

CONSIDERATIONS CONCERNING THE INFLUENCE OF FOREIGN TRADE ACTIVITIES ON GETTING FINANCIAL AND ACCOUNTING INFORMATION

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1. Defining elements concerning the foreign trade activities

Starting from the assumption that the population of a country "consumes more than it produces" the natural question arises: How can we explain this? We believe that an answer which can clarify this issue could be the emergence of foreign trade activities, way through which any nation can complete its necessity of diversified consumption, activities related, primarily, to the commercial relations with foreign countries.

But, what means foreign trade? To give a pertinent explanation we will appeal to the definition of Dumitru Vișan, according to which "*foreign trade is a distinct branch of a national economy including the commercial operations or of economic and technical-scientific cooperation in relations with the foreign countries concerning the sale- purchase of goods, works, services, licensing, consignment or storage, representation or commission, financial operations, insurances, tourism and, in general, any act of trade.*"

To characterize the activities of foreign trade we will analyze, on turn, the elements exposed in the above definition. Thus, the sale-purchase of goods is represented by the import and export of goods, to which we add commercial services such as the international tourism and other services related to the operations of export and import

(insurances, transport). These services are known in the specialized literature under the name of invisible trade.

Following the carried out research, we can say that the main foreign trade activities are the import and export activities of goods and services to which we add the combined activities of foreign trade(re-export, switch etc)but also the leasing, factoring and franchising. The most common combined activity of foreign trade is the re-export, which supposes the import of goods from a country and their resale, with or without processing, into another country.

From the above definition and from the presented ideas, we can affirm that **foreign trade activities** are divided into two **components**:

- commercial relations with foreign countries;
- activities of economic and technical-scientific cooperation.

Commercial relations with foreign countries are characterized by the international activities of sale-purchase, which are based on international division of labor, activities concretized in the import and export of goods, works and services.

The *export* of goods, works and services includes all the exchange activities through which the overset goods obtained by the entities of a country and the works and services provided by the mare sold a board. We shall mention that, after joining the European Union, the sale of goods to EU

member states, in fiscal terms, is not considered any more export activity, it being called the *intra-community delivery*¹.

In the specialized literature, the provision of services in other countries is called *invisible export*, because the object of commercial transaction is not a good.

So, the export activity is concretized by an output of goods and/or services from the national perimeter and generating currency inputs.

The *import* of goods, works and services, the second component of the commercial relations with foreign countries, includes all activities through which goods, works and services required for the national economy, productive or individual consumption are purchased from abroad. As with exports, EU regulations do not consider being imports the purchases of goods from EU Member States but they are considered *intra-community acquisitions*².

The purchases of goods from the external suppliers are called, by the specialists in the field, *invisible imports*.

In this type of commercial relation with foreign countries, the national economy benefits from inputs of goods and services, in exchange for availability outputs.

Following the performed studies, we can affirm that, from the economic point of view, the volume of foreign trade of an EU member state, is given by the intra community acquisitions and deliveries, completed with imports and exports from/to countries which are not

EU members. For this reason, we will reclassify the foreign trade activities in intra community and extra community trade activities. **The activities of economic and technical-scientific cooperation** represent a complex category meet in a variety of fields and under different forms. The cooperation fields are: the industry with its branches, the energetic field, the telecommunications, the transports, the agriculture, the industrial constructions, the financial-banking field etc. The activities of foreign trade belonging to these fields can be: exploitation of resources production, construction - assembly, science, technical and technological assistance, financing etc.

These activities are characterized by the existence of some links for long periods and very close between partners as well as the performing of mutual benefit, resulting in maximum economic benefits for each party.

2. The influence exercised by the characteristics of foreign trade operations on getting of financial and accounting information

As we previously mentioned, the operations of foreign trade are complex and have a series of specific elements which, through their forms of manifestation, put their mark differently on the way of organizing and managing the accountancy.

The forms of foreign trade influence the way of organizing and managing the accountancy, and also the way through which the financial-accounting information are valued in the decisional process. To support this statement, in what follows we present the main economic-financial implications related to the foreign trade which, according to the literature, aims the economic character of the activity, the

¹ Intra community delivery – represents o delivery of goods dispatched or transported from one Member State to another by the supplier or the person who make the delivery or another person on their behalf

² Intra community acquisition – represents the owner's right to dispose of goods transported by the supplier, the buyer or by another person on behalf of one of them to an EU Member State other than that of goods departure. In principle, the taxable intra community acquisition is the operation in mirror of the exempt intra community delivery made by the supplier from another Member State.

interference of national factors with international ones, the diversity and specificity of this activity, the financing, crediting and discounting system of the foreign trade activity³.

Summarily, in order to present these particularities we will bring together these features in the table below:

Table no. 1. The main economic-financial implications of the foreign trade activity

The economic feature of the activity	<ul style="list-style-type: none"> - It is reflected in the development of a circuit of material and financial funds generating economic-financial results; - Foreign trade contributes to the national income and its increase.
The interference of national and international factors	<ul style="list-style-type: none"> - Economic and financial relations are subject to national jurisdiction and are completed with customs and legal rules of another state; - Transfer of property from seller to buyer is achieved through appropriate external contracts and conventions, feature that influence the accounting organization in different ways.
The diversity and specificity of foreign trade activity	<ul style="list-style-type: none"> - It consists in the presence together with the classic forms of import and export of goods and services of new forms of foreign trade and cooperation; - Involves the detailed knowledge of each type of operation so that the organization of informational-accounting system to meet the necessities of internal and external users of the entity.
	<ul style="list-style-type: none"> - It is characterized by the ways through which the entities participating to the international commercial transactions ensure their

The financing, crediting and discounting system of foreign trade activities	<p>funds necessary for the development of the activity (financing), complete their financing needs (crediting) and by the means used to collect the receivables and to pay the generated liabilities;</p> <ul style="list-style-type: none"> - <i>financing</i> is ensured by the owner's initial contributions to the foundation of the entity and from own resources established during the operation of the unit (self-financing); - <i>crediting</i> means the foreign resources attracted from creditors, which may bear interest or in the case of commercial loans, there is only the payment at maturity; - <i>discounting</i> may be done by means of payment (gold, foreign exchange, foreign currency, special drawing rights, national currency, European monetary unit), by means of payment and credit instruments (bank drafts, promissory notes, checks, cards) and by means of payment concretized in banking techniques such as documentary letters of credit, documentary collection, payment order, letter of banking guarantee.
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As it can be noticed, the relevant economic-financial aspects constitute elements which must be taken into account in the process of getting financial and accounting information.

3. Organizational and regulatory influences concerning the foreign trade activity on getting financial and accounting information

A full analyze of the aspects related to the management of the foreign trade activities supposes, among others, to know the entities where the operations of this type are performed. Such details can highlight legal and fiscal issues that must be taken into account during the

³Pop, A., „Contabilitatea de gestiune în comerț”, Publishing House Intelcredo, Deva, 1997, pg.157, Vișan, D., „Contabilitatea în comerțul exterior”, IInd edition, Editura Economică, Bucharest, 1999, pg. 21.

process of getting financial and accounting information.

According to the law in our country, the foreign trade activities can be undertaken by commercial societies and other units authorized to perform economic-financial transactions with foreign countries. From the legal point of view, these entities may be grouped in: *autonomous administrations, familial associations and natural persons who have the quality of merchant, commercial societies (unlimited companies, limited partnerships, partnerships limited by shares, joint-stock companies and Limited Liability Company).*

Autonomous administrations may realize foreign trade activities taking the form of the imports needed in the activity of production and investments, and also the form of the exports of certain parts from the obtained production.

Familial associations and natural persons who have the quality of merchant participate to foreign trade activities as far as possible from the material and financial point of view. Most of the times, the concurrence of big companies and the high costs involved in foreign trade transactions, represent an obstacle in the development of these activities.

Commercial societies are entities which organize foreign trade activities, both from the position of having as main activity the trade of goods, provision of external services, international economic cooperation and from the position of having as secondary object of activity the import and / or export of goods.

From the extracted ideas results that the organization of foreign trade activities is realized by a diversity of organizational structures. This diversification of organizational structures supposes that the national regulations to be flexible and rational, in order to authorize the different economic entities to exercise foreign trade activities.

These entities that organize foreign trade activities in its own name or

not, are called foreign trade companies. *Foreign trade companies* are specialized commercial societies which ensure for their customers – the manufacturer – a series of services for the development of export/import of goods. They can act both on behalf of their partners in the country (as commissioner), and on their own behalf (merchant)⁴.

In matters of issues of regulatory nature, we mention that the foreign trade activities are characterized by the relations which appear between partners from different countries, this being the reason for which we should take into account the regulations of each state characterized by their own legal systems. The common element of legal system is represented by the contract concluded between external partners, whose provisions are at the base of the transfer of goods from the seller to the buyer.

So, all foreign economic transactions are concretized in documents of sale and purchases which are supported on legal contracts between partners are carrying out such operations.

In the work named "International economic transactions", Gheorghe Ciobanu define the contract of international sale "as a *legal-economic document through which one of the parties (the seller, it means the exporter) undertakes to convey ownership of a specified good to other party (buyer, namely the importer, who belongs to another state) and who, in turn, is obliged to pay the price set by the value of goods traded, respectively of the contract*".

These contracts are the result of the negotiation process and are based on the international commercial conventions. The provisions of international sale contracts refer to the transaction price, delivery conditions, transport and ensuring goods on international way, quality standards to be met by the goods,

⁴Popa, I., „Tranzacții de comerț exterior”, [Foreign trade transactions] EdituraEconomică, Bucharest, 2002, pg.38.

conditions and ways of payment, guarantees, penalties etc.

One of the essential clauses of an international commercial contract is the *delivery condition*, which regulates the transfer of goods and risks from the seller to the buyer, and also the legal and economic consequences generated.

Taking into account what we previously exposed, it is obvious that the issue of organizational and regulatory nature is a significant element which influences the getting of financial and accounting information.

Conclusions

Foreign trade activities, in addition to that required attention to be paid to their effective application, also need an attentive study on all the aspects that may influence the getting of financial and accounting information. In this respect, we take into account the full range of economic-financial implications generated by such transactions, but also of organizational and regulatory nature, both these aspects being significant, among others, from the perspective of their international character.

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