

GENERAL ACCOUNTING – OBLIGATION OR INFORMATION NEEDED IN THE CURRENT ECONOMIC CONTEXT

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ABSTRACT

General accounting generates information that, when processed and analyzed, is designed to contribute to the development of the entity, to substantiate decisions, to achieve management functions. Thus, general accounting is not a purpose in itself, is not just “something to be done deriving from regulations” but is useful, providing the working language within organizations. Based on these considerations, the main opportunities offered to the users of the information provided through the general accounting were synthesized, even in the light of the standardization imposed by the regulations, and in this context there are evidenced situations of favorable reporting to the entities and their effects. Is general accounting an obligation or an informational necessity? In our opinion, we consider that the informational need is obvious, the managerial decisions or those adopted by the external users having, in most situations, financial effects reflected in the mandatory reports. Thus, general accounting becomes a key factor in making decisions in the current economic context. The research also focused on the analysis of the opportunity to provide accounting information, a survey carried out on a sample of 301 entities in the Central Region.

KEYWORDS: General Accounting, Information, Management, Users, Opportunity

1. Introduction

The specialized literature is diversified in terms of general accounting, known, depending on the applicable field, under names such as financial accounting, public institutions’ accounting, banking accounting, etc. However, most of the specialists and papers present this part of the accounting system in terms of the function of the accounts and the accounting records that characterize it. Regarding the approach of general accounting in terms of informational utility we consider that the treaty of the distinguished specialists Niculae Feleagă and Ion Ionașcu (1998) is a reference element.

We can say that information generated by general accounting offers opportunities to users in the following directions:

- registering and knowing all transactions and events;
- synthesizing data and information;
- coordination;
- communication, both with the external environment (investors, state, credit institutions, etc.), as well as with the internal environment (managers, employees, etc.);
- knowledge of financial position and performance;
- justice, the documents being a probative instrument;

- control-evaluation;
- optimal development of the investment cycle, financing, exploitation/operational;
- supporting management, forecasting, setting strategies and making decisions.

In view of the above, in our opinion, the general accounting is meant to record all the events and transactions that affect the entity – economic or public – in its relations with the external and internal environment, in accordance with the established principles and legal requirements, to give a true image of financial position and performance, and respond to the informational needs of users, without negatively affecting their interests.

Although the information generated through general accounting proves its usefulness for the adoption of managerial decisions, it is often regarded as an obligation to report information to the competent institutions.

2. Literature Review

By regulating general accounting, its organization is subject to the use of a regulated accounts plan (OMFP 1802/2014 for economic entities, OMFP 1917/2005 for public institutions, OMFP 3103/2017 for non-governmental organizations), compliance with the specific instructions for using the accounts, rules and evaluation requirements for the purpose of accounting for events and transactions. Moreover, accounting reports have a predefined format, regardless of the information given in the logs and registers (see OMFP 2634/2015), the forms and mandatory statements submitted in various situations (see the National Agency for Fiscal Administration's web page, the forms section) or the final product of general accounting – financial statements and other mandatory reporting.

In the current economic context, there is an informational constraint on general accounting, which we consider to be beneficial from the point of view of the unitary nature of information, which allows external users to compare information.

Moreover, the unitary and regulated character may reduce the risks of reporting to entities and management, since it is known that the options for providing information also depend on the reasoning and ethics of accountants who, through various financial and accounting tricks, through interpretations of legislation, by applying international financial reporting standards or principles (IFRS or GAAP) have the capacity to act in favor of improving or worsening the entity's situation. An eloquent case is the Danish company Royal Ahold, which was involved in 2003 in one of the biggest accounting scandals (de Jong, DeJong, Mertens, & Roosenboom, 2005, Gerard, 2013). Thus, through the financial statements, the company reported over-estimated revenues of about \$ 3.3 billion over the 2000-2002 period and an over-estimated profit of over \$ 800 million (SEC release, 2004). Stewart Hamilton and Alicia Micklethwait addressed in 2006 a number of cases of companies that have experienced failures from policy and accounting standards, and beyond.

From the analysis of those presented above, we conclude that there are elements that can represent limits to the capitalization and usefulness of the information provided through general accounting by providing a far too standardized image to the entity or "leaving room for interpretations". However, if regulation were more permissive, the use of accounting information could have undesirable decision-making effects that would lead to situations similar to those described above.

Even from the point of view of the standardization imposed, is general accounting an obligation or an informational necessity? In our opinion, we consider that the informational need is obvious, the managerial decisions or those adopted by the external users having, in most situations, financial effects reflected in the mandatory reports. Thus, general accounting becomes a key factor in making decisions in the current economic context.

3. Research Methodology and Objectives

How many of the professional accountants did not face the clients' reluctance through questions or statements such as "is accounting necessary", "why not do it without", "why do we need stocks or inventory" etc. All of these questions and

many more concern the organization of general accounting and implicitly the provision of information to interested users. Through the research, we wanted to answer the question: does the general accounting represent a necessity or an obligation? The research objectives and assumptions are presented in Table no. 1.

Table no. 1

Objectives and hypotheses of the research

Main objective	Main hypothesis	Secondary hypothesis	Variable
Q₁ Analysis of the opportunity to provide information generated through general accounting.	IP₁ General accounting is an obligation, the state being the main user of information.	IS₁ As the size of the entity grows, the proportion of respondents looking at the informational opportunity of general accounting is growing. The field of activity has no obvious influence.	v1 Multiple choice / Closed with a single answer v2 Multiple choice / Closed with a single answer v12 Multiple choice / Closed with a single answer

The research carried out is selective, carried out on a sample of 301 entities from six counties of Romania.

4. Conclusions of the Selective Research

Being aware that many statements/questions/concerns regarding the necessity or the obligation to organize and report the

information provided through general accounting are manifested both among managers, credit officers, administrators and professional accountants, through the v12 operational variable in the questionnaire we collected the data necessary for the analysis. The information obtained is presented in Table no. 2.

Table no. 2

The opportunity to provide information generated through general accounting

Valid	301	Frequency	Percentage	Valid percentage
	Enforced by legal regulations, non-informational	21	6,98	6,98
	The state is the main user interested in information	98	32,56	32,56
	Management and different categories of users are interested in information	182	60,47	60,47
	Total	301	100,00	100,00

Source: own processing

The conclusions drawn from the analysis of the above information are surprising. We find that the majority of

respondents (60.47 %) appreciate that the general accounting subsystem brings benefits to the management and different

categories of users through the generated information, while only 6.98 % consider that it is imposed by the legal regulations without having an informational character. It is also noted the high share (32.56 %) of those who consider that the state is the main user of the generated information, again stressing the opinion on the connection of accounting to taxation and control by the state bodies.

To detail the preliminary results, we sought to identify the *respondents' attitudes regarding the opportunity to provide information generated by general accountancy by domain and the category of entities* in which we proceeded to *associations between variables (v12 with v1 and v12 with v2)* that were identified since the beginning of the research as having a direct influence on the answers. The results are shown in Tables no. 3 and 4.

Table no. 3

The opportunity to provide information generated through general accounting depending on the entity category

Opinion	Category*				Total %
	micro	small entity	middle-sized entity	large entity	
Enforced by legal regulations, non-informational %	20	1	0	0	21
	13,51	1,19	0,00	0,00	6,98
The state is the main user interested in information %	49	38	6	5	98
	33,11	45,24	11,54	29,41	32,56
Management and different categories of users are interested in information %	79	45	46	12	182
	53,38	53,57	88,46	70,59	60,47
Total %	148	84	52	17	301
	100,00	100,00	100,00	100,00	100,00

* Depending on the average number of employees

Source: own processing

Table no. 4

The opportunity to provide information generated through general accounting according to the field of activity

Opinion	Field of activity				Total %
	Trade	Industry	Services	Agriculture	
Enforced by legal regulations, non-informational %	5	0	14	2	21
	8,20	0,00	9,03	20,00	6,98
The state is the main user interested in information %	33	29	34	2	98
	54,10	38,67	21,94	20,00	32,56
Management and different categories of users are interested in information %	23	46	107	6	182
	37,70	61,33	69,03	60,00	60,47
Total %	61	75	155	10	301
	100,00	100,00	100,00	100,00	100,00

Source: own processing

It is noted that micro-entities (13.51 %) consider that this is imposed by legal regulations and it does not have an informational character. As the size of the entity grows, the share of respondents who are concerned with the organization and management of general accounting through the information side is rising (from 53.38 % for micro-entities to 88.46 % for medium-sized entities and 70.59 % for large entities).

In terms of the field of activity analysis, the percentage of those who believe that the state is the main user of the information generated by general accounting decreases from 54.20 for trade – it is also the majority of entities in this area, 38.67 % for industry, followed by a share of 21.94 % of the entities in services and 20 % in agriculture. We also need to take into account the share of the respondents in the domains of commerce (8.20 %), services (9.03 %) and agriculture (20 %) who consider that this subsystem is imposed, not informative, in this option but no industry entity was identified. From the associations presented, we can conclude that the opinion on the opportunity to provide information obtained through general accounting is clearly influenced by the category and field of activity, which leads to the partial validation of the secondary hypothesis (*IS₆ – As the size of the entity increases, the share of respondents who regard the informational opportunity of the general accountancy is growing. The field of activity has no obvious influence*).

The general conclusions revealed by the v12 analysis invalidate the hypothesis launched before the survey (*IP₁ – General Accounting is an obligation, the state being the main user of information*).

5. Final Conclusions and Future Research Directions

Accounting, through the information provided, plays an essential role due to the diversity of users and the (non-)formulated informational needs. With regard to the general accounting, the main conclusion is that the literature is very rich, but most of the papers present this part of the accounting system in terms of the accounts and accounting records that characterize it, which led us to analyze the managers' attitude regarding its organization in terms of the informational side. The majority of respondents (60.47 %) appreciate that the information provided through general accounting brings benefits to the management and different categories of users, while only 6.98 % consider it a system imposed by legal regulations without an informational character. As the size of the entity grows, the proportion of respondents who consider the informational opportunity of general accounting is growing. The field of activity has no obvious influence.

We believe that in the current economic context, we constantly feel the need to improve the use of information provided through general accounting for management, on the basis of coherent development programs combined with the regulations in force, to harness the potential of the organization, opportunities that it can benefit from and minimize the risks it can be subjected to.

In the future research directions, we will seek to identify views on the usefulness of the information provided and the reasons why general accounting information is not used, addressing views on the contribution of information provided through management accounting to management decisions, identifying the extent to which the provision of accounting information to various categories of interested users contribute to the development of the entity in the current economic context.

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