SHORT REVIEW ON THE PROCESS OF REPORTING ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH THE ACCOUNTING REGULATIONS IN ROMANIA

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Abstract
The annual financial statements represent the final result of the efforts made by professional accountants, in order to provide a more reliable image of the entity, an image based on transparency, objectivity and professionalism. The preparation of these financial statements, as well as the full organization of a company's accounts, could not be possible without the existence of benchmarks, benchmarks materialized in the form of regulations and orders in national law, as well as in the form of European directives and international reporting standards. The purpose of this paper is to emphasize the need to comply with accounting regulations in maintaining a professional reasoning based on ethics and moral conduct, but also to highlight the role of quality accounting information in decision-making by users of accounting data. In this sense, I will present the legal provisions of the financial statements in Romania, but also the criteria according to which the economic entities are classified, a classification that highlights the elements that form the complete set of annual financial statements.

Key words: annual financial statements, legislative regulations, categories of entities, users of accounting information

JEL Classification: M41

I. INTRODUCTION

Due to their content, the economic level and the economic-financial data they hold and transmit, the annual financial statements reflect the activity that any company carries out during a financial year, being also those documents, in the elaboration of which, it is respected. , in a systematic and synthesized manner, unitary methodological norms (Costin, Avram & Dragomir, 2017).

The order regarding the main aspects related to the preparation and submission of the annual financial statements and the annual accounting reports of the economic operators at the territorial units of the Ministry of Public Finance was issue taking into consideration the provisions of art. 10 paragraph (4) of the Government Decision no. 34/2009 regarding the organisation and functioning of the Ministry of Public Finance, as subsequently amended and supplemented, pursuant to the provisions of art. 4, 28, art. 36 paragraph (3) and art. 37 of the Accounting Law no. 82/1991, republished, with the subsequent modifications and completions, and based on art. 13 of the Order of the Deputy Prime Minister, Minister of Public Finance, no. 1.286 / 2012 for the approval of the Accounting Regulations in compliance with the International Financial Reporting Standards, applicable to the companies whose securities are admitted to trading on a regulated market, with subsequent amendments and completions.

The annual financial statements were prepared based on the legislative regulations presented in Figure 1.

Also, in addition to the regulations contained in national legislation, we point out the importance of international reporting standards (IFRS), which represent, for Romanian companies, the only way in which their financial statements receive the guarantee of truth, based on which economic agents make the most strategic decisions. (Grosu & Domil, 2014).
The financial statements on 31.12.N were prepared in accordance with the provisions:

- Law no. 82/1991, republished, with subsequent modifications and completions
- OMPF no. 3.055/2009, as subsequently amended and supplemented
- OMPF no. 2.239 / 2011, which approves the regulations regarding the application of the Simplified accounting system
- Order of the Deputy Prime Minister, Minister of Public Finance no. 1286/2012 regarding the Accounting Regulations in accordance with the International Financial Reporting Standards
- OMPF no. 1878/2010 regarding the preparation of the annual financial statements by the entities that have opted for a financial year different from the calendar year.

**Figure 1 – The legal provisions of the financial statements at 31.12.N**

Source: adaptation according to the Order regarding the main aspects related to the preparation and submission of annual financial statements no. 40/15.01.2013, 2-3

In order to classify an entity in the specific category of financial statements, it is necessary to know the size criteria, criteria that determine the preparation of the annual financial statements. Thus, in Table 1 are presented the size criteria provided in art. 3 paragraph (1) of the Order of the Minister of Public Finance no. 3055/2009 for the approval of the accounting regulations in compliance with the European directives, with the subsequent modifications and completions and the financial statements that the entities have prepared according to them. The annual financial statements for the financial year ended on December 31st, N were signed by the persons empowered according to the law, respectively by the administrator of the entity or by the person who has the obligation to manage the entity.

**Table 1. Size criteria and financial statements prepared by entities according to them**

<table>
<thead>
<tr>
<th>Size criteria</th>
<th>Annual financial statements prepared</th>
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<tbody>
<tr>
<td>1. The entities that at the balance sheet date exceeded the limits of two of the 3 size criteria made annual financial statements as follows:</td>
<td>Balance sheet (code 10); Profit and loss account (code 20); the situation of the changes of the own capital; cash flow statement; explanatory notes to the annual financial statements. These are accompanied by the form &quot;Informative data&quot; (code 30) and the form &quot;Statement of fixed assets&quot; (code 40).</td>
</tr>
<tr>
<td>• total assets: 3,650,000 EUR;</td>
<td>• net turnover: 7,300,000 EUR;</td>
</tr>
<tr>
<td>• average number of employees: 50.</td>
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<td>2. The entities that at the balance sheet date did not exceed the limits of two of the mentioned criteria have prepared annual financial statements as follows:</td>
<td>Balance sheet (code 10); Profit and loss account (code 20); explanatory notes to the shortened annual financial statements. Optionally, the entities belonging to this category could also prepare the statement of changes in equity and/or cash flows, these being accompanied by the form &quot;Informative data&quot; (code 30) and the form &quot;Statement of fixed assets&quot; (code 40).</td>
</tr>
<tr>
<td>• total assets: 3,650,000 EUR;</td>
<td>• net turnover: 7,300,000 EUR;</td>
</tr>
<tr>
<td>• average number of employees: 50.</td>
<td></td>
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<tr>
<td>3. The entities that at the balance sheet date met the two criteria presented have prepared the annual financial statements as follows:</td>
<td>Simplified balance sheet (code 10); simplified profit and loss account (code 20). These are accompanied by the form &quot;Informative data&quot; (code 30) and the form &quot;Statement of fixed assets&quot; (code 40).</td>
</tr>
<tr>
<td>• net turnover below the equivalent in RON of the amount of EUR 35,000;</td>
<td>• total assets under the equivalent in RON of the amount of 35,000 EUR.</td>
</tr>
</tbody>
</table>

Source: adaptation according to the Order regarding the main aspects related to the preparation and submission of annual financial statements no. 40/15.01.2013, 3-6
II. THE MAIN USERS OF THE INFORMATION FROM THE REPORTED FINANCIAL STATEMENTS

Financial statements and accountancy in its whole, constitutes “a real means of communication in the economical-financial world” (Mateş, Grosu & Socoliu, 2008).

If at the level of the entity the relationship between its managers and its owners “is a fundamental relation in the governance of the company, it is no less true that, at the international level, the accounting must respond today to the needs of a diverse range of users, its offers having an increasingly social character”. Internal users represented by managers “use the accounting information that reflects the operations of exploitations, investments, financing and management of the treasury, to substantiate and make their decisions.” For this purpose, the information generated by the current accounting and the one presented in the periodic financial statements (final accounting products) is used.

External users represented by the entity's funders, its business partners, social partners, public power and others, are “users who, potentially or effectively, provide the entity with the resources necessary to carry out its activities.”

In identifying the categories of users, there are two currents in the specialised literature:
- a restrictive vision, which only holds the people who have to make economic and investment decisions, as in the case of the U.S. and Canada, where investors and creditors are declared privileged users;
- and a broader vision, which extends the notion of user to current and potential investors, employees, financial and credit institutions, suppliers and other creditors, customers, governments and their administrations and to the public (Feleagă, 1996: 40-41).

In the efficient management of the company and, implicitly, in the increase of its market value, a quality and prompt accounting information has an essential role (Maleca, 2011). Although, in the contemporary period, the summary and reporting accounting documents are characterized by a series of significant changes, mainly related to the form, and the way of keeping the accounting records is constantly known by the continuous appearance of new technologies, IT, a spectacular evolution, the information transmitted by accounting does not undergo any change. The change is made only at the level of means and mechanisms of operation, reflecting on the ways of providing and transmitting information. There has been, over time, a growing demand from economic agents, financial consulting services, services based on economic and financial analysis, interpretations and forecasts that can be developed only on the basis of information provided by professional accountants.

III. CONCLUSION

In conclusion, no matter who is the user of the information, the objective of the financial statements analysis is to provide and to assure a basis to help make decisions in a rational way. A detailed analysis of the financial statements, together with a realistic forecast of the profit and loss account, creates the premises of a business that can benefit from the irredeemable external financing so necessary to increase the quality of the services provided and implicitly of the entrepreneurial development.

The decisions of investors, banks and other users of the information in the financial statements may vary depending on the different results obtained through the use of different accounting regulations. Different approaches can lead to different results, so the purpose of normalisation is that the user, wherever he is, makes the same decision based on numbers that reflect a true image of reality.

VI. REFERENCES

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10. ***OMPF no. 1802/2014 – Accounting regulations regarding the individual annual financial statements and the consolidated annual financial statements.