

# ANNUAL FINANCIAL STATEMENTS AS WAY OF COMMUNICATE THE ACCOUNTING INFORMATION IN THE ECONOMIC ENVIRONMENT

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**Key words:** accounting synthesis documents, annual financial statements, accounting information, financial informing policies.

**Abstract:** The accounting synthesis documents represents an informing social system created for the satisfaction of the informing user's needs, needs determined by political and social purposes. The financial informing policies described by the annual synthesis accounting documents architecture are different in accordance with their needs. The official documents for presenting the financial – economical situation are the annual financial statements.

The economical universe's reckoning from the surrounding environment is accomplished through informational products, which in Accounting have a documentary character imposed by the information's synthesis and generality process in time and space on the various organizational levels.

The beginning of any cognitive process in the observation of the systems and economical processes is followed by the information's organization as to practical necessities, in a certain way of presentation, putting to good use and keeping accounting products, materialized in the synthesis accounting documents.

The apparition of the credit in the economical life induced the development of the documentary accounting information.

The continuous process of putting in order and in a permanent changing, because of the social-economical reality of the users' needs, had as effect a proper evolution of the synthesis documents and accounting reporting, these are being called to generate an informing system necessary for the requirements satisfaction imposed by the accounting information's beneficiaries.

The Accounting message can not be understood by its users without a proper understanding of the economical, social, cultural, and juridical environment in which these accounting documents were created.

“Created from the economical practice, the accounting synthesis and reporting documents represent the prelude of one users' reaction, it is the quantitative and qualitative expression of the valuable equilibrium relations from the patrimony management.” [Dănescu T., 2000]

The enterprise's representation with the help of synthesis accounting images is a consequence of the adopted accounting policies within a contractual vision.

The enterprise is being perceived as a contractual structure, the approached problem “is to define the accounting information which have to be released by the enterprise and have to ensure the adjusting of the users' divergent interests” [Colasse B., 1995].

The users' collisions of interests' representation, as to the financial information from the accounting synthesis documents allow the defining of the enterprise's financial informing policies for a more efficient use.

We consider, in accordance to these points of view, that the accounting synthesis documents represent an informing social system created for the satisfaction of the informing users' needs, needs determined by political and social purposes.

Through a complex political process, there are drawn up by the institutes of accounting normalization and regularization accounting norms category of users are defending their interests, through which every these being sometimes divergent or contradictory.

Therefore we believe, in consent with the users' necessities of informing, that the financial informing policies described by the annual synthesis accounting documents architecture are different in accordance with their needs.

Thus, corresponding to an article from "Nouvel Economiste" (the 23rd of February 1981), it was acquainted the practice of some international expertise offices which were drawing up, for the same period of time, many annual accounts types:

- the first, which reflects the reality and serves as administration's instrument;
- the second, is addressed to the bank;
- the third, is sent to the fiscal bodies.

These financial statements presented different accounting outcomes, as to the users' category they were addressed to.

Although, corresponding with the current accounting norms, this practice is not permitted, point of view with whom we fully agree, because the financial statements would lose their legitimacy and credibility.

In during a "Financial Accounting" course, presented at The Reading University – Great Britain, in 1993, Professor Christopher Nobes enumerated the influencing factors which give distinct features upon the annual accounts' characteristics, as follows:

- the accounts' users type;
- the influencing degree of the accounting standards excluding the legal trial;
- the importance of fiscal rules;
- the ability in the accounting regulations' application regarding the prudence, the historical cost and the inflation adjusting;
- consolidating practices.

There were built two categories of financial statements models:

- a) models based upon businesses' practice, upon Microeconomics, which gives priority to the investors' informing needs satisfaction (The Anglo-Saxon Model);
- b) models based upon the practical application's uniformity strongly influenced by fiscal rules, upon the economic theory of businesses, upon Macroeconomics (The Continental Model).

Romania, in its decision which it fundament in the international accounting statement's spirit is confronting itself nowadays with the Anglo-Saxon in origin logic of thinking, according to it, synthesis accounting documents offer "a structured financial representation referring to the financial position and transactions carried out by the enterprise "correspondingly, an informing about the financial position, the performances and the treasury flows, which has to be useful to a large amount of users, in the economical decisions' taking" [Feleagă N., 2002]

The fact that the financial statements are an assembly of accounting documents structured on objectives, principles, accounting norms which dictate the choice of facts

which are to be represented, we consider that they reflect the accounting policies adopted in the process of drawing up and presenting them.

The enterprises' leadership has to select and to put into practice the accounting policies in such a way that the financial statements would correspond to all the dispositions of any existing accounting norm and applicable interpretation.

In the absence of a specific disposition in the solving of any problem, the leadership must draw up policies which have to ensure that the financial statements provide pertinent and useful information for the users' necessities.

Because there aren't any explicit norms and applicable interpretations, the managers can resort to professional reasoning in the process of drawing up of an accounting policy which has to guide to the most useful of financial information for addressees and to ensure their most efficient informing.

The synthesis accounting documents symbolize the way through which is achieved the accounting information's presentation, being important if the communication has in view the foreseeing information, too.

We consider that this definition refers to the new orientation of financial statements, in the context of the financial market's development, the current trend being the one of according priority to the investors and creditors satisfaction of needs process, advantaging the foreseeing information upon the historical one.

In accordance with The International Accounting Standards, synthesis accounting documents are named financial statements which provide information about the financial position, the performances and enterprise's financial position modification useful in the process of the economical decisions' adopting.

Therefore, through financial statements it is understood "the ensemble of synthesis accounting documents which are published in the hope of ensuring the financial informing of the ones interested in the enterprise's financial position and performances, ensemble which includes: the balance sheet, the profit and loss account, the treasury flows' table, the variation of private capitals' table, the notes and the explicative situations" [Ionașcu I., 2002]

"The financial statements are in such a way built so they generate the necessary premises for providing, as decreed, an accurate image regarding the financial position, the performance, the private capital's modifications and the enterprise's treasury flows for the referred financial period, which is accomplished through the exigent fulfilling of the quality conditions established for the information that they are providing" [Staicu C., 2002]

On the basis of those anterior presented, we express our modest opinion regarding the accounting synthesis documents' definition, in accordance with it, these represent an official and structured meaning of communication through which it is accomplished a general use accounting informing about one's enterprise financial position, performance and treasury flows, useful information to a large variety of users in the process of the economical and financial analysis making which have like finality the economical decisions substantiation.

The notion of "financial statements" emerged since 1973, being express specified in The International Accounting Standards Declaration's introduction.

The fact that Romania adopted through the new regulations the general agenda of financial statements' drawing up and presentation, built by The International Accounting Standards Comity, assimilated in the Romanian accounting lexicon the notion of "financial statements", too.

In this context, The Law of Accounting number 82/1991 republished and modified by The Ordinance of Government number 61/2001, in the article 10 paragraph 1 decrees: “the official documents for presenting the financial-economical situation... are the annual financial statements.”

The enterprise is the organism, the entity which represents the Accounting’s object; it must be understood in very large meaning as “an autonomous financial organism, which produces for the market goods or services” [Perochon C., 2002], with the legal obligation of reporting it’s economical activity’s results through out the length of a financial period, with the help of the synthesis accounting documents, correspondingly, the financial statements of general use.

The description of the activity and of the enterprise’s situation, going from the flows tied to its various operations, implies the defining of a representative accounting model.

This model constitutes a simplified, but as accurate as it can possibly be, representation of an enterprise.

In consequence, only Accounting can define an ensemble of enough various representations, which will not be forgotten in the enterprise’s designing at the values level with the help of the synthesis accounting documents.

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