The Practical Experience of Adapting to the International Accounting Standards

Jenő BEKE
University of Pécs, Faculty of Business and Economics, Hungary
E-mail: bekej@ktk.pte.hu
Phone: 00-36-72-313-681
Fax: 00-36-72-312-075

Abstract
The multinational companies pay enormous money for making and auditing their accounting reports according to the different national regulations. For these multinational companies the aspects of maximizing the profit is significantly more important than the aspects of national interest or the geographical position. Because of this there is a demand for creating such accounting systems which are evaluating the holder’s economic results equally.

Meanwhile the interpretation and adaptation of the financial information based on the different accounting methods are also expensive for the users of these reports. Therefore an authentic and standardized international account reporting system could form that business language, which would allow the comparison of the accounting information of each country.

According to the business practice it is obvious that the usage of international accounting principles leads to a reduction of the information asymmetry between the owners and the managers. Previous international accounting references shown that because of this information asymmetry payment of the managers decreased, while the cost of equities rose and the economical and financial forecasts are less accurate.

Keywords: Value Based Management (VBM), International Financial Reporting Standards (IFRS), Anglo-Saxon system, accounting national policy, Hungary.

JEL classification: M16, M41, M48

1. Introduction

International Financial Reporting Standards (IFRS) are accounting principles, methods (‘standards’) issued by the International Accounting Standards Board (IASB), an independent organisation based in London, U.K. They purport to be a set of standards that ideally would apply equally to financial reporting by public companies worldwide. Between 1973 and 2000, international standards were issued by IASB’s predecessor organisation, the International Accounting Standards Committee (IASC), a body established in 1973 by the professional
accountancy bodies in Australia, Canada, France, Germany, Japan, Mexico, Netherlands, United Kingdom and Ireland, and the United States. During that period, the IASC’s principles were described as ‘International Accounting Standards’ (IAS). Since April 2001, this rule-making function has been taken over by a newly-reconstituted IASB. From this time on the IASB describes its rules under the new label ‘IFRS’, though it continue to recognise (accept as legitimate) the prior rules (IAS) issued by the old standard-setter (IASC). The IASB is better-funded, better-staffed and more independent than its predecessor, the IASC. Nevertheless, there has been substantial continuity across time in its viewpoint and in its accounting standards.

International accounting literature provides evidence that accounting quality has economic consequences, such as costs of capital (Leuz and Verrecchia, 2000), efficiency of capital allocation (Bushman et al., 2006) and international capital mobility (Young and Guenther, 2008). On 19 July 2002, the European Union (EU) Parliament passed a regulation that requires all companies listed in the EU to adopt International Financial Reporting Standards (IFRS) for fiscal years starting after 1 January 2005. Widespread adoption of IFRS will result in a fundamental change in the business environment, since prior to 2005, companies followed a variety of country-specific Generally Accepted Accounting Principles (GAAP).

The purpose of the use of international accounting standards is that a single set of standards ensures similar transactions are treated the same by companies around the world, resulting in globally comparable financial statements. However, using the accounting standards consistently by firms we will find that they are changeable, because they are depend on the varying economic, political, and cultural conditions in one state. Additionally, studies of the properties of accounting output find that similar standards are applied differently around the world (Ball et al., 2006).

Accounting theory argues that financial reporting reduces information asymmetry by disclosing relevant and timely information (e.g. Jermakowicz, K. et al., 2007). Because there is considerable variation in accounting quality and economic efficiency across countries, international accounting systems provide an interesting setting to examine the economic consequences of financial reporting.

The increased transparency promised by IFRS also could cause a similar increase in the efficiency of contracting between firms and lenders. In particular, timelier loss recognition in the financial statements triggers debt covenants violations more quickly after firms experience economic losses that decrease the value of outstanding debt (Ball and Shivakumar, 2005).

International harmonization of accounting standards is an important topic in this globalising economy. Standard setters, company managers, and researchers alike are interested in the evolution of global standards. All current indications are that harmonisation will be a ready, it is just a matter of how fast it will happen, who will set the global standards, and how they will set them. In the meantime, there are a myriad of open research question.
One study (Epstein, B.J., 2009) characteristics of accounting amounts for companies that adopted IFRS to a matched sample of companies that did not, and found that the former evidenced less earnings management, more timely loss recognition, and more value relevance of accounting amount than did the latter. He found, that IFRS adopters had a higher frequency of large negative net income and generally exhibited higher accounting quality in the post-adoption period than they did in the pre-adoption period. The results suggested an improvement in accounting quality associated with using IFRS.

Another study (Barth et al., 2007) found that first time mandatory adopters experience statistically significant increases in market liquidity and value after IFRS reporting becomes mandatory. The effects were found to range in magnitude from 3% to 6% for market liquidity and from 2% to 4% for company by market capitalization to the value of its assets by their replacement value.

The capital market benefits were present only in countries with strict enforcement and in countries where the institutional environment provides strong incentives for transparent filings. In the order IFRS adoption countries, market liquidity and value remained largely unchanged in the year of the mandate. In addition, the effects of mandatory adoption were stronger in countries that had larger differences between national GAAP and IFRS, or without a pre-existing convergence strategy toward IFRS reporting. (Daske et al., 2007).

2. The practice of adaptation the international accounting standards

The international accounting companies (KPMG, 2008) carried out research in over 60 countries in all continents in order to find the differences between the international and national accounting standards. In this paper I carry out some comparison, valuation and causal link study using the basic data of the first research supplemented with the Hungarian accounting practices from my own researches at the member companies of Budapest Stock Exchange.

2.1. The accounting peculiarities of the member states of European Union

At first I choose the eligible countries inside the European Union according to the research. In the study sixteen international standards content and characteristic were compared with the international accounting rules and standards. Five from these standards (1, 7, 8, 14, and 25) plays crucial part in the comparison of the accounting reports. The IAS 2 standard is to prescribe the accounting treatment for inventories, the IAS 17, 36, 38 standards are in connection with tangible and intangible assets, the IFRS 7 is regarding to the disclosure and presentation of the financial instruments, the IAS 19, 37 contains the regulations in connection with the other liabilities and debtors, the IAS 12 and IFRS 5 are details the special accounting practices, while IAS 27 and IFRS 3 is about the accounting of the Combinations by Contract, Alone or Involving Mutual Entities. Thus it can be concluded that the standards used in the sample are sufficiently represents all areas of accounting, particularly the rules about the set up of the accounting report.
I have analysed the member states of the European Union separately because the previous regulations (e.g.: the 1606/2002 on the application of IAS), directives (e.g.: 78/660/EEC, 83/349/EEC, 2006/43/EEC), communications (e.g.: COM/2003/283) and recommendations (e.g.: C/2000/3004) made by the EU were in order to implement the accounting harmonization and the common accounting principles. I compared the international standards with the national accounting principles and rules per its components. I only declared them as harmonized, if they show a complete match. These specifications were made with all 16 standards in case of all countries. I hereby calculated the deviation between the international standards and the national regulations and principles in the eligible countries of the EU in percentages and summarised it in Figure 1.

![Figure 1 National accounting rules differences from IFRS in the EU](image_url)
According to Figure 1 two opposite tendencies can be identified. In connection with the continental European countries the deviation from the international standards is greater than in case of the two island nations (Great Britain and Ireland). The greatest deviation from the international standards could be identified in the case of Luxembourg (over 80%). The Commission of the European Communities warned (e.g. the European Court’s C-115/05 judgement) its member nation to take provisions necessary to comply with Directive 2001/65/EC of the European Parliament regards the valuation rules for the annual and consolidated accounts of certain types of companies as well as of banks and other financial institutions. It is obvious that the Anglo-Saxon (or Anglo-American) accounting system differs from the continental European, Asian, Latin-American or any other countries of the world. In case of the Anglo-Saxon countries the stock exchange plays a significant influential role in the national accounting practice, but not performs a cardinal role in the regulation process. In Great Britain the company law contains the necessary accounting requirements not just in case of the Limited Liability Companies but also for stock exchange listed companies. Besides not just the whole accounting profession but also, in lesser extent, the stock exchange participates in developing the national accounting regulation system. The country established its own professional bodies responsible for the regulation of accounting. One of these bodies is ASB (Accounting Standards Board), which has the authorization for issuing National Accounting Standards. The Accounting regulation works the same in Ireland too. The law system of the Anglo-Saxon countries (common law) does not containing rules in connection with the behaviour of the companies or the preparation of the annual accounts. In such circumstances accounting doesn’t have a subordinate role. Instead the practical and theoretical accounting professionals creating standards very similar to the international ones, since the international standards are having a major effect on their national standards. In such economic environment the adaptation and implementation of international accounting standards into the national accounting system is much easier and faster, than in the case of the Continental European countries introduced in the next paragraph.

Most of the Continental European Union member countries law system is based on the principles of the Roman law (jus civile). The codification of the law characterizes these countries. In such legal environment the adaptation and implementation of international accounting standards into the national account system is much harder and takes longer time. Because of this and as the data of Figure 1 also shows us, the deviation from the international accounting standards are much bigger in these countries, although in a varying degree, than in the case of the island nations of the EU. Inside the accounting systems of the continental Europe we can differentiate three accounting cluster: Germanic, Latin and Scandinavian. The Germanic cluster (Austria, Germany, Hungary, Czech Republic) accounting system is in many ways differs from Anglo-Saxon and Scandinavian countries. For example the company and tax law in Germany plays a pivotal role on accounting. Also in Germany the Commercial Code contains the account
reporting principles. Half of the German accounting principles differs from the international standards because their account law doesn’t contain rules in connection with the effects of the exchange rates in case of the foreign based subsidiaries; the review of the value adjustment after the non tangible assets lifespan exceeds the 20 year limit; the publishing commitments in case of the change in the Capital and reserves; the financial instruments valuation at fair value; disclosure commitments in case of related undertakings and the rate of dividend per share. There is no consistency in the accounting of business combinations, in the case of the accounting of leases grouped by tax provisions, and also in the evaluation of the assets.

The Hungarian accounting shows many similarities with the other continental, mainly Germanic, cluster members according to the place and classification. Our law system is similarly codified, so the accounting principles were also expressed by law. Since 1991 the interest of the owners and the creditors stands at the centre of the regulations also keeping the previous taxation goal. However the previously pivotal role of economic alignment and taxation is now gone. I will later discuss the classification of the individual standards, but hereby, according to the information from the domestic stock exchange listed companies and from personal consultations I can declare that the Hungarian accounting regulation, the budget system, our accounting principles and evaluation methods constitutes a solid ground for the establishment of an IFRS financial statement. From the balance drawn up according to the national rules only some corrections (e.g. depreciation calculation after Value Adjustment, the decreasing the Revaluation reserve with calculated depreciation cost of the Asset, moving the accrual capital’s consolidation margin to the profit reserve) and renames (reclassification of the Accruals and deferred income and the Prepayments and accrued income, the reclassification of the property rights and Payments on account in course of construction) will lead us to the IFRS balance sheet. In case of our Statement of profit or loss the reclassification of the given discounts and refunds as turnover lowering and the received discounts and refunds as material cost lowering elements, furthermore the reclassification of the extraordinary elements and the value of the Allocations for depreciation higher with value of the depreciation after the value adjustment also leads us to the IFRS balance sheet. By the time of the socialist economic system the Hungarian accounting principles always followed the Hungarian economic regulation system and the modifications of the taxation system in the 1980’s as a chapter of the law on national finances. After 1991 accounting became an individual act considered the European rules (directives), and from 2001, after its re-codification, the international principles as well. The Commission review before the entering to the EU (2004) declared that the Hungarian national accounting rules are compatible with the accounting principles of the EU. Although some financial “scandals” (Postabank, Parmalat) derogated the faith towards accounting just like in the foreign countries, e.g. the USA (e.g. Enron), but besides these effects our accounting regulation is stable and reliable. Furthermore the national standards (leasing accounting, Inventories, Accounting
policy regulations), developed in the last few years by the Ministry of Finance, can furthermore decrease the differences from the international standards.

The national regulations of the Latin cluster countries (Belgium, France, Italy, Spain, Portugal) shows several similarities with the Germanic cluster. Such as the pivotal role of the company and taxation law and also differs radically from the Anglo-Saxon characteristics. In France for example the codification rules are similar to the Napoleonic code (also in connection with accounting). In Italy, just like in other countries with conservative traditions, the accounting rules leded the ventures to a minimized taxable profits and dividends. It is not unusual that the accounting information can serve for several different purposes (Management, Tax Authorities and Owners) simultaneously. The similarity between the national regulations of the countries in the Latin cluster also shows a minimum of 50%, but sometimes 80% (Spain) match to the international standards.

The EU states in the Scandinavian cluster (The Netherlands, Denmark, Sweden, Finland) also shows several conformity with the Anglo-Saxon countries but we can find some important Germanic effects as well, for example the importance of the tax legislation. Among the Scandinavian countries The Netherlands differs the least (only 15%) from the international standards. In Holland the impact of the micro-economical approach to the account is reasonable. Nevertheless the country also shows several similarities with the Anglo-Saxon characteristics. The pivotal role of the company law and the accounting profession is also measurable here. The civil law contains the company law which is based on the principles of Roman law. In this respect it shows analogy with the continental European countries, except for the civil law which traditionally not plays the role of a detailed regulatory system.

2.2. The accounting peculiarities of the countries outside of the European Union

After analysing the eligible EU countries, I present the differences between the accounting principles of the American, Asian and African nations, the European countries outside the EU and also in Australia and New-Zealand and the international accounting standards (Figure 2).

Besides Russia and Turkey the differences are less (it’s not reaching the 50% mark) than in case of the EU member states. Among the European countries Switzerland follows the Germanic accounting principles and its difference from the international standards is nearly the same (62%). Norway’s accounting principles reflecting Scandinavian effects and the deviation is similar to the Swedish. The Asian countries accounting rules follows the colonial specialities, so the impact of the colonizers is high. Thus in case Indonesia the Dutch, in case of India, Pakistan, Hong Kong and Malaysia the Anglo-Saxon and in the Philippines the Spanish and American impact is shown. In case of the Chinese accounting system it was both affected by western and the socialist Russian influence. In case of Japan we can notice both Germanic and American impact. However the Asian countries accounting systems are getting closer and closer to the Anglo-Saxon model. The
accounting in Argentina and Brazil follows the Latin rules and the difference is also similar (65%). The United States is famous for its accounting standards, which follows the Anglo-Saxon traditions and similarly to the British and Irish system it differs only in a small margin (15%) from the international standards. Mexico and Canada as former British possessions and members of the North American Free Trade Agreement (NAFTA) follows the Anglo-American (Anglo-Saxon) accounting principles. Australia and New-Zealand also as former British possessions follows the Anglo-Saxon accounting principles so the differences from the international accounting standards are rather small (15-25%).

Figure 2 National accounting rules differences from IFRS outside of the EU
2.3. Evaluation of the certain accounting standards

After evaluating the individual countries and the group of countries, I have analysed the average differences in case of the certain accounting standards and what the background causes of these differences are. I display these differences in separate Figures 3 in case of the EU member states (Figure 1) and the non EU countries (Figure 2). I observed that the biggest average difference is detectable in case of the IFRS 7 (until 2007 IAS 30, 32) standard both within and outside the EU (82% and 68%), which standard is in connection with the disclosure and presentation of the financial instruments. I need remark that in this case the certain countries were not claimed the disclosure and presentation of the financial assets and obligations on their fair value in their financial report as regulated in the accounting standard. This remark also stands in the case of Hungary. Our national accounting regulations make the evaluation at fair value possible, but not compulsory. According to accounting practitioners only a few business choose this option. The personal consultations shows that this is because the tax consequences of this new model. Another typical difference is in connection the IAS 37 Provisions, Contingent Liabilities and Contingent Assets standard (68% and 80%). Searching for the causes it turned out, that there are no national regulations in connection with the making of Provisions, furthermore it can be made in cases when there are no liabilities yet and there are no special rules of readjusting the Provisions. In case of the Hungarian regulation, I found the two, previously mentioned differences. This is because our Act on accountancy is not requires that the Provision could only originated from a previous events, furthermore Provisions can be made in advance in case of the periodically repetitive costs, and it also not using the Present Value. There is a significant difference in case of IFRS 5 (IAS 35 until 2005) Non-current Assets Held for Sale and Discontinued Operations standard (65% and 55%). In the international accounting there are no regulations referring to the Discontinued Operations. Neither our national act on accountancy orders the information needed in case of the presentation of the Assets destined for sale or used in Discontinued Operations. It only orders the holder to demonstrate its future goals in the annual report which contains all the Discontinued Operations and the Assets destined for sale.

In case of the non EU countries the difference in connection with the IAS 19 Employee Benefits standard is also typical (65%). In case of the related EU countries this ratio is only 45%. The researcher missed the readiness of the regulations in connection with the cost of providing employee benefits and the costs above the pension benefits. In case of Hungary only the first half of the sentence stands. In case of the termination benefits the Hungarian regulation tries to follow the international standards. But we only admit the benefit as severance pay, which the employee gets in case the employer terminates his or her labour relation before the retirement period.
The difference between the national regulations and IAS 36 Impairment of Assets standard exceeds the 50% both in case of the EU member and non EU countries. Because in the national regulations there is no detailed rules on the testing of the impairment of the assets and the accounting of the impairment is only made after it declared durable. The Hungarian national regulation also differs from this standard, while it’s not mentioning the external or internal signs of the impairment and the readjustment of the impairment, so there are no precise instructions regarding when to evaluate the “reference” value. Furthermore the category is not refers to the accounting date, but it relates the market value on the date of making the balance sheet to the book value on the accounting day.

**Figure 3: National accounting rules differences from IFRS by standards**

The difference between the national regulations and IAS 36 Impairment of Assets standard exceeds the 50% both in case of the EU member and non EU countries. Because in the national regulations there is no detailed rules on the testing of the impairment of the assets and the accounting of the impairment is only made after it declared durable. The Hungarian national regulation also differs from this standard, while it’s not mentioning the external or internal signs of the impairment and the readjustment of the impairment, so there are no precise instructions regarding when to evaluate the “reference” value. Furthermore the category is not refers to the accounting date, but it relates the market value on the date of making the balance sheet to the book value on the accounting day.
We can see a difference of 55% relating to the IAS 1 Presentation of Financial Statement only in the case of the EU member states. The separate listing of the changes in the Capital and reserves is not present in the member state’s accounting statement. This deficiency is also mentioned in about Hungary. But in the notes on the accounts we must demonstrate the important changes in the Capital and reserves by entitlements. So in my opinion this should be considered not as a substantial, but a formal deficiency. Another 52% difference is stands within the EU in case of the IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and this stands also for Hungary, because it allows a broader interpretation of the unforeseeable event. Our act on accountancy is not differentiates between accounting policy and accounting estimate. It considers the estimating as policy. The accounting policy contains rules relevant to stocktaking, money handling, evaluating, and net cost calculation. Furthermore all found errors must be corrected. In case of substantial error the corrected account must be represented. By contrast, the international regulations are not following this method.

Finally there are some smaller margin differences which affect mostly the EU member countries. Those standards are the IAS 24 Related Party Disclosures standard, which has an average deviation of 52%, and IAS 27 Consolidated and Separate Financial Statements standard with the average difference margin of 53%. The last deviation comes from the fact that there are no or just a small disclosure requirements in the national accounting regulations. The Hungarian act on accountancy also misses the list of such events. However that kind of information must appear in the Notes on the account. In respect of the Consolidated and Separate Financial Statements the requirements towards consolidation of the special activity companies is missing. This deficiency not affected Hungary.

In case of the other standards the differences are much lower. Especially among the non EU countries (the average deviation is around 5-35%), but in case of the EU member countries the margins are still lower than 50% (around 22-35%). The smallest deviation we can recognize among the non EU countries is in the case of the IAS 7 Statement of Cash Flow standard (5%), while in case of the EU member countries it’s the IAS 12 Income Taxes standard (22%). According to Hungary there were differences in case of standards Business Combinations, IAS 7 Statement of Cash Flows and IAS 38 Intangible Assets.

My research recorded the following Notes according to the other standards.

- IAS 2 Inventories standard: In case of using LIFO asset-management and valuation method there were no disclosures of the related values at FIFO asset-management and valuation method (In case of Hungary it is not a problem because we use LIFO and average costing asset-management and valuation method),
- IAS 7 Statement of Cash Flow: The cash flow itself missing from some countries account regulation (Not in case of Hungary),
IAS 14 Segment reporting: The segment reporting is not at all or just partly compulsory (In Hungary segment reporting is only mandatory for the stock exchange listed companies),
IAS 17 Leases: The activation of the leases is missing or just partly done (In Hungary the leases must be shown only in case of tied and long term calls),
IAS 38 Intangible Assets: The activation of Research and Development, Trademarks and Brand names (In case of Hungary the standard is consisted as harmonized).

3. Conclusion

Accounting standards create more transparency on the financial market. This provides investors more accurate information on company profiles. This way, even small investors (and not only professionals) will be able to get the information needed for their investment choices, thus they will be able to better compete on the market. More transparency will result in more international transactions that will have reduced costs because of the clear information provided by companies’ reports. In case of consolidated accounts (when the company has foreign subsidiaries) bookkeeping will be facilitated and will also result in reduced transaction costs. No more adjustments will be needed in order to make financial reports of companies internationally comparable. Reduced costs will also result in more cross-listings and cross-border investments. International accounting standards also have a good effect on the division of labour. These standards and thus the less transaction costs will enable companies to be able to trade easier between each other. This will let them specialise in the field of their strengths and rather rely on suppliers that are also specialists in another field of their own than trying to produce the same product in-house, which will create a division of labour on the market. Accounting standards also provide information on company disclosure. Better transparency, by providing more information, and providing the accurate and understandable information will reduce the risk perceived by investors. The risk in question is the accounting risk that comes from the difficulties in understanding the accounting principles and standards applied by the firm, and also the inability of investors to process the information provided. By reduced risk investors will get lower returns from their investments that will result in lower cost of capital as well. Companies that are using IFRS face less earning management, more earnings and more value relevance of earnings. This can be due to the easier flow of capital, the less costs attributable to the difficulties of adjusting the reports of companies from different accounting systems. Due to the decreasing costs of processing the information provided in financial reports the efficiency of stock markets will increase which will result in greater prices of stocks and thus greater capital income for enterprises. These all will provide space for more innovation on the financial markets because they could become more integrated, and more and new international transactions could be created. Due to accounting standards, the international flow of capital will be easier.
International accounting standards are also becoming more popular and tend towards integration as the global economy. The global standards have many benefits that are supported by many factors. However, there exist also some restraining factors. Due to the globalisation of the markets, international investors need access to financial information of companies that is easier by harmonized accounting standards. Many economic choices are done when investors realise their activities. These economic factors mostly favour international harmonization. Clear information is needed in order to facilitate investments in all sectors.

Culture can also be a determinant of international harmonization of accounting standards. For example, using Hofstede’s cultural dimensions, we can find evidence in terms of international harmonization of accounting standards. For example, in small power distance and weak uncertainty avoidance countries, a greater tendency can be observed to use accounting measures as an indicator of the results of managers’ decisions. Thus, profit will be rather used to indicate the good managerial performance. Strong uncertainty avoidance and long-term orientation will rather generate centralization of accounting standards. There exist differences in dominant culture of countries which will also result in differences in the accountancy too.

Standardization of financial accounting has tended to follow the integration of the markets served by the accounts. The present impetus for global accounting standards follows the accelerating integration of the world economy. The global accounting standards would enable the world’s stock markets to become more closely integrated. The more closely world’s stock markets approach a single market, therefore, the lower should be the transaction costs for investors and the cost of capital for firms in that market. The differences in international reporting practice prior to IFRS constituted a palpable barrier to efficient international investment, monitoring and contracting. And the literature suggest that being confined to small segmented capital markets imposes a substantially larger cost of capital on firms and transaction costs on investors, which would inhibit much worthwhile investment. Although we do not have available all elements for the cost-benefit calculation the evidence points to substantial net gains for smaller economies which have joined to the IFRS regime. There is certainly empirical research evidence to support the notion that uniform financial reporting standards will increase market liquidity, decrease transaction costs for investors, lower cost of capital, and facilitate international capital formation and flow. And there is a sufficient basis to endorse IFRS and begin the challenging task of educating users, auditors, and regulators. Educators and practicing accountants alike have significant roles to play in this exciting future.

This requires the development and review of the national accounting rules, the separate validation of the tax and accounting regulation, the repeal of the subordinate role of accounting, issuing international standards with the help of practical and theoretical accounting experts and last, but not least the enhancement of the trueness and completeness of the international accounting standards.
References

1. Ball, R.; Robin, A.; Wu, S. (2006); Are timeliness and conservatism due to debt or equity markets? „An international test of „contracting” and „value relevance” theories of accounting.” University of Chicago
8. KPMG (2008), IFRS in Brief. Saldo, Budapest