

FORECASTING IN ACCOUNTING – IN THE CONTEXT OF A EUROPEAN AND INTERNATIONAL APPROACH

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A program (plan) is necessary for any activity, which program (plan) is a milestone, a reporting base. In these conditions, accounting through its instruments should cover the company's future, without being affected its essential function defined by its object. The main goal of forecast is to eliminate the situation that, by means of present action, to cause in a closer or more distant future, the inability to act quickly, operative and effectively. The forecast does not eliminate the unforeseen, but can eliminate or reduce the negative consequences of the unforeseen. Therefore, in theory and practice of accounting in some countries, there has been designed the alternative of provisional accounts and by default, the provisional balance sheet.

Keywords: accounting, forecasting, European Union, economy

JEL codes: M40, M41, M48

Often it is said that *the present has its source in the past and the future in the present*. In general the practice for any human activity confirms the abovementioned.

Starting from the recognition of the role of education as the main pillar in the construction of a European area of knowledge, we appreciate that the current context requires a broader vision of the educational process conducted in a world more dynamic than ever, which may be able to meet all the present and future requirements. In the future society, education will have the essential role in creating a new way of life specific to a society based on knowledge and learning. The society based on knowledge is a term defined rather on economic considerations than sociological ones. Knowledge based economy is defined as that within it, knowledge and education (which produces human capital) are treated as activities that represent productive assets of a company and based on which "products" can be obtained (not necessarily or even materials) which can then be sold at high prices and profits. Furthermore, knowledge is considered as the main form of capital, replacing actual work and fixed capital (until recently considered the only form of productive capital).

At the beginning of the 21st century, the knowledge society tends to head global proportions. Also, being aware of the rapid moral wear of knowledge and skills, the contemporary society is preparing to adopt a new behavior towards education to become a society of lifelong learning.

At present, we can talk about a global market, encouraged by the removal of customs barriers, the virtually instantaneous movement of information, establishment of transnational companies everywhere.

Changing the way of thinking modifies not only the emotional-conceptual framework, but also highlights of actions in the context of economic process, with implications on the strategic directions of economic policy. If pre-industrial and industrial societies put the emphasis on the classic factors of production, the knowledge economy has to rediscover the qualitative valences of the human factor, which, not a few times, has been quantified residual factor, according to some authors.

In fact, the future workers of knowledge and service providers should have the opportunity to go to work based on knowledge, to be able in every stage of their life to continue their training, to focus on or shift careers, according to the requirements of the labor market.

The extraordinary growth of the information's importance, speed and very low cost which help it move, has changed the whole structure of contemporary society. We live now in a world of services, customized products that are continuously renewed in a global competitive battle.

The accounting information is the raw material and finished product for any trading company to exercise the functions and performance management. The interest of human community regarding the research of future is increasing rapidly. Concerns about further development of economic and social systems at micro and macro levels, is today's *priority objectives of the management*. That is why present concerns are concerted towards standardization of accounting methods for integrated data processing and use of new technologies, including in the field of artificial intelligence. From the accounting treatment of data and accounting information the shift is made quickly to the knowledge-based accounting and accounting to the accounting to knowledge society.

Exploring the future today differs radically from traditional forecast and predictions. The new element in the contemporary study of future is that the investigation is done with the methodology of scientific knowledge.

With business development and economic and financial developments in the company of exchange, accounting has developed principles, methodologies, methods, processes and means of documented record of the phenomena and processes of companies in the benchmark, value preponderant, reflecting meanwhile, the progress of activities and the legal and economic relations between economic agents. Simultaneously the database-based accounting has standardized and normalized specific documents, regulation of information flows and work rules. These rules are adapted to the economic integration of information-economic systems to the requirements of the European Union, particularly as regards economic and financial situations involving new elements of information.

A program (plan) is necessary for any activity, which program (plan) is a milestone, a reporting base. In these conditions, accounting through its instruments should cover the company's future, without being affected its essential function defined by its object. The main goal of forecast is to eliminate the situation that, by means of present action, to cause in a closer or more distant future, the inability to act quickly, operative and effectively. The forecast does not eliminate the unforeseen, but can eliminate or reduce the negative consequences of the unforeseen. Therefore, in theory and practice of accounting in some countries, there has been designed the alternative of provisional accounts and by default, the provisional balance sheet. It is true also that in practice different tools are used for forecasting under certain names such as "the budget system" that outlines non-monetary and monetary flows, but without being summarized in a provisional balance sheet.

However, the use of evaluation methods based on yield implies the existence of a provisional balance sheet in its entirety or elements thereof. The detailed preparation and presentation methods of provisional accounting documents are different, given the lack of a uniform methodology in the field. In this context it is proposed the possibility of developing a provisional balance sheet and its capitalization in the economic practice.

The main characteristics of accounting based on data can be distinguished by:

- *strictness* of processing and content of specific documents, subject to stricter accounting rules, even in the use of accounting software;
- *inflexibility* and at some extent its strictness, being it is more difficult to adapt it to changing organizational structures;
- *autonomy of accounting* or its insufficient integration with the other functional sub-systems of the company. The statement is based on the fact that the same operation comprises successive records in different registers, and in the software exploitation, the data are collected from other compartments manually, often without automatically taking over from other programs;

- *diversity of ways* to enforce the accounting resulted from the particularities of each type or trading company;

- *difficulties in the performance of control and economic-financial audit* starting exactly from the organizational diversity and size of companies. The internal and external control bodies are often confused in front of a large amount of data which should be verified; frequent legal modifications increase the amount of work necessary to draw useful conclusions for administrators and managers. Also, software does not help the accurate and complete assessment of results' achievement method.

- *highlighting of the ascertaining function of accounting and neglecting of its provisional function*; the mere ascertainment of irregularities, after their occurrence, does not help improving the situation by eliminating adverse factors; also, positive factors do not have an echo because they propagate as a result of the use of accounting information; in other words, the economic-financial assessments regarding past or future actions have a low weight in the management and administration activities;

Assumptions that substantiate the forecasts of the company's activity must be presented clearly and concisely. Without them, the figures projected in the financial statements have no value, they actually demonstrating how to achieve the anticipated results.

One aspect of forecasts is their internal consistency. Balance projections, resulted account and the cash-flow should be linked to the same assumptions. Noted that financial projections cannot be better than the assumptions on which they are based.

The development perspective of the economic system (enterprise) on the basis of accounting forecast is obtained using the accounting model, which quantifies the existing and foreseeable economic factors, but within limitations determined by existing and potential resources.

Accounting forecasts drafted on the basis of calculations and accounting models is done in practice by decisions. They include and depend on these decisions. The richer, wider and deeper is that the estimate, the decision may be more relevant, effective and operational, and also, more adapted to the demands of the modern companies' management.

The analysis of decisions is an approach that relies on a number of methods, techniques and instruments specific to such activities such as: influence diagrams and decision trees, multi-attribute and multi-objective assistance for decisions, risk analysis etc., in addition to these methods, techniques and instruments, a number of methods and techniques from other disciplines are used (statistics, operational research) that have a wider applicability, not limited to assisting the decision-making activities.

The accounting forecast finds the widest application in tracking and calculation of costs. Here, the accounting model, modern mathematical methods, the use of computer calculation give consistency of the accounting forecast in the completion of the provisional function of accounting.

Inter-, intra- or extra- net have become usual terms; the process of information and knowledge through networks of computers is a current practice, widely spread not only to those working in the treatment and use of information, but also for all those interested to broaden their horizon of knowledge. Today, business success of trading companies is becoming more conditioned by the integration of electronic processes, not only for information and communication but also management, marketing and electronic commerce.

In any trading company, of any size, activating the role of accounting and the effective exercise of its functions through automation becomes an imperative requirement to connect companies to the new requirements of the environment. Any decision factor should be made aware that information on the assets and items belonging to the dynamics can be obtained at any time during a financial year, the knowledge process being continually and in real time.

In his/her work, the accountant should not depend on the IT expert, but the work of a computer professional should not be compromised by the "non-compliance" of the accountant with the

requirements or due to their superficiality. From an activity of static nature and passive information, accounting must become an active knowledge and adaptation element of firms to the competitive market environment.

Methods and techniques of forecasting, far from presenting a danger to accounting exercise a positive influence on it, helping to boost the its forecast nature. Due to their use, accounting extends its concerns to a wider field of economic problems, thus addressing the requirements of the modern management, i.e. reflecting the strictly financial data and all the economic factors.

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