

THE INFORMATIVE DIMENSIONS OF THE SYNTHETIC ACCOUNTING DOCUMENTS

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Abstract:

In the context of the Romanian accounting regulations, the official documents presenting the enterprise's economic- financial situation are the annual financial statements. The financial statements assure the centralization and the standardization of the accounting information in a systematic and unitary form. The synthetic accounting documents, through their informative valences, represent the privileged communication channel/support, within the enterprise, but also in the relations with the world, becoming the main sources of alimentation for the national statistics as well as for the state's economic policies, furnishing the information necessary for putting in practice the strategies adopted.

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The accountancy includes the entire process that leads to the elaboration of an enterprise's synthetic documents seen as a whole: "*documents offering a continuous history of the economic activities, expressed in monetary units.*"¹

The two major processes influencing the juridical frame of the financial reporting are those of Europeanization and internationalization.

So, the **Europeanization** undergoes the process of harmonization with the directives related directly or indirectly to the accountancy's informing objectives, the synthetic accounting documents being found here under the name of annual accounts, and the **internationalization** signifies the harmonization with the international accounting reference points, and the synthetic accounting documents are called financial statements.

In the context of the Romanian accounting regulations, the official documents presenting the enterprise's economic- financial situation are the annual financial statements. They must offer a true image of: the financial position, performance, the shareholders' equity, cash flows and other information regarding the activity. Therefore, **the financial statements assure the centralization and the standardization of the accounting information in a systematic and unitary form.** A general presentation of the enterprise's economic-financial activity and the results obtained at the end of each budgetary year is assured by these statements.

The synthetic accounting documents, through their informative valences, represent the privileged communication channel/support, within the enterprise, but also in the relations with the world, becoming the main sources of alimentation for the national statistics as well as for the state's economic policies, furnishing the information necessary for putting in practice the strategies adopted.

¹ Feleaga Malciu, L., Feleaga N. – *The financial Accounting – An European and International Approach*, Ed. InfoMega, Bucuresti, 2005.

These financial statements, through their structure and, implicitly, by the information they include, reflect an enterprise's activity at the end of each budgetary year comparatively with the previous one (whenever it is stipulated), in a systematic and synthetic manner, following unitary methodological norms.

We consider that the importance of the financial statements as synthetic accounting documents can be pointed out by the following aspects:

- *“they represent a mean of knowledge, control and analysis of the enterprises' activity for the administration councils, shareholders, fiscal organisms etc;*
- *the information included in them refer at the present but also at the previous budgetary year granting the possibility to analyze their evolution from a administration period to another;*
- *the information they offer is the ground on which numerous decisions concerning the present but mostly the future activity are based;*
- *they represent a motivating factor for improving the content and organization of the accounting evidence, that should assure the necessary data, exactly and in time, in order to elaborate them correspondingly and in due time.”²*

The financial statements can fulfill the role they have in the managerial process only if they respect certain conditions or requirements.

Taking into consideration the importance of these synthetic accounting documents, we point out the fundamental condition they must respect, which is to reflect the true image of the patrimony existing at a certain moment and of its elements' evolutions in a certain period of administration, respectively a budgetary year, but also of the results obtained in the same period.

The presentation of information in the financial statements is done after a unitary system and certain methodological norms that assure the correct comparative analysis of the enterprise's activity and the attaining of the information's centralization at the level of the organisms interested.

The *true and simple* character of the financial statements is proven by the easy reading and understanding of the informational messages transmitted to the users by the accounting information producers.

The financial statements must also be complete, meaning to contain all the required forms, and those must be completed with all the indicators they include.

Another requirement that has to be respected is the one regarding the methodology of determining the indicators and the correlation between them.

The elaboration and presentation of the financial statements in the due time represent another condition, that have for consequence the assurance of the activity's management, control and analysis, efficiently and operatively, as well as the centralization of the information in due time.

We attach a triple role to the utility of the financial statements' information for the accounting information producers as well as for their users:

- **explanatory**, which allows to explain the different aspects from the business and accounting practice;
- **normative**, which assures the evaluation of the business's management and administration;
- **prediction**, which facilitates the identification of the solutions for the new problems appeared in the domain.

Therefore, we considered necessary to point out on two levels the informative dimensions of the synthetic accounting documents, with the facilities they guarantee, as follows:

² Staicu C., Mihai M., Ciurezu T. – *The Financial Accounting Statements harmonized with the European Directives*, Ed. Universitaria, Craiova, 2002.

- **at the enterprises' level:**

- the analysis of the businesses' management;
- the activity's control;
- the validation of the actions made;
- the centralization of the information generated by the enterprise's relations with its economic-social environment;
- the selection of the accounting information outside the enterprise;
- Obtaining prediction information regarding the risk factors.

- **at macroeconomic level:**

- the determination of the state's incomes;
- establishing the gross domestic product;
- the analysis of the national patrimony
- The elaboration of the economic policy's strategies.

In the accounting practice, the financial statements represent the beginning and the end of an accounting cycle, generating a correlated and verified database that expresses all the aspects of the economic activity.

We can affirm the next ideas, considering the above mentioned:

- the annual financial statements are the most important accounting documents both for the internal and external users, being used at the entire society's level as a final calculus to determine and present the financial situation, the results, an activity's efficiency, actions on which strategic decisions are based;
- the annual financial statements represent the final products of any accounting system, and they are an important source of knowledge and analysis of the enterprise's financial situation;
- The annual accounting information published is elaborated under the responsibility of the enterprise's leadership, having a general character and satisfying the needs of many user groups, fact that derives from the functions assigned to the synthetic accounting documents and to the annual reporting ones.

There are many opinions in the specialized literature, some authors describing the following **functions assigned to the annual financial statements:**

- 1. reflection and generalization function;**
- 2. control and analysis function;**
- 3. instrument of economic-financial balance function;**
- 4. Patrimonial settlement of accounts.**

Other specialists, to whose ideas we subscribe, explain the annual financial statements' functions from the perspective of the place they hold in the knowledge and informing process.

In this context, are delimited **the associated functions that concern:**

- **the generalization and centralization of the data given by the accountancy;**
- **informing;**
- **control and analysis;**
- **prediction;**
- **economic-financial balance instrument;**
- **the patrimony's settlement of accounts.**

The function of generalization and centralization of the accounting data is one of the finalities of the accounting processing.

During the cycle of accounting processing, the information follow an ascending trajectory, from simple to complex, from specific to general, materializing in a system of economic-financial indicators that give expression to the common features of the patrimony's elements advanced and consumed in the economic-financial circuit.

This function is monitored not only at the unity's level, but also to territorial, branch or national level.

The informing function gives to the synthetic and reporting documents the place and role they deserve within the informational system, furnishing information that satisfy the internal informational need in administrating the business, but also the external informational requirements through the economic-financial indicators emitted.

The achievement of this function means the creation of some accounting products characterized by: reality, exactness, correlation, comparability, legality.

The control and analysis function is manifested especially in the process of monitoring and interpreting the way of achieving the scheduled objectives regarding the engaging and use of the capitals delimited patrimonial, in the identification of the deviations from the stipulated economic-financial indicators, in establishing the necessary measures and corresponding decisions as well for the improvement of management activity.

The full achievement of this function happens when the analysis of the enterprises' economic-financial activity is done based on the annual synthetic accounting documents.

We think that the financial control and analysis function is achieved for internal necessities – being useful for the firm's management, employees, business partners - as well for external needs, that of investors, fiscal organs, creditors, macroeconomic institutions etc., having the possibility to make an analysis on horizontal, vertical or combined of the synthetic indicators presented.

We have observed that this function gained new informational valences generated by the necessity to make some:

- economic analyses for economic risks' evaluation and for the determination of the correlation return of capital-exploiting risk;
- financial analyses focused on the identification and use of intermediary gestion balances, financing frame, cash flows frame, the finality of all those being the evaluation of the enterprise's financial and bankruptcy risks.

The prediction function represents a process of processing and capitalizing the indicators presented in the annual financial statements in order to predict future evolution.

The prediction calculi made for the next periods of activity based on the economic-financial indicators achieved in the past and present time can assure the fundament for some more efficient strategic and tactical activities.

The post event representation of the activity represents the premise necessary for the predictions regarding the phenomena evolution.

Our opinion is that it represents a process of processing and capitalizing at a higher level of the synthetic indicators presented in the annual financial statements.

In the specialized literature, the methods used in establishing the tendencies in business based on the retrospective information from the financial statements are:

- ❖ the method of averages (arithmetical average, chronological one etc.);
- ❖ the graphical method;
- ❖ the method of medium rise and the dynamics' medium rhythm method;
- ❖ the trend;
- ❖ the regressive techniques and correlations;
- ❖ the actualization techniques;
- ❖ the balances method.

By the help of the prediction function, annual financial statements of prediction are achieved, and their content furnish the information necessary for the acknowledgement of the financial statement in a future gestion period.

The economic-financial balance instrument function “*is manifested in the acknowledgement, orientation and maneuverability of the balance relations between assets and liabilities, between expenses and incomes.*”³

We consider this balance is reflected, controlled and adjusted dimensionally (at the level of patrimony) as well as structurally (on patrimony’s constituent parts).

The patrimony’s settlement of accounts function is effectuated at the end of each management period, basically at each budgetary year closure.

We must take into account, in this sense, from simplification and facilitation of the understanding reasons that: “*the annual financial statements are used as an instrument to justify the retrieval of the expenses from revenue or the financings allocated in this sense, as well as for establishing the responsibilities and material co-interests regarding the relation of preserving and increasing the patrimony.*”⁴

It is important and must be mentioned that the annual financial statements’ functions are depending on each other reciprocally.

So, no informing process would be possible without the generalization of the accounting information, the factors of influence that determine the level of the economic-financial indicators presented in the financial statements could not be described and it would not be possible to establish the responsibilities for the information elaborated only by the mean of the control and analysis function.

The achievement of the function of economic prediction would not be possible without the manifestation of the generalization, centralization, informing and control and analysis functions.

Synthesizing the contents of the functions assigned to the annual financial statements, in the opinion of the respected professor I.P. Pantea, there are **three principal functions** that can be assigned:

- **the accounting information’s generalization function**, by which the accounting information is grouped and systemized on certain criteria, in order to centralize and generalize the information at the enterprise’s level as well as the level of all the organizational hierarchies in the national economy;
- **the informing function**, guaranteeing the gathering, recording, processing and generalization of the accounting information, necessary to the decisional factors within the enterprises as well as other physical or juridical persons interested.
- **the analysis function**, assures the facility to determine certain economic-financial indicators, calculated based on information given by the annual synthetic accounting documents, by the help of which it can be established a diagnosis of the enterprise’s financial situation and profitability.

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⁴ Doinea Ov. – *Annual Financial Statements – National Theory and Methodology*, Ed. Universitaria, Craiova, 2005.

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