FINANCIAL-ACCOUNTING INFORMATION SYSTEMS – RATIO BETWEEN ACCOUNTING ORGANISATION SYSTEM AND INFORMATIC APPROACH

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Abstract
Practical activities have lately started to use complex financial-accounting informatic systems on a large scale, facilitating the establishment of a background for improving informational processes and substantiating decisions, also taking account of the requirements when implementing the mechanism of market-oriented economy.

The financial-accounting informatic system in any economic organisation has the role to show the data and outcomes of company economic performance in a format that is beneficial and useful to accountants and managers in order to ensure the good running of their companies. Thus, when information is necessary to substantiate a decision in terms of economic matters, the field of financial-accounting data along with the related informatic system provide the information needed for three management functions: planning, control and evaluation.

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JEL Classification: D80, D81, G00, M40

1. Accounting as a system of information and decision-related assistance

The insecure business environment, the progress of enterprise activities at a high, complex level increasingly demand human factors in terms of their ability to make efforts and analyses. Additionally, any organisation’s decisions involve decision makers’ timely adoption of numerous resolutions about current, predictionary, investment activities etc. In order to do that, decision makers need information on which they can rely when making the best decisions. Therefore, financial-accounting systems help enterprises, respectively decision makers find solutions to such challenges, ensuring the resources needed to process large amounts of information in due time underlying decision-making processes.

The financial-accounting performance in an economic unit is regarded as a basic instrument ensuring the supply of useful economic information when economic organisations make their decisions. Around 45-50% of the total economic information in an enterprise is provided by the accounting field and the quality of decisions made according to such information depends on several factors as follows: the quality of information used, and decision makers’ management abilities and intuitions. Thus, the informational operations typical of the financial-accounting field envisage the generation and usage of financial-accounting information subsequent to the activities which involve the organisation, collection, storage and processing of data and the dissemination of information.
Accounting importance and role related to decisions in the information system are intense, as accounting makes the connection between economic operations and decision-making factors\(^1\), as diagram 1 shows.

**Figure 1: Accounting as Decisions’ Information System.**
Abridgement of ”Accounting Theory” by M. Epuran, V. Băbăiţă, C. Imbrescu, Economics Publishing House, Bucharest, 2004

The importance of accounting information while supporting decision-making processes ensues from the following traits\(^2\):

- It has a high level of certainty, relevance, much more credibility as compared to the other information systems within an economic unit;
- It is an instrument to control the correlation between revenues and expenses, assets and resources;
- It ensures both global and analytical knowledge of entity elements due to the fact that it relies on typical, common procedures from other sciences;
- Accounting ensures the calculation of production costs, their budgeting, and the budgeting of revenues, expenses and financial outcomes;
- Substantiation instrument of future economic strategies whose starting point are the results obtained previously.

Thus, it can be said that within a system with exhaustable resources, information which is continuously regenerated tends to become the most significant resource\(^3\).

As far as the information need during organisational decision making is concerned, all the informational flows within organisation subsystems must be known very well. Consequently, an organisation should be regarded as a complex system made up of integrated subsystems which thereby provides the optimum collection and storage, and allows their use by shareholders and managers while making decisions.

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1 Burtescu Claudia (coord), *General Accounting*, Economic Independence Publishing House, Piteşti, 2008
In other words, when it is necessary to have information in order to underlie decisions about economic issues, the field of financial-accounting data supplies all the information needed in three management functions: planning, control and evaluation.

2. The ratio between accounting organisation system and informatic approach

Glautier and Underdown (Great Britain, 1991) regarded accounting as: "the most significant element of an organisation's information system" relying on the following views:

a. the accounting information system allows managers and outside users of accounting information to picture an image of the entire organisational performance;

b. the accounting information system ensures the relation with other important information systems within an organisation such as: marketing, personnel, production etc.

The amount of informational requests coming from various users of financial-accounting information has made it possible for the emergence of two representations for the same fact: "internal" and "external" representations. These two representations within the financial-accounting information system materialize by the presence of two large components: general or financial accounting regarded as the external part of an economic unit, with the role of showing the company’s image to the "outside", and the latter component which is management accounting, thought to be the "inside" part of an economic unit.

Therefore, according to what has been stated above, the financial-accounting informatic systems designed and created in economic units (autonomous entities and commercial companies) rely on the concept of accounting organisation in one or two networks, paying attention to information requirements, and organisational and operational traits.

Specialised literature introduces the two representations for the organisation of an accounting information network under the names of formal monism also known as single-network accounting and formal dualism also known as double-network accounting.

The double-network (dualistic) accounting system is mainly used in the countries of the European Community whereas single-network accounting is practised in Anglo-Saxon countries and the USA.

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Figure 2. Informational flow in an economic unit

The accounting system used in our country since 1 January 1994 is double network, namely one in financial accounting and another in management accounting.

_Organising single-network accounting_ (the monistic concept) aims at monitoring all patrimony flows both inside and outside an economic unit. This accounting system organises its accounts within a single flow in an economic network: capital-supply-operation-sale-accomplishment, both for external functions (all the operations undertaken with third parties), and for internal functions (the operations related to internal management)\(^5\).

In addition, this manner of accounting organisation imposes the informatic system to provide the information content in order to support the process of getting acquainted with patrimony’s internal and external changes, closely connected to the economic operations performed during a management period.

_Organising double-network accounting_ (the dualistic concept) means the presence of two networks of accounting information: the network of financial accounting and the network of management accounting. This organisation method lies at the core of the integrated financial-accounting informatic system.

The concept of _Financial Accounting_ reflects the patrimony-related network of an enterprise regarded in its totality and structurality. Patrimony status is shown by means of assets, debts, own capital and economic outcomes reached during a certain period. The accounting information ensuing thereof is useful both to managers at internal level and to external users such as: suppliers, customers, bankers, potential capital investors, government and other institutions.

The organisation concept of _Internal Management Accounting_ supplies accounting information which is quantified, processed and transmitted for internal use by the management\(^6\). Practically, according to internal management accounting, there is the description of internal patrimony-related network of an enterprise generated by the activities consuming resources and producing results. An informatic system designed in compliance with this concept envisages the reflection of expenses and revenues per value supporters, and the resource allocation in order to manage them within each internal organisational structure.

Corresponding to the concept of organising internal management accounting, the informatic system associated to it can be achieved in two ways\(^7\):

- The **integrated variant** makes it possible to organise accounting at analytical level by detailing financial (synthetical) accounts per detail levels, in accordance with the operations of accounting’s concrete organisation since the economic organisation is the patrimony’s owner;
- The **parallel variant** involves the organisation of analytical accounting by means of management accounts in order to monitor the status and flows of patrimony elements per additional detail levels. Those that resort to this organisation variant are the economic units which pursue the emphasis of other aspects than those provided by the integrated variant. So, such units have their own accounting organisation ways which help them with the information needed in the financial control exerted by Finance Ministry bodies and also additional information for the internal management of a unit’s patrimony.

The integrated financial-accounting informatic system is made up of the following subsystems:

a. **financial prediction** which means setting the budget for revenues and expenses;

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b. *rating of production costs and calculation beforehand* which forecast the level of production expenses and unit costs for economic activities carried out;

c. *financial (synthetical) accounting and internal management (analytical) accounting* which keep track of all economic processes taking place within an organisation and leading to the unit patrimony’s transformation and circulation in relation with the type of economic operations in progress;

d. *financial economic analysis* which means comparing the relative dimensions of results during various management periods, by highlighting the factors that have influenced the emergence of positive or negative changes upon the activity results subject to analysis.

The central role in the integrated financial-accounting informatic system is held by financial and management accounting as it ensures the control over and management of all activities generating useful information to all the informatic system components, as well as to the management team or the Ministry of Finance.

A good financial-accounting informatic system within an organisation is the one which best accomplishes the following goals:

- efficiently processing the data at as low cost levels as possible;
- quickly making up the necessary reports;
- ensuring a high level of data’s accuracy;
- providing the necessary steps to avoid thefts or frauds.

3. **Conclusions**

The financial-accounting system is regarded as the nucleus of any organisational informatic system and comprises applications for general accounting, payments, money collections, records of fixed assets, costs’ control, predictions of production costs’ level etc. Since it is functionally interdependent on the other components within an integrated informatic system, it increases a company’s ability to improve its business performance.

As far as the relationship between accounting and informatics is concerned, it can be said that the growth of accounting informatic systems has brought about significant advantages in terms of the processing speed, processed data’s correctness, reduction of data processing costs.

**BIBLIOGRAPHY**

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