documentary transparency from SMEs as well. In sectoral terms, there is a high concentration of these companies in proximity services, retail trade, and traditional productive activities such as textiles, footwear, or food processing (D. A. Dias et al., 2015). These sectors invariably exhibit typical financial metrics, including relatively narrow operating margins, strong inventory turnover, or a marked dependence on revenue seasonality. Accounting practices then adapt to address specific requirements, such as periodic fair value assessments of organic inventories in the agri-food sector, or adjusted provisions for rapid obsolescence in seasonal products. From a behavioral perspective, empirical evidence suggests that local social norms influence the ethical standards applied to accounting in these companies (Montenegro, 2017). In communities where shared values discourage the intentional manipulation of financial results, there tends to be a lower propensity for aggressive earnings management practices involving discretionary accruals. However, this effect does not eliminate pressures inherent in adverse economic contexts or the occasional need to present favorable performance to maintain financial support. The dominant presence of SMEs is also reflected in their aggregate weight in national macroeconomic statistics. However, there is evidence suggesting that distortions in the Portuguese economy are more concentrated in micro-enterprises and small units in the service sector (D. A. Dias et al., 2015). Certain structural problems, such as resource misallocation, stem not only from internal limitations but also from the lower level of oversight exercised over these entities compared to large companies, which are subject to intense regulatory scrutiny. This creates room for less rigorous financial reporting or partial underreporting of revenues without immediate tax repercussions. When faced with paradigmatic changes such as the transition from POC to SNC influenced by IFRS (Pinheiro et al., 2014), SMEs showed varying degrees of adaptation. While some identified operational benefits from the relative simplification in unified financial reporting, others experienced a disproportionate increase in administrative burdens due to the additional need for external consulting or technological updating forced by the new rules on measurement and disclosure. All these elements combine to build a particular profile: companies vital to the national economy due to their territorial reach and sectoral diversity, but vulnerable to external volatilities due to intrinsic structural constraints. This vulnerability is inevitably reflected in the way they prepare their financial reports, seeking to balance regulatory rigor with daily economic viability, in a context where strict compliance coexists with pragmatic adaptations imposed by the operational reality of small Portuguese business units (Dias, 2017).

## 7 Impact of Accounting on Business Management

### 7.1 Accounting as a Support for Decision Making

The use of accounting as a support for decision-making is intrinsically linked to its ability to provide relevant, reliable, and timely information to different levels of management. This role requires accounting to go beyond merely registering or ensuring legal compliance, actively integrating itself into the strategic and operational processes of companies. The information extracted from financial reports allows managers to evaluate key metrics such as liquidity, profitability, and solvency, but the value of these indicators does not reside solely in their isolated measurement; it is the integrated and comparative analysis that makes it possible to identify trends and anticipate problems (Stefanyshyn & Dias, 2019). In scenarios of strong competition or economic volatility, this analytical function becomes even more relevant, as it provides the necessary signals to reorient strategies before critical situations solidify. However, not all companies fully utilize this potential. There are cases where financial decisions are shaped more by the personal characteristics of the owners or managers than by objective data. Studies indicate that, especially in small organizations, factors such as subjective perspectives, past experiences, or life events directly influence financing or investment choices, relegating the systematic analysis of financial statements to a secondary level (Mo et al., 2024). This behavior can result in suboptimal resource allocation or inadvertent exposure to avoidable risks if robust indicators extracted from accounting were considered. The quality of financial information is crucial in this context. Inaccurate or incomplete data not only compromises the decision-making process but can also create a false perception of economic solidity. This link between accuracy in reporting and business performance is obvious in sectors where operating margins are narrow and small fluctuations are quickly reflected in financial capacity (Lidovolo & Margaret, 2023). Companies whose accounting ensures the accurate recording and classification of transactions exhibit greater predictability in their cash flows and return indicators, enabling more accurate projections aligned with reality. Conversely, gaps in this record-keeping can lead managers to make unsustainable commitments. Another essential aspect is the integration of financial information with parameters that are not strictly economic, such as environmental or social metrics associated with business practices. Models like Environmental Management Accounting (EMA) provide a framework for measuring the environmental costs and benefits associated with sustainable practices. Incorporating this data into the decision-making process broadens the analytical horizon: an investment decision can be adjusted not only by the projected internal rate of return according to classic criteria, but also by the quantified environmental impact, internalizing ecological externalities that could generate future indirect costs. This trend also aligns with the current demands of financial markets sensitized by ESG (Environmental, Social and Governance) agendas. Integrated reports that combine traditional economic results with ESG indicators enable multivariate analyses focused on the long term. By providing this holistic view of business risks and opportunities (Fakdawer, 2024), accounting assumes a central role not only in measuring past performance but also in future strategic modeling. Informational transparency adds another practical dimension to supporting business decisions. Clear information reduces asymmetries between management and external stakeholders, whether institutional investors or creditors, creating a more favorable environment for accessing capital on advantageous terms (Kurniawan, 2023). A consistent accounting policy over time will strengthen long-lasting banking relationships as it simplifies the periodic analysis of financial ratios required by financing entities. In the context of Portuguese SMEs, this relationship between accounting and decision-making faces additional constraints. Accounting is often used primarily for immediate tax purposes, rather than fully leveraging its informational potential (Gaio & Raposo, 2021). This limitation implies that relevant decisions, from expansions to budget cuts, may be based on a partial understanding of the company's real situation. Even when there is a desire to use accounting analysis to support strategic decisions, technical or budgetary constraints inhibit the development of this in-depth numerical approach. Nevertheless, concrete examples demonstrate the transformative potential of this practical application: a company with current liquidity below ideal levels could use detailed cost center analyses to redesign internal processes to free up resources; an industry exposed to exchange rate fluctuations could adopt derivative financial instruments properly registered under IFRS/SNC if accounting studies demonstrate significant vulnerability; in a sector dependent on skilled human capital, such as technology, detailed assessments of average cost per employee combined with productivity indices could guide more sustainable salary policies without compromising operating margins. At the same time, there is room to recognize the limitations of these tools: projections based on historical patterns are less useful under disruptive macroeconomic conditions; overly complex internal models can hinder practical understanding among decision-makers; and exclusively financial metrics do not capture the intangible dimensions critical to organizational success. This reinforces the importance of balancing the processing of accounting information with other qualitative sources to increase accuracy in the final evaluation of alternative courses of action. Therefore, considering accounting as an active support for decision-making implies adopting practices that can transform formal records into a functional analytical basis tailored to the particular characteristics of the organization and its immediate operating environment (Stefanyshyn & Dias, 2019). By articulating reliable quantitative variables with a contextualized reading of the company's internal and external dynamics, a robust platform is obtained for decisions consistent with sustainable strategic objectives.

### 7.2 Integration with Information Systems

The integration of accounting with information systems represents a significant advancement in expanding the usefulness of financial information in business management. By articulating accounting practices with technological tools, a continuous flow of data is created, making processing more efficient and reducing the likelihood of human error. Integrated systems enable the collection, processing, and distribution of information in real-time, facilitating not only compliance with legal obligations but also informed operational decisions based on up-to-date data (Andianti & Afiqoh, 2024). This capability is particularly relevant when management teams need to respond quickly to market changes or adjust financial projections; immediate access to reliable data shortens the time between the occurrence of an economic event and its analysis. The introduction of digital platforms such as cloud accounting has brought users obvious practical advantages: scalability, flexibility of remote access, and reduced costs compared to traditional infrastructures. In the Portuguese case, small and medium-sized enterprises have explored these solutions to improve internal collaboration and with external partners, allowing accountants, managers, and other stakeholders to access the same database without geographical restrictions. This substantially improves the alignment in the interpretation of numbers presented in financial reports and eliminates redundancies that previously stemmed from fragmented systems. Technologies associated with artificial intelligence are also beginning to redefine functions within accounting. Machine learning algorithms applied to accounting information systems can automate routine tasks, such as bank reconciliation, entry classification, or anomaly detection in records (Kurniawan, 2023). This automation frees up professionals' time for higher value-added analytical activities and helps reduce the risk of fraud or undetected inconsistencies. However, integrating these capabilities into the business environment requires an initial investment in system parameterization, team training, and adaptation of internal controls to ensure consistency between residual manual processes and automated workflows. The role of the information extracted from these systems goes beyond automatic collection. The outputs must be presented in a useful format to support strategic analyses. Inadequate configuration of reports or dashboards can limit the technology's potential, generating an excess of irrelevant information or unintuitive indicators. Therefore, it becomes relevant to harmonize internal metrics with those required by the Accounting Standardization System (SNC) and IFRS. This alignment ensures that internal reports are consistent with formal financial statements, avoiding discrepancies that could create uncertainty in financial interpretation. In the Portuguese context, specific challenges arise related to interoperability between existing enterprise systems (ERP – Enterprise Resource Planning) and applications specifically dedicated to accounting. Successful integrations require precise mapping of charts of accounts with logistics, commercial, or human resources modules to ensure correspondence between operational events and subsequent accounting records. When this alignment fails, it opens the door to delays in updating information, data duplication, or even numerical inconsistencies that compromise subsequent analyses. The adoption of these technologies also extends to the fiscal and regulatory domain. In Portugal, there are mandatory electronic formats for periodic reporting, such as SAF-T(PT), whose correct completion benefits from the total integration between system submodules (Andianti & Afiqoh, 2024). Systems that consolidate invoice issuance, accounting control, and electronic submission to tax authorities reduce administrative burdens and mitigate the risk of legal non-compliance. Companies that align these demands with the functional design of their systems early on minimize future costs associated with adaptations forced by legislative changes. Furthermore, blockchain technology is emerging as a promising option for accounting integration due to its decentralized structure, which enables the creation of immutable records. Practical applications include storing complete transactional audits, facilitating subsequent verifications by independent reviewers without the need to reconstruct extensive document chains manually. By combining blockchain with smart contracts, it is possible to program automatic rules for simultaneous execution and recording in both the operating system and the accounting module. A practical example would be the automatic settlement of payments to suppliers when delivery is confirmed by the Internet of Things (IoT) and is recorded in the ledger. From an internal operational point of view, there are measurable gains in team efficiency through this technological integration: reduced cycle time required for monthly account closing, less reliance on email communication between departments, and the gradual elimination of redundant parallel Excel spreadsheets, which carry a high risk of human error. These factors directly impact the quality of information available to decision-makers, making the liquidity, profitability, or solvency indices discussed earlier in Section 7.1 more reliable. Despite the identified benefits, it is important to recognize potential limitations. Common barriers include cultural resistance to technological change by employees accustomed to previous processes, particularly acute budgetary constraints in SMEs, vulnerabilities associated with cybersecurity when confidential data is processed remotely, excessive reliance on external suppliers for critical technical support, and difficulty in integrating advanced features without compromising overall system stability. Each of these points requires a cost-benefit analysis tailored to the company's strategic objectives before adopting these technological tools widely. By combining adequate planning, careful selection of technological solutions available in the national and international market (Kurniawan, 2023), continuous training of internal teams, and rigorous monitoring of key indicators extracted from these systems, it is possible to transform the integration between financial accounting and information systems into a real competitive advantage for Portuguese companies. The result will be a cohesive information ecosystem where decision-making is based on a solid foundation comprised of consistent, timely data that complies with current legal requirements.

## 8 Current Trends and Challenges in Financial Accounting

### 8.1 Digitalization and Emerging Technologies

The application of emerging technologies to financial accounting is transforming the methods of recording, analyzing, and communicating information. This transition is driven by a combination of technical and strategic factors: a drastic reduction in processing costs, increased speed of data access, and competitive pressure to offer more transparent and timely reports. The integration of solutions based on artificial intelligence (AI), cloud computing, Blockchain, and predictive analytics is changing not only the execution of routine accounting tasks but also the role of the professional in the decision-making chain. Automated tools powered by AI are increasingly taking over functions such as data entry, invoice issuance, bank reconciliation, or sending payment reminders. These repetitive tasks were, until recently, performed manually by accountants, but by being automated, they free up human resources for more analytical and strategic functions (Dabour, 2023). By combining this automation with machine learning, it is possible to identify patterns in financial transactions that may indicate emerging risks, tax optimization opportunities, or trends in specific spending categories (Kurniawan, 2023). These resources not only enable improved internal operational efficiency but also support more informed decisions regarding resource allocation and risk management. Cloud computing has introduced a paradigm in which financial data is accessible anytime, anywhere, providing continuous collaboration between companies, external consultants, and auditors (Dabour, 2023). This immediate availability is especially relevant for small and medium-sized enterprises that lack robust internal IT processing centers. However, this model requires reinforced cybersecurity measures to mitigate risks related to losses or unauthorized access to sensitive financial data (Kurniawan, 2023). The potential vulnerability necessitates the simultaneous adoption of rigorous protocols on the privacy and integrity of digitally processed accounting information. In the field of Blockchain, practical applications are emerging that can redefine how transactions are recorded and audited. By creating immutable distributed ledgers, it is possible to maintain complete trails that ensure full traceability of operations. This provides auditors or regulators with a documentary basis for identifying errors or manipulations that are difficult to conceal (Raghavan, 2022).

Additionally, the potential combined use with smart contracts can enable automatic settlements upon fulfillment of predefined contractual conditions, eliminating delays in subsequent accounting execution and reducing disputes over payments or deliveries. Predictive analytics associated with accounting is gaining increasing prominence. Advanced algorithms can analyze extensive historical data to project future flows, estimate the financial impacts of regulatory changes, or simulate adverse macroeconomic scenarios (Kurniawan, 2023). In the Portuguese business context, this analytical capability can be handy for SMEs with limited financial margins and a high degree of vulnerability to external instabilities. Timely forecasting can significantly reduce hasty decisions based solely on past results without considering underlying trends or expected volatility. Another visible trend is related to the gradual incorporation of environmental, social, and governance (ESG) metrics into digital systems integrated with accounting. Technologically sophisticated platforms enable the collection of data on carbon emissions or diversity in corporate leadership and directly connect it to financial reports. This enables internal and external stakeholders to gain a comprehensive understanding of economic and financial performance, combined with its socio-environmental impact (Raghavan, 2022).

This integration responds not only to emerging regulatory demands but also to the reputational pressures of global markets that are increasingly attentive to the sustainable practices of reporting companies. Notwithstanding the opportunities created by these emerging technologies, inescapable challenges arise from their widespread implementation. Some stem from the urgent need for adequate training of professionals in the field. This gap is particularly felt in smaller organizations, where training investment competes with immediate business demands (Dabour, 2023). Others relate to the risk of excessive technological dependence: a poorly configured automated system can rapidly propagate errors throughout the financial structure; biased algorithms can make distorted decisions if trained with incomplete or biased datasets. This is where intricate ethical questions arise: how to ensure transparency in algorithmic models applied to accounting? Who assumes responsibility if a forecast contaminated by systemic error leads to detrimental financial decision-making? These questions advocate for the urgent creation of clear regulatory frameworks that govern not only traditional practices but also these new automated or semi-automated forms of information production in the accounting field (Kurniawan, 2023). The Portuguese banking and financial sector is already beginning to feel the direct effects of these technological transformations due to the proximity of European prudential requirements that encourage the intensive use of technology for harmonized reporting. Such practices include continuous monitoring via digital dashboards with direct links to the central systems of regulatory institutions (Dabour, 2023), facilitating the early detection of nonconformities or asset imbalances relevant to the prudential management of national systemic risk. In parallel, it is clear that incorporating technology is not enough; it is imperative to do so within the existing legal framework and in alignment with national accounting standards adapted to IFRS, where applicable. Regulatory bodies play a crucial role in this process by guiding the ethical and secure application of these technologies in current accounting processes (Kurniawan, 2023). This avoids a scenario where digital innovation surpasses regulatory capacity, compromising trust in the information generated by the modern systems adopted by Portuguese companies.

### 8.2 Sustainability and Social Responsibility

The integration of sustainability and social responsibility into the accounting systems of Brazilian companies emerges as a response to growing regulatory, market, and social demands for organizations to transparently report the environmental, social, and governance impacts associated with their activities. These dimensions, traditionally absent from conventional financial reports, are gaining relevance to the point of being incorporated into globally recognized normative frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), which structure the disclosure of material information on ESG performance (Fakdawer, 2024). The contemporary concept of accounting sustainability entails measuring and presenting qualitative and quantitative data related to initiatives that address environmental risks, promote fair labor practices, or ensure adherence to ethical governance standards (Raghavan, 2022). In this way, accounting ceases to be limited to the quantified representation of the financial position. It begins to encompass variables that offer stakeholders a holistic view of the company's commitment to sustainable development. In markets that are increasingly attentive to these indicators, this transparency not only fulfills specific legal requirements but also positions companies as responsible actors within the economic ecosystem. Practices associated with corporate social responsibility, such as investments in employee health and safety, community projects, or carbon neutrality initiatives, need to be recognized through clear methods in internal accounting so that they can be externally validated (Dwianika et al., 2024). Incorporating these elements into the report requires reconciling extra-financial metrics with systems already focused on monetary data. For example, Environmental Management Accounting proposes methodologies to translate the consumption of natural resources or the costs associated with mitigating negative impacts into monetary terms (Fakdawer, 2024). From a regulatory standpoint, some markets have made ESG reports mandatory for listed companies (Samuel et al., 2022), a practice also reflected in the European Union through the Non-Financial Reporting Directive. For Portuguese companies subject to these obligations, this measure entailed restructuring internal processes to ensure the systematic collection of the necessary data. The presence of these demands promoted positive evolution in informational quality. By measuring contributions to social well-being alongside traditional financial metrics, a robust documentary base is created that enables cross-sector and geographical comparisons (Kurniawan, 2023).

It is important to note that the existence of these reports does not always translate into a direct positive impact on immediate financial indicators. Empirical studies conducted on Nigerian firms have revealed a lack of statistically significant correlation between environmental or social disclosures and short-term return on assets (Aniagboso & Orjinta, 2023). However, there is consistent evidence that this reporting strengthens corporate reputation and investor confidence in the medium to long term (Samuel et al., 2022), and can positively influence metrics such as cost of capital or access to credit. The practical implementation of sustainability in accounting requires full integration with technological systems capable of collecting ESG data in real time and cross-referencing it with operational financial flows. This integration is crucial for generating comprehensive reports without incurring excessive administrative costs. Companies that achieve this level can respond more quickly to regulatory investigations or specific requests from institutional investors (Fakdawer, 2024). Furthermore, aligning these metrics with global benchmarks facilitates financial dialogue with external stakeholders familiar with international standards. Financial professionals also play a central role in this context. Accountants trained in sustainable practices become key players in the correct preparation of these reports; they interpret environmental and social data according to internationally validated technical criteria and ensure consistency with traditional financial information (Raghavan, 2022). This involves dealing with new types of estimates, such as calculating future costs avoided by the current adoption of clean technologies, and incorporating these values into the company's overall report without compromising regulatory compliance. Challenges persist in accurately measuring these impacts. Certain positive or negative externalities still lack consensual quantification methods that satisfy all users of the information. The same applies to the projection of future benefits resulting from actions taken today: these are often estimates subject to significant variability according to macroeconomic conditions or global legislative changes (Kurniawan, 2023). In this sense, advocates of international standards argue for the need to harmonize sectoral practices to reduce gray areas in the calculations used. There is also a movement to directly associate sustainable performance with the continued creation of economic value. Investors attentive to ESG criteria consider companies aligned with these agendas to be less exposed to reputational or severe regulatory risks in the future (Fakdawer, 2024). This translates into a growing preference for securities issued by organizations that can demonstrate documented environmental and social responsibility in their supplementary financial statements. In the specific Portuguese context, integrating social responsibility into accounting faces additional challenges related to the predominant size of SMEs (Montenegro, 2017). Although regulatory changes encourage all companies to adopt good ESG practices in corporate reporting, barriers such as internal technical shortages or associated costs can delay this update. Even so, international competitive pressure acts as a catalyst: export-oriented production chains require certifications or documentary proof of the sustainable practices of their direct suppliers; when these suppliers are Portuguese SMEs, they are compelled to adjust their reporting according to global standards to maintain commercial contracts (Dwianika et al., 2024). In the broader strategic plan, it is evident that sustainability and social responsibility are being gradually integrated into modern business accounting logic. By uniting financial metrics with socio-environmental indicators in a cohesive, normatively validated narrative (Raghavan, 2022), one can construct not only a more comprehensive picture of current performance but also a more robust prognosis of future resilience in the face of foreseeable economic or climate crises.

## 9 Future Perspectives for Portuguese Companies

### 9.1 Adaptation to Regulatory Changes

The ability of Portuguese companies to adapt to regulatory changes is crucial for their continued competitiveness and compliance with standards required by national and international authorities. Changes in accounting, tax, or financial reporting regulations do not occur in isolation; they are often associated with global harmonization processes, as observed in the transition from the Official Accounting Plan to the Accounting Standardization System, strongly influenced by the International Financial Reporting Standards (IFRS) (Caria & Gomes, 2022). This type of transformation requires organizations to review their internal policies for asset recognition and measurement, reassess impairment models, and adjust the criteria for inventories or provisions. Companies with high international exposure tend to respond more quickly to regulatory adaptation, motivated by increased needs for informational comparability with foreign stakeholders (Oliveira et al., 2018). On the other hand, entities focused exclusively on the domestic market may face these changes with greater resistance, prioritizing the minimum compliance necessary to avoid penalties. The impact of these changes is both technical and operational. Regulatory changes necessitate updating information systems, providing specific training for financial teams, and potentially hiring specialized consultants to ensure the accurate interpretation of the new requirements (Pinheiro et al., 2014). Additional considerations arise when the regulatory change implies convergence between different accounting and statistical bases, a situation evident in the need to reconcile data from general accounting with those from national accounting for government reporting purposes (Jesus & Jorge, 2010). This harmonization requires intensive work in reclassifying and reconciling financial statement balances, thereby mitigating discrepancies that may affect aggregate indicators, such as deficits or public debt. At the corporate level, adaptation should not be limited to the literal transposition of the new regulatory texts. Operationalizing rules entails adjusting them to sector-specific particulars and the company's own profile. In areas such as banking or insurance, IFRS has introduced specific requirements that directly affect prudential models and the calculation of mandatory ratios. From this perspective, revisions to standards on financial instruments (such as IFRS 9) necessitate a comprehensive reconfiguration of the process for classifying financial assets and liabilities (Dabour, 2023), including adjustments to metrics used in strategic decisions. An effective response to regulatory changes also involves the active involvement of national regulatory bodies, such as the Accounting Standards Commission, in providing clear and timely guidance to professionals (Caria & Gomes, 2022). When these guidelines are distributed on time and complemented by detailed technical documentation, interpretative uncertainties that could delay the practical application of the new rules are reduced. In parallel, the role of external auditors becomes increasingly important, as they identify nonconformities or critical areas during regulatory transition processes, thereby encouraging a faster migration of internal systems (Oliveira et al., 2018).

It is essential to note that sectors composed primarily of small and medium-sized enterprises encounter specific challenges in this adaptation. Financial constraints prevent significant investments in technology or continuous training, delaying the full implementation of modern regulatory requirements (Pinheiro et al., 2014). For these organizations, simplified solutions or a gradual scaling of practical application may be viable alternatives, although they imply additional risk if regulatory deadlines are tight. Pressures related to corporate social responsibility also demonstrate a recent vector of this adaptation (Fakdawer, 2024). Regulatory evolution increasingly incorporates environmental and social indicators into mandatory financial reports, bringing the content of annual accounts closer to internationally recognized frameworks for ESG disclosure. Companies that neglect this aspect may face reputational sanctions and a potential loss of access to external financing in a market where investors are increasingly assessing sustainable risks. Technological instruments play a fundamental role in this dynamic scenario. Integrated platforms enable the rapid parameterization of new rules for capturing and classifying accounting data (Kurniawan, 2023), thereby minimizing redundant manual work. The consistent use of these solutions reduces human error during critical periods when old procedures temporarily coexist with new models until they are fully adopted as normative. Direct tax implications must also be taken into account. A revised accounting standard can reconfigure the path between corporate income and the tax base, potentially interfering with the company's tax projections (P. J. V. L. Dias, 2017). The articulation between the financial-accounting and tax departments becomes vital to avoid undesirable impacts on future tax planning. Furthermore, when changes originate from the European Community, as is the case with directives aimed at harmonization, the process simultaneously involves internal legal adaptation and practical operationalization in the programs used for daily registration (Jesus & Jorge, 2010). In practice, noticeable differences are observed between companies that are more technically prepared, generally audited by international firms, and those whose operational networks are more restricted to the local context (Oliveira et al., 2018). The former incorporate regulatory changes with a temporal advantage due to continuous exposure to multilateral standards; the latter tend to report a gap between legal approval of the change and full implementation in daily accounting. This disparity fuels debate about the need for modular support adjusted to organizational size. Finally, any solid adaptation process presupposes monitoring after initial implementation. Periodic internal reviews comparing adopted procedures with updated standards help not only to ensure continued compliance but also to identify emerging opportunities arising from these regulatory changes. By doing so within the technical framework indicated by the competent entities (Caria & Gomes, 2022), Portuguese companies enhance the quality of their financial reporting while maintaining credibility with the various audiences that rely on this information to make informed economic decisions.

### 9.2 Training and Professional Qualification

Training and professional qualifications are central elements in ensuring that accounting professionals can meet the regulatory and technological demands that characterize the contemporary business environment in Portugal. The implementation of new standards and systems, as mentioned in Section 9.1, requires accountants to possess not only traditional technical skills but also the ability to interpret complex changes in recognition, measurement, and disclosure policies (Pinheiro et al., 2014). This need is especially evident during periods of regulatory transformation, such as the adoption of the SNC influenced by IFRS. Without a well-trained technical staff, the risk of misunderstanding or incorrect application of these standards becomes higher, which can compromise the quality of financial information. In the case of the Portuguese experience with the adoption of IFRS, it was found that many professionals at different organizational levels lacked formal or applied training on these standards (Caria & Gomes, 2022). In multinational companies, the approach involved internal development programs that translated global concepts into local operational realities. This investment in training was crucial to overcoming the initial technical barrier and ensuring that reports met international standards without losing relevance in the specific context of the country. Conversely, this preparation did not occur uniformly among national companies less exposed to the international market, resulting in discrepancies in the fluidity of the regulatory transition. Continuous qualification goes beyond the purely accounting scope. Professionals are increasingly required to interact with areas such as information technology and data analysis, given the exponential growth in integration between accounting and digital systems (Kurniawan, 2023). The productive use of these tools requires specific training in both handling the platforms and interpreting the outputs generated by automated solutions or advanced algorithms. Failures in this interpretation or incorrect system parameterization can create severe distortions in financial reports. Another relevant dimension is the preparation to deal with non-financial variables, such as ESG metrics, increasingly integrated into corporate reporting (Fakdawer, 2024). A qualified accountant must be familiar with accepted methodologies for measuring environmental or social impacts and know how to incorporate them into official financial statements. This skill requires specialized training in frameworks such as GRI or SASB combined with a solid understanding of current financial standards. Companies that invest in this training aspect are better positioned in the eyes of investors attentive to integrated reporting and corporate sustainability. At the institutional level, entities such as the Order of Certified Accountants play a crucial role in establishing the minimum entry requirements for the profession and in offering mandatory continuing education programs (R. Silva et al., 2021). These programs cover everything from legislative changes to new ethical practices applied to financial accounting. In the current scenario, it is common to include modules on internal auditing, risk management, and international regulatory compliance. Active participation in these programs ensures constant alignment with standards required by national and international bodies. Effective training strategies also presuppose adaptation to the company's profile. In small and medium-sized Portuguese companies, which constitute the majority of the economic fabric, there is a budgetary limitation for extensive training (Montenegro, 2017).

In these cases, modular solutions or training focused on critical areas can be efficient alternatives to fill urgent gaps without excessively burdening the budget. However, this limitation can compromise competitive capacity when compared to larger companies that implement continuous internal learning cycles. The influence of professional qualification is directly manifested in business management: trained teams can extract greater informational utility from accounting to guide strategic decisions (Stefanyshyn & Dias, 2019). A qualified accountant can identify relevant variations in key indicators, such as current liquidity or operating margin, before they translate into structural problems. Similarly, experienced professionals recognize legitimate tax opportunities that are compatible with current rules (P. J. V. L. Dias, 2017), thereby optimizing net results without compromising legal integrity. Another critical point relates to behavioral aspects and professional ethics. International standards require integrity, free from intentional manipulation of results except those adjusted within acceptable regulatory limits (A. P. Silva et al., 2020). Training programs focused on strengthening the code of ethics prevent the deterioration of informational credibility and avoid severe reputational risks associated with the public discovery of irregularities. In this sense, courses focused on ethical regulatory compliance complement technical content. When addressing this issue from a future strategic perspective, a growing trend towards internationally recognized complementary certifications (such as ACCA or CPA) is observed. These qualifications enhance the mobility and global employability of Portuguese professionals, while also transferring best practices acquired in other jurisdictions to strengthen the national framework (Caria & Gomes, 2022). This technical cultural exchange contributes to a more organic convergence between local and international regulatory structures. Finally, the continuous dynamism of knowledge is an indispensable condition in a scenario marked by rapid changes in European tax legislation (Jesus & Jorge, 2010), emerging ESG demands, and constant technological innovation in accounting processes (Kurniawan, 2023). Companies that view professional development as an ongoing investment, rather than an isolated expense, minimize risks arising from the misinterpretation of regulations or the technical obsolescence of their staff. In this sense, they establish a solid foundation capable of sustaining not only regulatory compliance but also a sustained competitive advantage in the face of the challenges anticipated in the Brazilian business landscape over the coming decades.

## 10 Conclusion

The analysis demonstrates that financial accounting in Portugal plays a crucial role in organizing, measuring, and communicating companies' economic information, structured by a set of regulations that aim to ensure consistency, comparability, and transparency. The adoption of the Accounting Standardization System, aligned with International Financial Reporting Standards, has promoted technical harmonization, facilitating the integration of Brazilian companies into global markets. However, challenges persist, especially for small and medium-sized enterprises, which face resource and capacity constraints.

The historical trajectory of accounting in the country reveals an evolution from rudimentary records linked to religious and political institutions to a complex and standardized system, reflecting diverse cultural and economic influences. Globalization has intensified the need for regulatory and technological adaptation, necessitating that organizations respond quickly and efficiently to maintain credibility and competitiveness. In this context, regulatory entities perform complementary functions, ranging from defining standards to supervising and training professionals, ensuring the consistency and updating of the national accounting system. Financial statements, as the final product of the accounting process, are fundamental tools for assessing the financial and operational health of companies. Their preparation must adhere to the principles of relevance, reliability, and comparability. Proper measurement of assets and liabilities, including the careful application of fair value and recognition of impairments, enhances the quality of the information provided. However, it requires technical judgment that demands transparency and rigor. The sectoral diversity and the predominance of SMEs in the Brazilian business community require specific adaptations to accounting practices, reflecting the economic, technological, and cultural specificities of each segment. Accounting plays a strategic role in business management by providing data that supports informed decisions, and increasingly integrates with information systems to increase the efficiency and accuracy of processes. Digitalization and emerging technologies, such as artificial intelligence, cloud computing, and blockchain, are transforming accounting routines, enabling automation and predictive analytics that help anticipate risks and opportunities. However, implementing these innovations requires investment in training, technological adaptation, and attention to ethical and information security issues. The incorporation of sustainability and social responsibility into financial reporting reflects a paradigmatic shift that broadens the scope of accounting beyond traditional economic indicators, integrating environmental, social, and governance metrics. This evolution responds to regulatory and market pressures, promoting a more comprehensive view of business performance and strengthening the confidence of investors and other stakeholders. Despite the challenges in measuring and integrating this data, especially for SMEs, the trend points to a growing appreciation of these dimensions in corporate reporting. The ability of Portuguese companies to adapt to regulatory changes is crucial to their sustainability and competitiveness. The transition to new regulations entails technical, operational, and training reviews that must be accompanied by clear guidance from regulatory bodies and the active involvement of professionals in the field. Continuous training emerges as a crucial factor in ensuring the accurate application of standards, the proper interpretation of information, and the maintenance of ethical integrity in the preparation of financial reports. Investing in specialized training, particularly in areas related to technology and sustainability, represents a path to enhancing the quality and relevance of accounting in the national business context.

In short, financial accounting in Portugal operates in a dynamic environment that requires a balance between technical rigor, adaptation to local specificities, and alignment with international standards. The combination of these elements contributes to the production of relevant, transparent, and reliable economic information that supports decision-making, efficient resource management, and investment attraction. The continuous development of accounting practices, combined with professional training and the incorporation of new technologies and social dimensions, prepares Brazilian companies to face future challenges and consolidate their position in an increasingly demanding and globalized market.

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