

# THE INFORMATIONAL VALENCES OF THE FRENCH FINANCIAL STATEMENTS' SCHEDULE

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*The schedule to the French financial statements is completing and commenting at the same time the information given by the balance and the result account, representing an essential instrument for the reflection of the true image of the enterprise's patrimony, financial statement and result. The schedule is defined as a document including the explanations necessary for a better understanding of the other synthetic documents and completes or presents under another shape the information within those. The structure of the schedule depends on the size of the enterprise, having two formats: simplified schedule and basic schedule. Besides the compulsory information stipulated by the legislation, other information considered necessary and relevant for the achieving of the true image will be recorded as well.*

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**The schedule is a document of English origin, corollary and instrument to put in practice for the principle of true image/description.**

It had been introduced in France by GAP, becoming in 1982 a compulsory document, beside the balance and the result account in the structure of the annual statements.

From the general point of view, we consider **that the schedule has the role to give the information and the explications necessary for a better understanding of the other synthetic documents, to complete or present under another shape the information within those.**

As an argument in favor of our opinion we mention the art.9 from the Commerce Code saying: **the schedule completes and comments the information given by the balance and the result account.**

It becomes therefore an essential instrument for reflecting the **true image** of the enterprise's patrimony, financial statement and result.

So if the application of an accounting prescription is not enough for revealing a true image, supplementary information must be given in the schedule.

The Commercial Code also stipulates: *“if, in an exceptional case, the application of an accounting prescription is improper for revealing a true image of the patrimony, the financial account or the result, a derogation must exist; this derogation is mentioned in the schedule and seriously motivated, pointing out its influence on the the enterprise's patrimony, financial statement and result”<sup>340</sup>.*

The same legislative act is referring to the contents of the schedule, as following:

- the total amount of the enterprise's obligations regarding the retirement funds is indicated in the schedule;
- the balance, the result account and the schedule must include as many columns and situations as necessary for reflecting the true image of the enterprise's patrimony, financial statement and result.

In consensus with the stipulations of the Commercial Code, the Accountancy Law also stipulates a series of information that must be given by the schedule, such as:

- a) presentation of significant information;
- b) presentation of some balance positions in detail;
- c) explications of sums that are object of the records from the regularization accounts;

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<sup>340</sup> Neag R. – Reforma contabilității românești între modelele franceze și anglo-saxon, Editura Economică, București, 2000.

- d) commentaries on various situations like: expenses related to the society's formation, the research-development expenses, the commercial fund, other non material fix assets etc.

And, last but not least, the GAP defines the schedule as: **“a document that includes the explications necessary for a better understanding of the other synthetic documents and completes, when is needed, or present under another shape the information within those. No presentation in the schedule can not generally represent a substitute a normal registration stipulated by the General Accounting Plan in other synthetic documents.”**

GAP also includes the necessity to mention in the schedule the accounting methods and rules used, the information complementary to the balance sheet and the result account, as well as other informational elements.

Considering the fact that financial statements must present a true image of the enterprise's patrimony, financial statement and result and the incidence of the fiscal norms bring about important subterfuges in accountancy, our expressed opinion is that **“schedule has an important role in presenting supplementary information, commentaries and explications that will allow access to other perspectives, different from the juridical one in the accountancy domain.”**<sup>341</sup>

We consider justifiable to point out the perspective of Claude Perochon who succeeds in synthesizing the informational significance of the schedule in regard to the application in practice and the achievement of the objective **true image** – an opinion we sustain.

The role Claude Perochon gives to the schedule is found in its presentation, as mentioned above:

1. **a complementary document** to the balance and the results account; it has no double utilization with these two, only brings its information in addition to those to complete them;
2. **an open document** in which all information susceptible to influence the judgment of the annual accounts reader on the matter of the enterprise's patrimony, financial statement and results must be recorded.
3. **a document meant for the principle of importance**, because there are no compulsory standards for the schedule like in the case of balance sheet and profit-loss account;
4. **a document for the accounting side but also for the extra accounting side:**
  1. **accounting**, for the elements given directly by the accounts and verifiable in those
  2. **extra accounting**, for the qualitative or quantitative elements that are not expressed in the accounts.
5. **a document modulated according to enterprises' nature and size**, modulation that is not the identical with the limits stipulated for the use of basic or arbitrary systems, as follows:
  - **juridical persons:**
    - over 50 employees – **basic schedule**
    - until 50 employees – **simplified schedule**
  - **physical persons:**
    - more than 3.500.000 F from the business turnover - **simplified schedule**;
    - less than 3.500.00 F – **no schedule**.

The schedule is guided after the same principles as the other two financial statements, the balance sheet and the result account.

In consequence, the information stipulated in the schedule must be as reliable as the ones in the balance sheet and the result account, which means they can be verified by confrontation/comparison with the documents attesting their accuracy, and are comparable from an financial exercise to another or from an enterprise to another by application of the same methods of calculus and presentation.

Related to the schedule's contents, the GAP gives an **indicative list** of the information that are presented in the schedule only **if they are significant**.

Considering the above paragraphs on the matter, the conclusion is that **the most important information part of the schedule's structure are generally referring to:**

- the accounting methods and norms;
- the image/description of fix assets, amortizations and provisions;

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<sup>341</sup> Perochon C. – Presentation du plan comptable français (PCG'82), Les Editions Foucher, Paris, 1983.

- the image/description of settling days and debts;
- liabilities and debts represented by commercial effects;
- explanations on the difficult accounts, respectively: formation expenses, commercial fund, regularization accounts etc.;
- information on the credit-bill operations.

We notice the large importance shown to the information that are object to detailed presentation in the schedule. We can group these, generally, in three sections:

- information related to accounting methods and norms, if they are considered significant;
- supplementary information related to balance and results account, if they are considered significant;
- other significant information, other than the already presented ones.

Because of the details degree of schedule's information, we consider obvious the higher and higher role and importance those have within the assembly of the documents done at the end of the financial accounting exercise.

The detailed presentation of the information considered significant in the decision taking process expresses a new vision on the users of the accounting information, that is also found in the methodology for the elaboration of the financial statements to be compulsory presented by the Romanian enterprises.

In conclusion, the information structured in the schedule must assure the satisfying of the informational needs of the various category of users.

The structure of the schedule is differentiated depending on the enterprises' size and has two formats:

- simplified schedule
- basic schedule

The compulsory information that must be presented in the simplified schedule are referring to: commercial effects, expenses to pay and incomes to receive; the expenses and incomes discovered in advance; leasing and the clause of property reserve.

For the **basic schedule**, the legislators have not imposed a **compulsory standard presentation**, and have only defined the information it must offer, information already presented when their classification was pointed out in a general manner.

In regard to the accounting norms and methods that are presented in the schedule, we consider necessary to be mentioned the general conventions applied, and in the case of derogation from the above the reasons for which the method was changed indicating the direct influence on the patrimony, financial statement and results.

The French enterprises present the following informational valences regarding the **information complementary to the balance and the result account**:

- the situation of the fix assets;
- the situation of amortization;
- the situation of provisions;
- the situation of the claims' settling days and of the debts at the closing of the financial accounting exercise after the criterion **under 1 year, between 1 – 5 years and more than 5 years**;
- the variation of the reevaluation differences within the exercise and their repartition;
- the situation of the financial obligations;
- information about leasing;
- the modality of accounting the commercial fund and its depreciation;
- the accounting treatment of the non material fix assets, of expenses and incomes imputable to other exercises and of the exceptional expenses and incomes;
- the distribution of the business turnover on sectors of activity and geographical markets;

- the affiliation of the income tax to exceptional elements and other elements in order to point out the current result after taxation;
- information concerning the consequences of applying the fiscal dispositions on the exercise result;
- mentioning the increase or decrease of the future taxation debts that derive from the temporal difference between the fiscal process and the accounting treatment of the incomes and expenses;

In the category of **other various information** are included:

- the image of the result affiliation that presents the modality used for the result's repartition;
- the image of the result and other specific enterprise elements during the last five financial accounting exercises;
- the list of subsidiaries and participations;
- the number and nominal value of shares;
- the identity of all enterprises setting consolidated accounts;
- the medium number of employees on categories etc.

**Besides the compulsory information stipulated by the legislation, other information considered necessary and significant for achieving the real image will be also recorded in the schedule.**

While analyzing the problems of schedule, we may notice the special informational valence given to it, an approach found also in the romanian schedule, the difference being that the legislators in Romania impose a more restrictive character of the information presented in the explicative notes and, more than this, standardizing the format of some of situations such as:

- the situation of provisions(Note 2);
- the situation of profit repartition(Note 3);
- the situation of the exploitation result analysis(Note 4);
- the situation of claims and debts(Note 5).

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