

STUDY ON THE PERCEPTION OF ANNUAL FINANCIAL STATEMENTS AS AN INFORMATION SOURCE IN THE COMPANY'S MANAGEMENT

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Abstract:

Given that the specialized literature is more frequently presenting the financial accounting and its products through the operations, accounting notes, this paper aims to capture the importance of financial statements in terms of information opportunities for management, highlighting the fact that the annual statements are a common and inexpensive way of managerial communication, through it users being able to obtain information about the financial position, performance or change of the company's financial position. The paper is based both on professional references and on a selective survey conducted on a sample of 301 companies active in Central Region.

Keywords: *financial statements, information, accounting, management*

JEL: *M100, M410*

1. Objectives of the annual financial statements – literature review

Although Islamic finance registers strong growth rates over 15% per year, the average market share of this products still remains low for institutions offering Islamic financial services: banking sector – 26%, takāful (insurances) – 16% and capital market – 12% (IFSB Survey on SLOLR, 2012). Even so, according to IFSB Bulletin (2016) total assets held worldwide under Islamic banking has reached around US\$1,3 trillion . Spred over more than 70 countries (Shamshad,2008), high demand of Islamic financial products is noticed all over the world, as a result of large diaspora of Muslim, keen on

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preserving their religious beliefs while participating in the financial market. Islamic financial hubs, like Bahrain, Dubai and Kuala Lumpur are now

Closure of the financial accounting, the annual financial statements and are considered by Albu N. and Albu C. (2015, p. 16) as “a communication exercise between entities and external users.” According to the Conceptual Framework for Financial Reporting (2011, p. A27, A385), the objective of financial statements is “to provide information on the financial position and performance, cash flows, useful and necessary to users for taking decisions; also, the financial statements give a picture of the results achieved by handling resources by the entities’ management team”. The objective of the annual financial statements, according to OMFP 1802/2014 (Order of the Public Finances Ministry), is “providing information about the position and financial performance and cash flows of an entity that is useful to a wide range of users”, through the quantification and presentation of assets, liabilities, equity, expenses, income, receipts and payments. One significant approach on financial statements in terms of information utility is given by Berman and Knight (2011, p. 157) who, quoting Kant Immanuel, said that “the eyes may or may not be windows to the soul but they definitely are the mirror of financial statements. They provide a fast path to understanding their significance.”

Currently, accounting information market, influenced by the fierce competition among companies, is faced with the dilemma of concealing information and that of the requirement that the reporting information must comply with quality requirements (Thomas, 2002, p. 11). Moreover, the accounting information provided by financial statements became “a public asset” (Ionaşcu; Ionaşcu, 2010, p. 41), designed to ensure comparability to prove their worth in the adoption by users (Berheci, 2010, pp. 15 -16). From this perspective, the primary objective of the annual financial statements lies in providing *a true and fair view of the assets, liabilities, financial position and performance* (Ciuhureanu et. all, 2009, pp. 165-172) for that period, information useful in setting the strategy, targets, directions of the company, taking decisions by managers and evaluating achievements. E. Horomnea et. all (2008) addresses the true image as a performance criterion of accounting saying that it is “the extent to which it renders the objective reality, through a full and meaningful on information on the economic facts and processes that can be expressed in monetary standards” (Horomnea, Rusu, 2009 , pp. 11-15). Accounting Law no. 82/1991, republished, stresses the need for financial

statements prepared at the end of the financial year to reflect a true image of the entity. Given the aforesaid, the true image can be equivalent to a fair and responsible presentation in accordance with the public interest (Leustean, Boyere, 2009, p. 9; Sadeghzadeh, 1993) of the company reporting under its structural aspects, since they are the users' interface. However, if taxation is an obsession with Romanian firms, often managers are not interested in true and responsible image, but they rather seek to evade tax and get various benefits. Thus, the true image is perceived as being the correct transposition of information from the financial accounting in the financial statement forms, which we consider an erroneous perception. It is true that the law is replete with penalties for infringement, but the concept of fair picture assigns a new sense of accounting responsibility, but it is not clearly perceived in countries where the state asserts the rules of the game (Toma, 2002, pp. 13-14). We do not hesitate to say that, to have a competitive management, leading to confidence or the continued expansion of the company, the true image provided by financial statements should be sought and achieved, these being materialized in the picture of the financial position and performance, the modification of capital and financial flows (Ciuhureanu, Balteș, 2009, pp. 437-444)

2. Information valences and limitations of the financial statements

The balance sheet, as a first component of the annual financial statements, presented in our country as vertical/list pattern, summarizes the information in the financial accounting on the assets, liabilities, and equity and by participating in the "information-analysis-decision" circuit it may be considered a reference basis of accounting information for users. Determining the essence of opportunities to exploit the information that it contains (Ciuhureanu, 2012, pp. 141-149) is based on the fact that balance involves not only a summary of the data for the financial year, but that it focuses on liquidity, solvency analyses, comes in to support the development of cash flow statement, supports management in analyzing economic and financial phenomena identified in the company and identifies cause-effect relationships between them, allows control, contributes to adopt measures to adjust activity when the circumstances require it, etc. Consequently, the balance sheet, along with other components, is contributing to the centralization and generalization of management, control and analysis, information and forecasting, highlighting the risk of insolvency (Balteș, Ciuhureanu, 2010, pp. 159-160),

constituting a support for managers' decisions, provided that the information is capitalized (Ciuhureanu, 2013, pp. 714-720) and not only transmitted as legally binding.

Obtaining financial performance, the image provided mainly through the *profit and loss account* (PLA) is one of the key objectives of management and its measurement must help it assess what the company has received, what stakeholders are offered and the efficiency of processes carried out (Nistor, Pintea, 2014, pp. 27-28). One aspect which information users must give attention to when measuring performance is the variation in equity because there can be accumulated unrealized income and expenses up to the reporting date which will be transferred to profit or loss in the future. IAS 1 revised defines profit or loss as "the total revenue less expenses excluding the components of other elements of the global result", a detailed presentation being made by Bunea Ștefan (2013, pp. 36-38) and recommends a profit and loss account that includes these elements.

In terms of the PLA structure, currently in Romania the pattern depending on nature is used, that is predominantly tax-oriented and it also has the advantage of providing verifiable information. From the perspective of opportunities to exploit the information provided by PLA, the model by function is more appropriate, because it highlights the management's performance by functions of the company. Essentially, financial performance measures are tools of the financial management, data being subject to financial type processing (Bărbuță-Mișu, 2012, pp. 47-56), and obtaining specific analysis indicators.

Equity change statement gives management and users in general information on the increases and decreases of the net assets, changes by transfers being clearly outlined and requiring specific details on the nature of the changes, the implemented tax treatment, etc.

Cash-flow statement provides information on receipts and payments, an important requirement being the presentation on the types of activities (operation, finance, investment), not being excluded that some transactions include flows classified by several activities. Cash-flow is absolutely indispensable information to the management because the existence of treasury allows the development of activity through financing, ensuring continuity by avoiding financial blockage.

Without a standardized format, *explanatory notes*, appended to the financial statements, provide additional information on items presented by the

financial statements, a component that we consider attempts to reduce information limitations of the annual financial statements.

Based on the analysis of specialized literature, opinions of professional accountants (Leuştean, 2004, pp. 403-404; Kozack, Dennis, 2001; Fazal, 2011; Kieso et. all, 2012, p. 19, online articles without copyright, listed in the references) and on the personal experience in the field, we will address the main limitations in using accounting information through financial statements:

- the information provided are based on historical costs, ignoring the time value of money and generating the occurrence of problems on the veracity of financial position at the end of the financial year;
- for assets, the fair value is not presented (fixed assets that are presented at the net book value are particularly considered);
- the financial position and performance are influenced both by financial factors – which can be found transferred in the accountancy and in the financial statements, and also by nonfinancial economic, political, environmental, social, competitive, managerial factors – see the social responsibility – which do not find their accounting transposition;
- professional judgment can sometimes be inconsistent with creativity, which raises suspicion about the quality of the information provided;
- if analyses and interpretations of the information provided are not prepared, the financial statements remain unused for users, not being able to "communicate";
- they do not reflect the opportunity cost;
- comparison difficulties between companies but also difficulties over time due to the possibility of choosing accounting methods and policies, having a different impact on the results;
- they do not disclose the company's development strategy, perspectives, generating changes in the financial position and performance, which are counted at a time;
- unaudited financial statements can be inaccurate, misleading, or even deliberately deceptive;
- financial statements' auditing does not guarantee the true image;

- the fact that a company is traded on the stock exchange and that financial statements are public, does not guarantee that the company is financially stable and solvable;
- they do not reflect the companies' intangible capital and do not use nonfinancial indicators in reporting etc.

Despite the many limitations of financial statements as sources of information for management, they prove their usefulness if there is interest and if financial analysis constructions are performed. Surely, they must be interpreted, often correlated, requiring an analysis of qualitative factors.

3. Perception on the annual financial statements as information source in the company's management – selective research

To collect the necessary information we used the *direct research method* that involved gathering data and information directly from respondents, at random, using a questionnaire with a high degree of structuring, distributed directly to managers or administrators. The survey was *undissimulated*, the aim being known from the beginning by respondents. The population from which the sample was selected is made up of economic entities in industry, trade and services, active, in the 7 Centre development Region (Alba, Brasov, Covasna, Harghita, Mures and Sibiu). To establish the sample, the “snowball” random sampling method was used”. The number of valid questionnaires was 301, generating a response rate of 42.16% and a margin of error of $\pm 5.63\%$. Table no. 1 shows information on the objectives and hypotheses set and the definition of variables necessary for attaining the purpose of the research and are in line with the objectives identified.

Table 1: Objectives, hypotheses, operational definition, type

Main objective	Main hypotheses	Operational definition (code)	Type
Q ₁₁ Perception on annual financial statements as source of information in the company's management.	H ₃₅ – Financial statements generally offer capitalization opportunities of the accounting information for management in particular by analyzing the financial position and performance, but managers / administrators of the surveyed companies do not properly capitalize them.	v54	Multiple choice / 5 steps Likert scale
		v58	Multiple choice / 5 steps Likert scale
		v59	Multiple choice / 5 steps Likert scale
		v60	Multiple choice / 5 steps Likert scale

	<i>H₃₆</i> – The annual financial statements largely reflect, in a fair picture, the financial position and performance, other accounting information reflecting the activity		
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Source: own processing

Capitalization of accounting information for management through the financial statements can be achieved in multiple variants, their purpose being indisputable for management, of course with the limitations involved. In light of potential opportunities we have made a number of positive and negative statements from the perspective of annual financial statements utility for management, built-in operational variable *v54*, which was aimed to identify respondents' opinion on the annual financial statements. The data collected is presented in table 2.

Table 2: Negative and positive statements regarding the annual financial statements from the perspective of their utility in management

Opinion	total disagreement	disagreement	neither agreement, nor disagreement	agreement	total agreement	Total %
A. Gives true, undistorted information						
Percentage %	0,00	0,00	2,99	80,40	16,61	100,00
Score = 4,14						
B. Supports the company's management in knowing and analyzing the economic and financial reality						
Percentage %	0,00	0,00	6,98	79,07	13,95	100,00
Score = 4,07						
C. It is a starting point for projections and supports the company's management in adopting development strategies, goal setting and taking future decisions						
Percentage %	0,00	0,00	38,54	44,85	16,61	100,00
Score = 3,78						
D. Contributes to better knowledge of the business partners						
Percentage %	0,00	0,00	5,65	37,21	57,14	100,00
Score = 4,51						
E. Represents an efficient means of communication between different users of accounting information						
Percentage %	0,00	0,00	6,98	22,59	70,43	100,00
Score = 4,63						
F. Standardized and regulated structure has negative influence on the presentation of information and their analysis						
Percentage %	76,74	7,97	6,31	8,97	0,00	100,00
Score = 1,48						
G. Contain information concerning the past, being an impediment in capitalizing information						
Percentage %	25,91	44,19	21,26	8,64	0,00	100,00
Score = 2,13						

H. Provides information on the company's intangible capital						
Percentage %	94,35	5,65	0,00	0,00	0,00	100,00
Score = 1,06						
I. Provides quantified information on the social responsibility actions						
Percentage %	76,74	8,64	5,98	8,64	0,00	100,00
Score = 1,47						
J. The information presented is influenced by taxation, distorting the economic reality						
Percentage %	0,00	0,00	10,63	82,39	6,98	100,00
Score = 3,96						
K. Are useless in management, their purpose being the reporting to state agencies						
Percentage %	40,20	33,89	4,65	12,62	8,64	100,00
Score = 2,16						

Source: own processing

After centralizing the data collected, the main conclusions drawn are as follows:

- a majority of 70.43% of respondents believe that the annual financial statements are *an effective means of communication between different users of accounting information*, thus being stressed their informational role. The score of 4.63 shows total agreement to the referred statement and, in our opinion, it is correlated with all presentations (legal or of the specialists) regarding the purpose of the situations. We also notice that no respondent expressed total disapproval or disagreement with this statement which highlights the role of communication with internal and external environment of financial statements.
- the role of communication is highlighted by expressing total agreement to the statement “*contributes to a better understanding of business partners*”, the score being 4.51. It is true that the score is at the lower limit for total agreement but, correlating with the previous statement, we consider that there is no doubt about the role of communication and knowledge.
- With regard to the supply of real and undistorted information, most respondents (80,40%) agree with this statement. We would have expected to get total agreement, but we must also consider the results obtained by v39, which revealed that the standards of professional ethics are largely respected (score 4.04), which raises light suspicions on the demand of real and undistorted information, with direct reflection of the true image.

- Respondents' opinion on whether the financial statements support company managers in knowledge and analysis of economic and financial reality is good, expressing their agreement to this statement (score 4.07). However, we believe that we have achieved a score too low compared to the exploitation potential of information presented in the annual financial statements, an opinion supported by the multitude of possibilities through specific indicators and analysis. However, if we have in mind that an overwhelming majority of 82.39% of respondents consider that the information presented are influenced by taxation, thereby distorting the economic reality, we conclude that opportunities for recovery may be visible after some "fiscal corrections" were previously made. We could refer to the net result's reflection in the profit and loss account, calculated on the basis of Law 571/2003 - Tax Code that provides determining as difference between all income and expenses, eliminating non-taxable revenues and adding non-deductible expenses. But what do expenditures to achieve revenue mean? In the case of tax audit, opinions are often divided. Regarding the limited deductibility, a relevant example is the deductibility of depreciation for means of transport "having more than 9 seats, including the driver's seat, in M1 category" for which the monthly deductibility limitation is 1,500 lei, except "vehicles used by sales agents." If we corroborate with the Occupations Code in Romania, we note that it provides both the basic group 3322 "Sales agents" and the occupation code 332203 "Salesman". We wonder to which of the two is made reference. Moreover, for the commercial manager - COR 112017, why is there the exception not provided? On the basis of applying these fiscal rules, sometimes absurd in terms of correspondence with economic reality, we are in agreement with the respondents regarding the influence of taxation on the financial statements and implicitly on the financial position and performance, which are often connected to what is desired in terms of taxation.
- We note that the financial statements *do not provide information on human capital and social responsibility actions*, the majority of respondents agreeing with the statements which led to obtaining scores of 1.06 and 1.47 (total disagreement). In light of lessons learned through v55 (accounting information quantifying social responsibility actions is largely more useful to management), we

believe that legislators should consider such a presentation by the annual financial statements at least by introducing in Notes to accounts of a section specially dedicated to social responsibility.

- In the discussions held with various managers / directors of companies, there was introduced the idea that *standardized and regulated structure of financial statements* adversely affect their presentation and analysis. Personally, as a professional accountant, I did not agree with this point of view because I believe that in the presentation of accounting information order and clarity is needed, a general framework to enable comparison of information between various entities. The score of 1.48 obtained for this statement supports my opinions, therefore proving that standardization is required.
- In the preparation of financial statements the past is taken into account. As a matter of fact, we could not make any reporting, regardless of the field or type, without taking *information from the past*. The situations are compiled based on the information taken from financial accounting and, as we identified in Chapter 1, one of the main features aimed at processing information from the past. Asking respondents' opinion about limiting the usefulness of financial statements in light of those considerations, most of them expressed their total disagreement (25.91%) and disapproval (44.19%). If we analyze the situation carefully, it can be considered as normal and natural as the analysis and reporting is not relying on future information, but capitalizing means relying on the past for a better future. This is the essence of opportunities for using information in the financial statements. What is important is to be aware of this.

After we have previously identified the consent of respondents regarding certain statements regarding the annual financial statements as informational sources, we pursued further, by formulating the operational variable *v59, identifying the opinion on specific opportunities to exploit accounting information from the annual financial statements for management*, data collected being presented in table 3.

Table 3: Annual financial statements generally provide capitalization opportunities of the accounting information in management for ...

Opportunities	very little	in a small extent	neither in a small, nor in a large extent	largely	in a very large extent	Total %
A. Analysis of the financial position						
Percentage %	0,00	0,00	2,66	17,28	80,07	100,00
Score = 4,77						
B. Analysis of the financial performance						
Percentage %	0,00	0,00	3,99	16,94	79,07	100,00
Score = 4,75						
C. Analysis of the financial balance						
Percentage %	0,00	0,00	13,95	64,78	21,26	100,00
Score = 4,07						
D. Understanding the financial reality of the company						
Percentage %	0,00	10,30	50,50	30,90	8,31	100,00
Score = 3,37						
E. Performance evaluation of company's management						
Percentage %	0,00	0,00	20,27	59,14	20,60	100,00
Score = 4,00						
F. Adopting the financing decision						
Percentage %	4,65	11,63	45,85	27,91	9,97	100,00
Score = 3,27						
G. Adopting the investment decision						
Percentage %	5,32	7,31	23,59	53,82	9,97	100,00
Score = 3,56						
H. Adoption of the dividend policy						
Percentage %	16,28	18,60	45,51	13,95	5,65	100,00
Score = 2,74						
I. Risk evaluation						
Percentage %	0,00	10,63	13,62	15,28	60,47	100,00
Score = 4,26						
J. Elaborating strategies, setting objectives						
Percentage %	0,00	0,00	15,95	16,94	67,11	100,00
Score = 4,51						
K. Elaborating certain management instruments						
Percentage %	0,00	0,00	13,95	16,61	69,44	100,00
Score = 4,55						

Source: own processing

Processing the data collected reveals the general opinion that *the analysis of financial position and performance* are the main opportunities for capitalizing accounting information taken from the annual financial statements, the scores for the two options being 4.77 and 4.75. Awareness of

financial statements' importance is also reflected by the high scores (4.51, 4.55 respectively) obtained for options under which they *support managers in developing strategies and setting goals* and in *developing management tools* (e.g. budget, dashboard), which shows indisputably the integration of accounting information in the management system and stresses once again the strong connection between the functions of management and the accounting information.

Risk evaluation can be performed through the financial statements in a large extent (score 4.26), the respondents' opinion being consistent with our view because we believe that a real assessment of risk requires much more detailed information, both accounting and non-accounting, which also implies the external environment. Certainly, this requirement also applies to other types of analysis, but as far as risks are concerned, we believe it is more visible.

Moreover, respondents believe that financial statements show in a great extent the usefulness for *the analysis of the financial balance* - score 4.07 (please note that we would have expected a higher score but we must bear in mind that the cash flow statement is mandatory only for certain categories of firms identifiable by OMPF 1802/2014 criteria, which we believe influenced the responses obtained); *evaluation of management performances* – score 4.00 (it is thus recognized that the accounting information is a result achieved partly by adopting management decisions). The somewhat lower utility of annual financial statements is mentioned for *the adoption of investment decisions* (score 3.56), *adoption of the financing decision* (score 3.27), *dividend policy* (score 2.74). We might ask why lower scores were obtained compared with other opportunities to exploit. Our answer is relatively simple and is based on the fact that such decisions do not only require knowledge of past information, but must be taken in particular by forecasting, analyzing alternatives. In this respect, the financial statements are useful but insufficient.

After identifying the respondents' opinions, we sought to know the reality, which is why we introduced in the questionnaire the operational variable *v60*, whose purpose is to highlight the extent to which managers / administrators of the surveyed companies are interested in and are using the information in the annual financial statements. The collected data are presented in table 4. For a thorough analysis we conducted a comparison

between the results obtained by v59 and v60, the centralization being presented in table 5.

Table 4: Managers / administrators are interested and use the information in the annual financial statements for ...

Opportunities	very little	in a small extent	neither in a small, nor in a large extent	largely	in a very large extent	Total %
A. Analysis of the financial position						
<i>Percentage %</i>	20,60	34,22	15,28	16,94	12,96	100,00
<i>Score =</i>	2,67					
B. Analysis of the financial performance						
<i>Percentage %</i>	14,29	15,61	38,21	17,61	14,29	100,00
<i>Score =</i>	3,02					
C. Analysis of the financial balance						
<i>Percentage %</i>	53,82	16,94	10,63	10,30	8,31	100,00
<i>Score =</i>	2,02					
D. Understanding the financial reality of the company						
<i>Percentage %</i>	20,93	13,62	35,22	16,94	13,29	100,00
<i>Score =</i>	2,88					
E. Performance evaluation of company's management						
<i>Percentage %</i>	40,20	25,91	10,30	13,95	9,63	100,00
<i>Score =</i>	2,27					
F. Adopting the financing decision						
<i>Percentage %</i>	26,91	32,56	15,28	13,62	11,63	100,00
<i>Score =</i>	2,50					
G. Adopting the investment decision						
<i>Percentage %</i>	21,93	26,25	15,95	20,93	14,95	100,00
<i>Score =</i>	2,81					
H. Adoption of the dividend policy						
<i>Percentage %</i>	33,55	28,57	20,60	10,96	6,31	100,00
<i>Score =</i>	2,28					
I. Risk evaluation						
<i>Percentage %</i>	34,22	23,92	18,60	12,62	10,63	100,00
<i>Score =</i>	2,42					
J. Elaborating strategies, setting objectives						
<i>Percentage %</i>	37,21	16,94	15,28	14,29	16,28	100,00
<i>Score =</i>	2,55					
K. Elaborating certain management instruments						
<i>Percentage %</i>	21,59	28,57	14,29	20,60	14,95	100,00
<i>Score =</i>	2,79					

Source: own processing

Table 5: Comparative analysis between the results obtained through v59 and v60

	Opportunities	Opinion	Effective usage
A.	Analysis of the financial position	4,77	2,67
B.	Analysis of the financial performance	4,75	3,02
C.	Analysis of the financial balance	4,07	2,02
D.	Understanding the financial reality of the company	3,37	2,88
E.	Performance evaluation of company's management	4,00	2,27
F.	Adopting the financing decision	3,27	2,50
G.	Adopting the investment decision	3,56	2,81
H.	Adoption of the dividend policy	2,74	2,28
I.	Risk evaluation	4,26	2,42
J.	Elaborating strategies, setting objectives	4,51	2,55
K.	Elaborating certain management instruments	4,55	2,79
	General score	3,98	2,56

Source: own processing

The overall conclusion is very simple: managers / administrators are interested in and are using in a lesser extent the accounting information provided by the annual financial statements. We noticed in previous associations that there is a clear dependence between variables “company’s category” / “area of activity” / “form of capital” and opinions or realities identified. Since for v60 we did not present these associations, we note that after calculations we have found that the link is maintained. Thus, for large companies, the overall score registered a value of 4.84 as opposed to the 2.14 for micro-entities. Regarding the association by areas of activity, industry ranks best in terms of using information from the annual financial statements, followed by trade. The form of capital also influences firms with foreign capital, using the information in the financial statements to a great extent from the perspective of most opportunities, at the opposite side being situated companies with Romanian capital. Following the conclusions and given the associations made, we validate the hypothesis launched (*H₃₅ – Financial statements generally offer capitalization opportunities of the accounting information for management in particular by analyzing the financial position and performance, but managers / administrators of the surveyed companies do not properly capitalize them*).

To know the reality of companies in the 7 Centre Development Region, we have formulated in the questionnaire the operational variable v60, with the purpose of analyzing *the extent to which the annual financial statements present a fair image*. Processing of the data revealed that only a share of 27.24% of respondents believe that the annual financial statements comply in a great extent with the true and fair image requirement and 38.21%

believe that this is achieved in a large extent. We also note the percentage, which we consider high of 30.56% of those who declare themselves neutral in this matter. But if we consider that in a previous variable, whose conclusions are not presented in this paper, we found that most companies reported using creative accounting, but the purposes have been identified as mainly positive and, with regard to the score of 3.89, obtained for v60, we conclude that the hypothesis launched (H_{36} – *The annual financial statements largely reflect, in a fair picture, the financial position and performance, other accounting information reflecting the activity*) is confirmed.

4. Final conclusions

From the perspective of managerial usefulness, the research showed that most respondents consider that the annual accounts are an effective means of communication between different users of accounting information, their informational role thus being stressed. The role of financial statements to support managers in knowing and analyzing the financial and economic reality is also highlighted by respondents. From the perspective of opportunities to exploit the accounting information taken from the annual financial statements are considered as most important the analysis of financial position and performance, supporting managers in developing strategies and setting goals and in developing management tools. But these were only opinions. However, the reality of companies surveyed show something else, noting that, although managers of companies from 7 Centre development Region acknowledges the importance of the financial and accounting language, of the accounting information, unfortunately, the capitalization and actual use are greatly reduced. In other words, the “*theory as theory, but the practice is killing us!*” Concerning the extent to which the financial statements give a true image, the research shows that this requirement is given to a large extent.

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