

FINANCIAL REPORTING

Stoichina Ionela
Botezat Anca-Ramona

Financial reporting have a role and a special significance for the economic life of an entity. Models of financial reporting have evolved across time, is becoming more oriented to satisfy needs for information, constantly growing user. To avoid the difficulties that arise in the implementation of these models, management techniques must be made in relation to certain technologies that represent the force behind an organization and daily operations that are possible. An example of such technology is computerized communication has the potential to reduce the volume of information that managers need to take it into account, while broadening the horizon of an activity for which an individual monitors.

Keywords: financial reporting, transparency, balance, the profit and loss

JEL Classification codes: G32

Communication today has a place mainly in economic life. Whatever the sector of activity (productive, commercial, extractive, agricultural, etc..) Competitive world, strategic position or function exercised, all companies have to communicate to be competitive and to make known. Information on their products and skills, the technology is justified ambition to attract new financial and industrial partners to increase market share or "meet the desires and needs of the financial markets."

In these circumstances it can be affirmed that the basic objective of accounting in the economic entity is the submission of periodic financial statements, called "annual" or summary documents (balance sheet, the profit and loss picture of cash flows, equity situation change, accounting policies and explanatory notes), which forms a whole indiscernible and should provide an accurate picture of assets, financial position and results of operation in order to provide useful information for all the users making economic decisions.

In continental concept (referring to the French General Accounting Plan) objective of accounting is defined as the presentation of situations that reflect an accurate picture of the business enterprise accounts must meet obligations under the rules of honesty and prudence.

The role and functions as financial

Effective leadership of the business of any economic entity and knowledge of results, including aspects of the final results are possible in the current analysis of data provided by the economic evidence, in which the most important records of his rank, but the perspective, this goal can be achieved only by analyzing the information it provides the financial statements.

The financial accounting is a tool of great importance in the management of economic entities and requires substantiation for decisions on allocation of funding; use and recovery of funds organization achieve control over decisions, and to establish rights and obligations, of responsibilities and interests from the household and heritage development.

The financial statements have to be prepared with the emergence of accounting in the form of balance sheet structure subsequently developed because the needs are becoming more information.

The main financial statements of the enterprise with a growing and used especially during the last balance sheet is. The word balance comes after some views from the Latin "balance" which means "two talgere or bilancium", which means balance, word later also from the word "balance. Whatever the explanation given the word, the concept of balance has the same meaning, symbolizing a balance with two talgere ", which is constantly in balance.

Importance that the financial statements presented in synthesized, it can emphasize the following important aspects:

- The means of knowledge, control and analysis of economic activity by the Board, general meetings of shareholders or members of the tax statistics ș. a.;
- Data they contain which refer to actual presentation of the indicators on current and previous years provide their analysis of trends from one year to another;
- The information it provides underlying fundamentals many decisions on the current and especially the prospect;

- Is a mobilizing factor for improving the content and organization of accounting, which must provide the necessary data, accurate and timely, to prepare its duly and in a timely manner. The financial statements must present the data as a unit, the same methodological standards, which is another prerequisite for fulfilling its role and also for fair and comparative assessment of activities and centralization for the general directions of public finance and financial control of and other interested bodies. The financial statements must be assessed, and also by its simple and clear goal necessary for the analysis of each economic activity by the parties concerned, the operation which can be easily and lead to appreciation in full accordance with reality.

Simplicity and clarity of financial statements is evaluated by the number of indicators on which presents to be significant and order by scientific criteria. Information or indicators of the financial statements must be presented simply and clearly to their analysis in order to ease the documentation necessary for the preparation for the coming years. Among the conditions or requirements imposed on the financial statements and the notes on its comprehensive in that it must contain all required forms, and they are filled with all the indicators that they contain.

Development of financial reporting in Romania

The first signs that shows that the current pays Our "kept the books" of yore are linked to come binațională of the Romanian people. The first signs that we send to keeping the accounts in the territory of Dacia, historians discovered are related to the influence master novels.

Three major historical events leave their imprint on the evolution of financial reporting in the nineteenth century on the Romanian territory: Peace of Adrianople (1829), Union of Moldavia and Wallachia (1859) and national independence of Moldova and Romanian Country (1877). Specified for the preparation of balance sheet during the year, monthly balance sheet (balance with a single output equality) and also the gain and loss, to determine the level of profit or loss of the management question. Financial reporting have evolved across-nineteenth century in the Romanian Countries until the middle of the century is not a clear conceptual demarcation between balance and balance.

In the twentieth century, based on the development of the Romanian business environment, financial reporting need is felt in business concerns, and Romanian specialists in the field of accounting. Polemics on the international balance theories and have found echo in the concerns of researchers and accountants Romanian. This definition is both balance sheet presentation of relevant information offered it, and devising a form of situations covered by national summary: a balance-type and a periodicity of reporting.

Financial reporting in the context of globalization

Globalization has become a fashionable phenomenon studied by economists and sociologists throughout the world, mainly dictum of specialists in management, catchphrase of journalists and politicians from around the world. The term globalization is reflected in the vocabulary required any person and constantly involved in any serious discussion.

Globalization appoint such an intensification of economic, political, social and cultural rights over national borders. In this sense it involves more than the geographical extension of a range of phenomena and issues. It signifies not only the intensification of the global connections and awareness but this step with concomitant reduction of the importance of territorial boundaries.

The preparation of financial reports is equal for both those who prepared and to users of financial information. Produces financial accounts which have an impact on society and change the behavior of individuals, resulting in mutations or social change.

Under conditions of virtual free market information, businesses must know how users of financial statements - information consumers accounts - choose a decision or another, and how these decisions affect the demand for information. Also, companies must know the market reaction to the products we offer - financial accounting information - the changing consumer behavior due to changing prices, incomes, and their preferences.

Accounting information is, without doubt, the global economic conditions that characterize the world economy, one of the main sources of information to any decision-making process. From reports on production and to preparing the annual accounts, the motivation is the same: support for different categories of users from different countries of the world, in that the best decisions.

In terms of economic development worldwide, multinational enterprises were confronted with the issue of reporting financial information in accordance with different accounting systems in the countries operating. This penalizes those companies that consolidate information on accounts at the central level, face major difficulties and the need to achieve the financial pretreatment under a particular set of accounting rules (usually practiced in the country of origin the parent company). Wishing to eliminate these differences between different accounting systems to try first to know the factors that affect financial reporting worldwide and shaping them so as to obtain a set of accounting rules to ensure uniform reporting of information.

Identifying these factors influence has been great concern about research centers in the accounts.

Thus, Nobes and Parker in their paper "Comparative International Accounting" believes that the factors affecting financial reporting in various countries of the world are:

- The legal system,
- The tax system,
- How to ensure funding of enterprises,
- Culture,
- The accounting profession,
- Inflation and accidental events, random.

Other authors (Choi F., C. Frost, G. Meek, 2001) adds to these factors the level of economic development and education, or the import-export accounting between countries in certain areas of influence. As you can see, there is a relatively high consensus regarding the factors that determine how different the reporting of information globally.

One can appreciate that the factors influence the reporting of accounts can be grouped into three main categories:

- The institutions of the state, affecting the financial reporting system through political, legal and tax applied in various countries of the world;
- The financial system, through which companies conduct their business and ensure its development funds;
- The accounting profession, given that most finalizing legislation in the field based on professional accounting advice.

Although at first glance may seem paradoxical, the political system is an important factor of influence of financial reporting.

Regarding the tax system in all countries there is a tax on profits of enterprises, which constitute an important source of revenue for the state budget. As can be seen from the following table is the main partner firms, as long as collected in approximately one third of their profits.

The State's interest in collecting a good part of the business profits generated profound implications for financial reporting. More specifically allow state firms to choose themselves how to calculate taxable profit. Thus, to provide the necessary budgetary revenues and to equally distribute the tax burden between businesses, various states have established a set of rules in

relation to the determination of tax on profits of companies. These rules generally cover specific areas in which the calculation of the amount involved in the application of a specific logic of the professional accountant, such as assessment of impairment of assets or setting the deductible provisions. Some regulations Friday but in contradiction with the view of shareholders who do not believe that these tax rules give the best picture of the financial performance of the enterprise. This view has two explanations:

- The interest is mainly to formulate separate regulations to enable the collection regularly and certainty of taxes and duties, with minimum administrative costs and with the least possible evasion of the payer and not to assess the accuracy of the profits enterprise;
- Sometimes the state may adopt rules with a fiscal target, usually to promote a particular sector (exclusion from taxation of certain income), making the profits to be lower, which image is not very relevant to a shareholder or an investor who is interested primarily on the performance rather than taxation.

Another institutional factor to be considered a particularly important influence on financial reporting is accounting profession. Often there is a confusion between the profession of accounting and auditing. Accounting economist or accountant is to prepare the financial statements of the enterprise. Normally he is an employee of the company or be an external expert who provides the service for an enterprise.

He is a very important link in the production of reliable accounting information, which unlike the accounting is deemed to be an independent expert as saying that Kell, Zigler and Bozton in their work must truly be a "watchdog" (dog) and not a "blood-hound (beagle), meaning that he should rather prevent production errors or fraud than to detect. Auditing the financial statements of an enterprise is generally examine financial position and business operations.

In addition to these factors can be identified and other factors, which are mainly national and international environment in which country and its accounting system is located and does not constitute an integral part of the institutional structure of the country.

Regarding the accounting and financial reporting mode, the makers or distributors of public financing for businesses, there are other categories of people interested in the financial statements of different companies. In this category we include employees of firms, public accountants or theorists.

Coordinates of the current financial reporting

Financial reporting should focus towards the needs of users because the traditional financial statements are not sufficiently oriented towards what users need. Starting from the premise that the diversity of users of financial reporting increased across time, and their involvement in influencing the content of financial reports will be more significant in the future, a class of users interested in information contained in these reports. Classification of users' financial reporting has been the subject of several approaches: Ogan and Ziebart (1991, Corporate Reporting and the Accounting Profession: An Interpreters Paradigm) have identified 6 groups of users: the owners, creditors, customers and governors.

The role of capital market development in financial reporting

The last century brought new financial markets scene main actors, the stock exchanges, which came to play the central role in international finance. Stock Exchange is a true barometer of economic activity in a region or country, whereas it is only an instrument for measuring the performance of an economy but also a tool of efficiency. Efficiency of capital markets depends on the degree of transparency of information published: how comprehensive is the information, how widespread and how easily achieved by investors. The market is more efficient as any relevant information and found at a given time is reflected in price action. A weak market transparency information will impose constraints on the ability of companies to attract investor interest, as a poor transparency of a company will not fix it by investors.

In this sense, the capital market is responsible for ensuring a complete and timely information to all market participants, so that fixed prices for securities traded on the exchange to rapidly and effectively reflect the public information relating to the issuing companies. Basically, all these can be summarized in increased transparency of activities of the issuers securities traded on the stock exchange.

One of the principles governing the Bucharest Stock Exchange as the market held by the securities information is: scholarship is committed to providing permanent staff to companies and investors enough information about the companies traded and prices of securities issued by them. In this sense, strategies and actions aimed at both forward and issuers of capital market institutions. Issuers, to maintain the market, must meet high standards of transparency and penalized in the event of infringement.

Compliance with requirements of transparency and providing information on the capital market in Romania is ensured through the issuers BSE and RASDAQ, which transmit data on public investment activity and performance of economic and financial activities. Also, Romanian issuers are obliged to transmit information reports and NSC is the regulatory authority and control of the capital market and the BSE.

Electronic Reporting - inflexible point of financial reporting. The last decade of the century XX century brought a change of scenario in the communication business: companies are interested in playing and promoting the image and trained to disseminate information to interested parties through a medium that has revolutionized communication and information technology - the Internet. Overall development of business services and many innovative communications were made available to companies for providing new channels of financial reporting and disseminating information so that the traditional financial reporting requirements should be adapted to current business environment.

Effects of Internet on financial reporting are two-dimensional. First Internet development has economic consequences on financial reporting, meaning that the publication business is governed and stimulated by the cost - benefit, and secondly affecting supply and demand of financial information. The most important influences on the cost of driving is their cost of communication of information and the cost of processing transactions. These costs affect companies that use the Internet as a means of disseminating information and financial accounting in the sense that the benefits it will record a net will be higher costs involved in publishing financial reports on the website.

Development of Internet as a medium for providing information about the business generated a new structure of information flow from companies to investors, creditors and other stakeholders. However, the Internet is because of increased demand for new information before the application there appear new technology, but to meet its cost was too high to receive a reply, the Internet is what returns to satisfy information requirements under the best.

Bibliography:

1. Adams C.A., Frost G.R.(2003), Stakeholder engagement strategies : possibilities for the internet, Accountability Symposium, Adelaide Australia
2. Beattie V.(2000), The future of corporate reporting: a review article, Irish Accounting Review
3. Bogdan V.(2004), Armonizarea contabilă internațională, Editura Economică, București
4. Colasse B.(2000), Harmonisation comptable internationale, Encyclopedie de Comptabilite, controle de gestion et audit, Editura Economică, Paris
5. Cotleț D., Megan O.(2003), Situațiile financiare ale întreprinderii, Editura Orizonturi Universitare, Timișoara
6. Duțescu A.(2000), Informația contabilă și piețele de capital, Editura Economică, București
7. Stancu I.(1996), Finanțe. Teoria piețelor finaniare. Finanțele întreprinderilor. Analiza și gestiunea financiară, Editura Economică