

**ANALYSIS OF THE GLOBAL RESULT OF ENTITIES LISTED ON
THE BUCHAREST STOCK EXCHANGE****Maria GROSU***Al. I. Cuza University of Iași, Romania
maria.grosu@uaic.ro***Camelia-Cătălina MIHALCIUC***Stefan cel Mare University of Suceava, Romania
camellia.mihalciuc@usm.ro***Oxana MUNTEANU (BARFOI)***Al. I. Cuza University of Iași, Romania
oxana.munteanu@yahoo.ro***Abstract**

Performance is a concept often addressed in the specialized literature and in a broad sense it represents the final result obtained following the performance of an activity, associated either with a positive result or with the success achieved in a certain field. The supply of information that reflects the performance of entities is among the most important objectives of financial statements, so that by publishing them, entities meet the requirements of a diverse range of users. In Romania, the reference pillar in performance measurement or the basis for calculating many performance indicators was considered the accounting result that takes the form of profit. In the last decade, however, concepts such as overall result, return on investment or earnings per share have made their way into the performance measurement process. Starting from these considerations, through this paper, the authors aimed to carry out a study of the concepts of accounting result and global result, which aims at the results presented in the financial statements by the entities listed on the Bucharest Stock Exchange. Since the concept of performance is a complex one, through the study carried out regarding the global result which involves the analysis of several incidence factors, the authors thus resorted to measuring the performance of the entities listed on the BSE, based on the key indicators, respectively: net result, global result. The analysis of the accounting and global result was carried out on the basis of the financial statements related to the year 2021 of a sample of entities listed on the Bucharest Stock Exchange, from the perspective of the informational value they have in measuring the performance of the entities of the sample used.

Key words: *Bucharest Stock Exchange; Profit and loss account: performance; accounting result; global result (comprehensive income).*

JEL Classification: *M14, M48.*

I. INTRODUCTION

The smooth running of a company's activity depends on the management's ability to identify and correct possible dysfunctions through policies and methods whose essential purpose is to avoid the factors that lead, over time, to the erosion of the entity's financial situation. As companies aim to carry out profitable activity and sustainable development, as well as to attract investors, they meet information needs in a qualitative way, so as to reflect a true picture of results and performance.

Annual financial statements are the main source of information in determining the conditions under which firms operate and how they evolve over time. The purpose of financial statements is to convey intelligible data about certain financial aspects of the activity carried out by the entity.

In defining the result through the lens of the total revenue - total cost relationship, it starts from the fact that any activity is simultaneously consuming resources and producing results. The accounting result provides information associated with the entities' ability to control expenses and generate income higher than expenses.

In the context of the application of international IFRS standards, the result from the profit and loss account does not fully highlight the performance of the entities nor their results. A new requirement is therefore imposed to present in a financial statement those gains and losses that do not currently appear in the profit and loss account. The initial solution regarding this requirement was adopted by IAS 1 Presentation of financial statements and was represented by the Statement of changes in equity, but this situation is broad and it is difficult for users to synthesize which elements are associated with the overall result and which are not.

The definition of the global result concept is based on the semantic approach of the two words that make it up. By the term: result reflects what results from an action. While the second term: global expresses the

composition, namely that it includes all the elements of an assembly. By combining the two explanations, the phrase global result reflects the totality of all effects.

The accounting result on the other hand reflects the profit or loss obtained by following the accounting principles and rules. It is also the gross result before the deduction of income tax expenses and is calculated using the income and expenses recorded in the accounting.

The paper presents a number of general aspects of the accounting and the overall result, including the evolution of accounting regulations related to these two concepts and their decision-making utility for investors, creditors and other users. Thus, the purpose of this paper is to carry out a study of the concepts of accounting result and global result, by presenting the theoretical aspects related to these concepts and their importance in substantiating the performance measurement process, as well as highlighting the main differences between the two types of results.

II. LITERATURE REVIEW ON THE ACCOUNTING RESULT AND THE GLOBAL RESULT

Achieving the major objective of the firm has become the maximization of global value, which can only be achieved by creating value at the level of the entire firm (Grosu & Mihalciuc, 2015).

In an economic environment where risk and uncertainty are the main actors in the most diverse situations and circumstances, users of financial statements attach great importance to the information presented within them (Bădicu & Mihăilă, 2016, p. 1).

The information on the performance of entities meets the expectations and requirements of a wide range of users, and for performance measurement, their results represent a reference base (Firescu, 2015, p. 219).

After 1990, in Romania, the evolution of the fiscal rules regarding the taxation of profit was very fast: the changes followed each other at a pace that created difficulties both for taxpayers, but especially for accounting professionals. During this period, the first differences between the accounting and the tax treatment of certain elements appear. Also for the first time, the tax law refers to the tax loss with the specification that: it will be deductible from the profits of the next tax year. This phase lasts approximately 4 years and marks the transition from the monist system to the dualist system (Săcărin, 2016, p.9).

The attempt to update the accounting data, in order to determine the profit tax of the tax authorities, was the consequence of the strong inflation that hit Romania at that time. A tax separation was introduced between the category of high taxpayers and other taxpayers. For the first category, the accounting records are kept at historical costs, while the fiscal result is obtained after adjusting the accounting data to the level of inflation. This creates an almost total separation between the two types of results. If for the category of so-called large taxpayers, the fiscal result is obtained after an adjustment to the level of inflation, here is that for the category of small taxpayers, the starting point in calculating the fiscal tax is the accounting result (Albu, Albu and Alexander, 2010, p. 17).

During this period, after almost a decade of accounting heavily inspired by the French model, Romania tried a radical change in accounting policies and began to familiarize itself with International Standards originating from a completely different culture. The initial effort of a partial transition to IAS, according to a calendar that traced this process until 2005, should have materialized in the financial statements prepared in accordance with international standards by a number of listed Romanian entities (Istrate, 2014, p 535).

In this sense, at the end of 1999, OMFP no. 403 which aimed to implement an accounting system harmonized with the European Union Directives, but also with the International Accounting Standards (OMFP no. 403/1999). This order can be considered an experiment, as it was initially applied by 13 large entities, and in February 2001 it was replaced by OMFP no. 94.

OMFP no. 94 supports the harmonization process by correcting certain errors in taking elements from the Directives and incompatibilities with International Standards. By means of it, the comparability of the financial statements of Romanian entities with those of entities within the European Union is ensured. If until 2001 the European entities were drawing up financial statements in accordance with the Community legislation of that time, since 2001 they have moved on to harmonization with international norms and at the European level (Bondoc, 2014, p. 3).

In OMFP no. 94 mentions the presentation of operating expenses by nature, but in the notes they are also presented by destination in accordance with IAS 1. Also according to this order, exceptional expenses and income are replaced by extraordinary ones. The result per share indicator was initially taken from the Standards, which was not found in the European format during that period, but it was later abandoned, being an element that reflects the entity's performance (OMFP no. 94/2001).

In 2002, OMFP no. 306 applicable to small and medium-sized entities operating under simplified accounting regulations. The format of the balance sheet is taken from the Directive, but with structural adjustments to comply with large entities. Within this order, specific recognition and evaluation rules are presented, current/long-term classification is used, accrual accounts are waived, provisions and subsidies are recognized in accordance with IAS. An important aspect to mention in relation to this study is the fact that the definition and

recognition of income and expenses is done according to IAS 1 with the mention that 711 which has a corrective value is also presented in the income elements, it is also provided for the classification in the two exploitation categories and financial according to the Directive, and for the last category the mention is made of consistency with large entities. An explanatory note related to the analysis of the operating result is expressly provided, and the Annex within the Directive is replaced by the explanatory notes and the accounting policies.

The period 2000-2002 is therefore characterized by an attempt to bring international accounting standards to Romania. This orientation of the Romanian normalizer is the consequence of Romania's intention to join the European Union, but also of Romania's relations with the World Bank and the International Monetary Fund. Also in this period, there is also a problem of compatibility of the accounting rules, but the Romanian regulation tries to harmonize the international rules with the European directives (Istrate, 2016, p. 19).

In 2005, the official division of the entities took place in terms of the accounting regulations applied through the issuance of OMFP no. 907/2005, consequence of the process preceding Romania's accession to the European Union. Thus, the entities could be included either in the group of those who apply the accounting regulations compliant with DE, or in the group of those who will apply regulations fully compliant with international standards (Săcărin, 2016, p. 18).

Since all entities applied the regulations in accordance with the DE, from 2006 credit institutions were obliged to prepare financial statements in accordance with IFRS, while other entities of public interest could apply these standards only if they met certain criteria.

During this period, CECCAR definitely becomes the representative body of the accounting profession in Romania. The body acted for the understanding and application of international standards, so that the Romanian capital markets have the opportunity to report financial statements in a European language and with a high quality degree. In 2004, CECCAR issued a guide on the understanding and application of each international accounting standard, and from 2005, it took over the task of translating IFRS standards every year, and from 2007, IPSAS standards (CECCAR Activity, 2004).

The development of groups and their need to prepare financial statements in accordance with IFRS led to the issuance of a new order to expressly regulate the financial reporting framework of consolidated financial statements. Order no. 1121 was issued in this regard in 2006 and entered into force at the beginning of 2007. It provides that both credit institutions in the form of groups of companies, whether listed or not on the BSE, as well as groups of entities, prepare consolidated financial statements in accordance with the international norm (Săcărin, 2016, p. 19).

In October 2009, OMFP 3055 was implemented, which entered into force on January 1, 2010. The provisions of the normative act became the basis for the preparation of all financial statements and documents that contribute to the good functioning of the tax system in entities. This order includes accounting regulations in accordance with the 4th and 7th EEC Directives. The accelerated harmonization mediated by the previously listed normative acts is rather a fiscal one with an impact on the fiscal result, the profit tax and the net result of the year.

In 2011, the IASB published Amendments to IAS 1 Presentation of financial statements – Presentation of components of other comprehensive income which aim to clarify the presentation of components of other comprehensive income and help users of financial statements to distinguish between the components of other elements of the overall result that can later be reclassified (recycled) in the profit and loss account and those that can never be reclassified in the profit and loss account. Based on these amendments, the section of other elements of the global result must present items for other elements of the global result classified by their nature and grouped into (a) elements that are not subsequently reclassified in the profit and loss account (recycled); and (b) items that are subsequently reclassified to the profit and loss account when certain specific conditions are met (CECCAR Official Page, Amendments to International Financial Reporting Standards).

In 2012, OMFP no. 1286 which expressly provides for the mandatory preparation of financial statements in accordance with IFRS by companies listed on the BSE (OMFP no. 1286/2012).

Also in 2012, OMFP no. 1690 which provides that the profit tax which, according to international rules, namely IAS 12 Profit tax, is recognized in other elements of the overall result, is highlighted in account 1034 Current profit tax and deferred profit tax, being recognized on account of equity. Current corporate tax and deferred corporate tax are therefore tracked separately. The normative act was addressed, in particular, to entities that apply IFRS for the first time, amending orders 3055 of 2009 and 1286 of 2012 (OMFP no. 1690/2012).

In April 2016, 82 Romanian entities are listed on the BVB regulated market and all of them have the obligation to apply international standards in their individual accounting and in the presentation of financial statements. The transition to IFRS in the individual accounting of listed Romanian entities represents a necessity rather than an obligation imposed by the EU, and OMFP no. 881/2012 presents justifications for this measure (Istrate, 2016, p. 22).

An important amendment to the Accounting Regulations compliant with the International Financial Reporting Standards is represented by OMFP no. 3189/2017, but the initial regulation was given by OMFP no. 2844/2016 (Stănescu, 2018).

Order no. 3189 entered into force on January 1, 2018 and introduced new regulations regarding the result of the financial year, the carried forward result, the distribution of profit and the coverage of the accounting loss, the General Accounting Plan being also considerably modified (OMFP no. 3189/2017).

In the context of the globalization of national economies, accounting harmonization is a necessity based on the requirements of users of financial statements. The advantages of applying International Accounting Standards are felt both by investors and financial analysts who need to understand and compare the financial statements of foreign entities whose shares they would like to buy, and by entities that want to have access to certain national capital markets, but not least by multinationals with at least one subsidiary or branch in another country (Bănuță & Dumitru, 2017, p. 5).

The application of IFRS in Romania led to a decrease in the net result, but the impact was limited. This situation shows us that the Romanian entities have chosen, most likely, to apply the provisions of the international norms in a way that distances them as little as possible from the national accounting norms. At the same time, the level of compliance with international standards of the Romanian entities that apply them may be lower than in other European countries (Istrate, 2014, p. 551).

III. APPROACH TO ACCOUNTING RESULT AND GLOBAL RESULT (COMPREHENSIVE INCOME)

The budget process includes a series of stages, the elaboration, approval, execution, closure, control and reporting of the result of the budget execution, and within the budget process the local or county councils, and the General Council of the Municipality of Bucharest, as deliberative bodies, mayors and the presidents of the county councils, the general mayor of the Municipality of Bucharest as executive bodies, the latter being the main credit orderers (Moșteanu, 2004, p. 110).

Among the objectives of accounting, the provision of information that reflects a true, complete and clear picture of the financial and patrimonial situation of entities to all interested parties is highlighted. In this sense, the National Accounting Standards establish the purpose of financial statements as the presentation of useful information in the decision-making process, for a wide range of users such as: owners, investors, creditors, customers, employees, public authorities and last but not least, the public (Accounting Law 82/12.1991).

The accounting result or profit is a traditional performance indicator that reflects the ability of entities to obtain revenues in excess of expenses. It reflects their ability to control expenses and streamline their business, but only considers the effects of using the capital invested in the business, not its cost. Thus, situations occur when entities apparently have superior performance, but the activities carried out are not profitable and lead to losses of value (Tabară & Dicu, 2011, p. 3).

The concept of result has also represented a subject mainly treated over time in economic, fiscal, regulatory, linguistic, organizational and accounting practices, thanks to its quality as the main tool in measuring the financial performance of entities (Gazzola & Amelio, 2014a, p. 2).

The result of the exercise, also called the accounting result, is the result determined by the value of the elements of income and expenses. The accounting result takes two forms: the gross result, unaffected by the expense with the profit tax owed by the entity to the state budget, and the net result, affected by the expense with the profit tax owed (Toma, 2018, p. 527).

In order to ensure compliance in the realization and presentation of the accounting result, the strict application of the accounting rules and principles is required, recording the events when the transactions occur and recognizing on a prudent basis the incomes and expenses when the criteria established by the accounting rules are met. For each category of income and expenses, the related results are presented in the profit and loss account. The operating result, accumulated with the financial result, forms the gross result of the year. After deducting the profit tax, calculated according to fiscal rules, the net result of the exercise is obtained. This is known as the accounting result and is to be corrected as provided by the tax rules to obtain the tax result, which is almost always different from the accounting result. Among the two categories of activities reflected in the mentioned results, the operating result is the most relevant for information users.

In the specialized literature, the concept of global result is closely related to that of global performance, which represents the aggregation of economic, environmental and social performances. The global result exceeds the boundaries of the accounting result, because it includes revaluation reserves, conversion differences, gains or losses related to financial instruments, those related to pensions, but also the effects generated by the change in accounting methods and error corrections (Ștefănescu et al., 2014, p. 12).

The result from the profit and loss account does not fully highlight the performance of the company nor its results. A new requirement is imposed to present in a primary financial statement those gains and losses not currently presented in the profit and loss account. The initial solution adopted was that of drawing up the

"Statement of changes in equity", but this situation is far too broad and it is difficult to synthesize which elements correspond to the overall result and which do not.

However, the overall result increases the volume of information on the basis of which users can assess the profitability of an investment, and therefore its calculation carries a utility character, as it includes unrealized gains and losses that bypass the profit and loss account. The overall result is becoming more and more important as a performance indicator. This configuration of the entities' performance is much more compatible with the current economic reality than the net result (Gazzola & Amelio, 2014a, p. 41).

More and more investors are concerned about the inherent risks and the return of investments, and in light of this concern, they need information that allows the evaluation and forecasting of the future performance of the entity in which they have invested or will invest. Comprehensive income meets this need, as it takes into account changes in the fair value of assets and liabilities during the reporting period, measures an entity's ability to create value, and allows making forecasts related to the generation of future cash and cash equivalents (Marchini, 2015, p. 1726).

However, the overall result concept has attracted strong criticism regarding the risk of higher volatility of the indicator, as opposed to the traditional one, i.e. the net result. Components of comprehensive income tend to be more volatile than those of net income because they usually appear in other elements of comprehensive income when they have not yet been realized (Gazzola & Amelio, 2014b, p. 176).

The main innovation made by the IASB is the global presentation of the result in the financial statements prepared in accordance with the new provisions. The introduction of this new concept has been the basis of numerous empirical studies and research, and the results obtained by them have been mixed. While some studies demonstrated that net profit was a better measure of an entity's performance than comprehensive income, others demonstrated the high informational utility in the decision-making process of the statement of comprehensive income items through the lens of classifying and presenting gains and losses in a valuable form for investors (Jaweher, 2013, p. 20).

Theoretically, the concept of *global result-comprehensive income* for the year was reached based on the following relationship: Global result for the year = Net result from the profit and loss account +/- Adjustments for maintaining capital +/- Other variations of equity not recognized in the result of the exercise.

In the general sense, the approach regarding the definition of the concept of global result is based on a semantic approach to the two words from which it is composed. By combining the two explanations of the component terms, we deduce that the phrase global result signifies a set of all effects (Ștefănescu et al., 2014, p. 12).

The concept of global performance is another pillar on which the definition of the concept of global result is based. Global performance is appreciated as representing an aggregation of economic, social and environmental performance, as a multidimensional, economic, social and societal, environmental and financial objective, referring both to economic entities and society, as well as employees and citizens. In this context and by resorting to the concept of global performance, the global result is defined as the union of financial, social and societal results (Ștefănescu et al., 2014, p. 12).

IV. RESEARCH METHODOLOGY

The concept of performance is built, according to the specialized literature, on two supporting pillars, these are the accounting or operational result and the global result. The operating result is the consequence of carrying out the current activity by the entities, and although many researchers of the field claim that the net result is inferior from the information point of view to the overall result, it is still relevant to the users of the financial statements, being a reliable tool in estimating future flows of cash, because it does not include non-recurring and extraordinary elements (Gazzola & Amelio, 2014a, p. 42).

To carry out the analysis, the public financial data, found on the official website of the BSE, of the listed companies, which draw up the financial statements in compliance with international accounting standards, were used. The reference year taken into account was the year 2021. The main elements of interest in carrying out the analysis were: Global result, Other elements of the global result, Net result and the sector of activity in which the companies carry out their main activity.

The initial sample was represented by all entities listed on the Bucharest Stock Exchange, numbering 83 at the time of the publication of the financial statements for the year 2021. From the initial sample of 83 entities, a sample of 66 entities was reached, this because no banking institutions and financial investment institutions were not taken into account. Also, the Bucharest Stock Exchange entity was excluded, as well as two other entities whose main objects of activity corresponded to the placement of portfolios specific to investment activities and holding type activities. We proceeded with this exclusion because the field of activity of these three entities, namely BSE, The Property Fund and One United Properties presents a series of specific characteristics that lead to a significant differentiation of the composition of the result elements.

Therefore, the sample on the basis of which the study is carried out is composed of the financial statements drawn up for the financial year 2021, published by 66 entities that apply IFRS.

The classification in the sector was achieved by reporting to the CAEN from which the revenues are obtained, starting from the classification of the activity sectors. This classification of entities by activity sector can be found in Figure 1. The top 5 sectors of the total entities listed on the regulated market hold 61.45% of the total activity sectors: 16.87% registered by Financial, banking and insurance activities, 15.66% registered by the machine construction industry and metal constructions, 10.84 % recorded by the chemical and petrochemical industry and related activities, 9.64% recorded by Energy, oil and gas and energy mining and 8.43% recorded by the electrical, electronic and fine mechanical equipment Industry.

The industry sector, established by summing up all the sectors associated with the industry, represents a total of 48.18% of the total activity sectors identified through the point-by-point analysis of each entity listed on the BSE. We thus identify eight lines of industry that add up to the percentage specified above: 15.66 pp from the Machine Construction and Metal Construction Industry, 10.84 pp from the Chemical and Petrochemical Industry and related activities, 8.43 pp from the Electrical Equipment Industry, electronics and fine mechanics. Other industrial activities, 4.82 pp from the Glass and Fine Ceramic Industry, Construction materials industry - manufacture of other non-metallic mineral products, 2.41 pp from each of the following Metallurgical industry, Food, beverage and tobacco industry and Extractive industry, and 1.20 pp from Textile industry, textile products, clothing, Leather and footwear.

Thus, there remain 13 sectors of activity with individual values lower than 5 pp, and they add up to a total of 38.55% of the total sectors taken into account for the analysis.

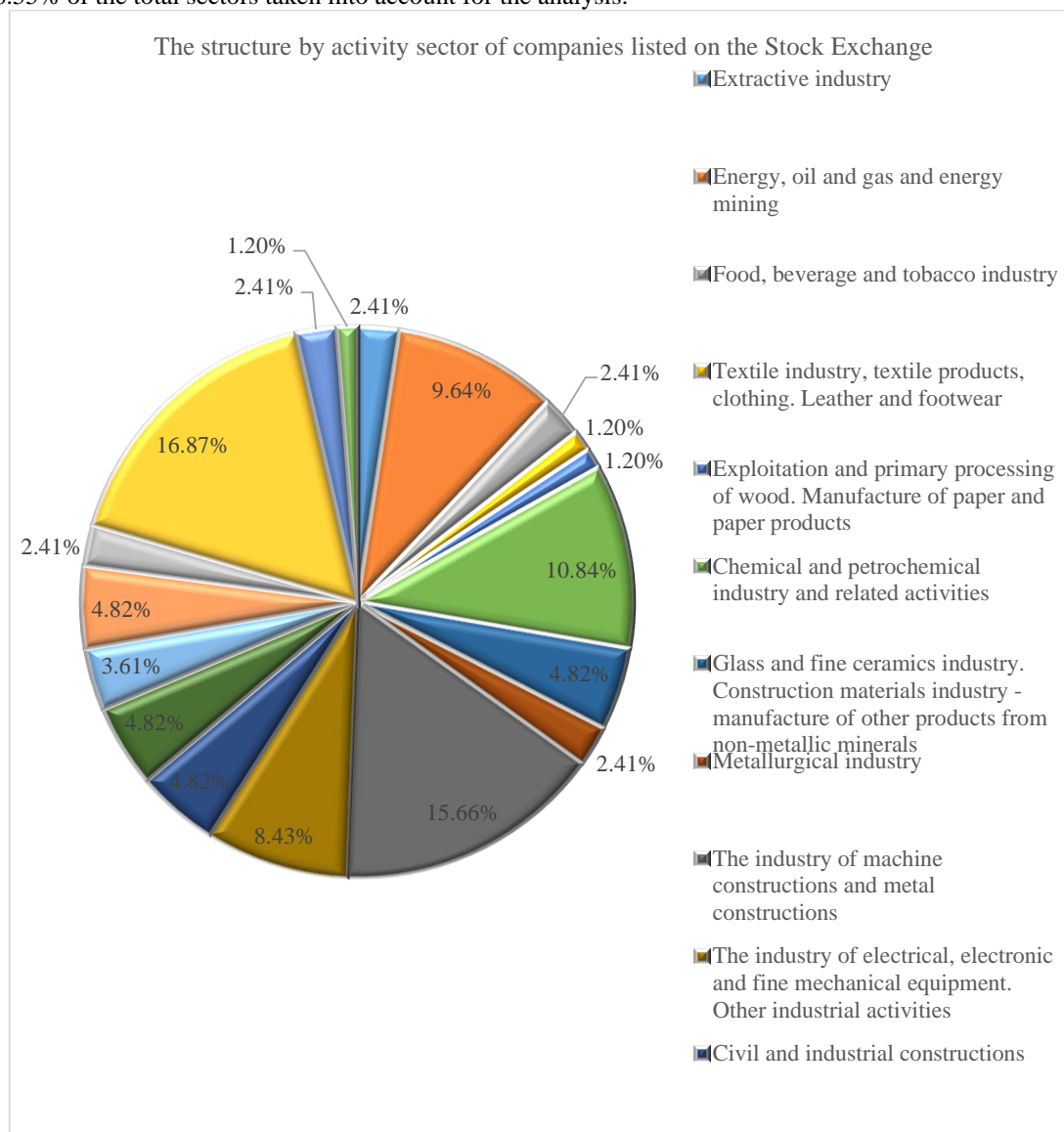


Figure – 1 The structure by activity sector of companies listed on the Stock Exchange
Source: own processing based on information available on www.bvb.ro

According to IAS 1 there are no limiting rules regarding the form of the financial statement in which the overall result is presented. In this sense, the entities that apply the international norms, have the possibility to opt for the desired form of presentation of the results. Thus, they either report a single situation of profit or loss and other elements of the overall result, but with different and consecutive sections, the first is the section for the elements of income and expenses, and the next is the section for other elements of the overall result, or I draw up two separate situations.

Over time, international standardizers have come to the conclusion that the accounting result of the exercise is no longer sufficient to measure the performance of entities. While the net result is losing importance for users and not only, the global result is making its way into more and more performance evaluations and estimates of future benefits that entities can achieve (Gazzola & Amelio, 2014a, p. 42).

V. RESULTS AND DISCUSSION

This part of the paper aims to highlight the differences between the accounting result and the global one through the lens of performance measurement with the help of several incidence factors presented in the financial statements of the entities listed at BSE. The key indicators selected in this regard are: net and global results.

The performance measurement process therefore involves the collection, extraction and interpretation of data, is focused on results and is carried out with the help of specific indicators. Performance indicators are important not only for users of financial statements in making investment decisions, but especially for management of entities in decisions to optimize their activity.

Regarding the analysis of the net result, in figure no. 2, the structure of the sample can be observed according to the net result obtained.

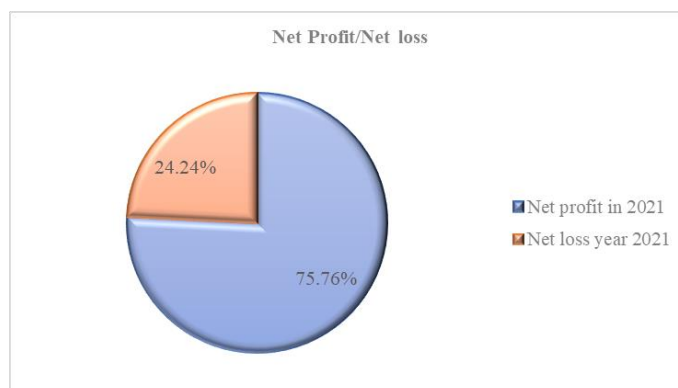


Figure – 2 The structure of the sample according to the net result obtained

Source: own processing based on the data collected from the annual financial statements (AFS) 2021

Among the analyzed entities, for the year 2021, over 75.76% report a net result in the form of net profit for the period, and the difference of 24.24% reports a net result in the form of a net loss for the period. Thus, from the total of 66 entities part of the established sample, 50 entities can be observed with profitable activity, bringing value to shareholders, while 16 of the entities report losses.

Of the 16 entities that register a loss, only for 3 of the net loss came from the financial losses recorded by the entities and which could not be covered from the profit resulting from the operational activity, the remaining 13 also recorded losses from the operational activity.

In the tables below, Table 1 and Table 2, the authors made a top 5 of the most performing, but also non-performing entities analyzed, from the perspective of the net result obtained during the year 2021.

Table 1. Top 5 entities with the highest net result in 2021

No. crt.	Entity	BSE code	Net income (RON)	%/total sample
1	OMV PETROM S.A.	SNP	2.688.416.594,00	24,22%
2	S.N.G.N. ROMGAZ S.A.	SNG	1.962.509.237,00	17,68%
3	S.N. NUCLEARELECTRICA S.A.	SNN	1.036.038.559,00	9,34%
4	CHIMCOMPLEX S.A. BORZESTI	CRC	485.535.941,00	4,38%
5	TERAPLAST SA	TRP	323.510.441,00	2,92%
	TOTAL		6.496.010.772,00	58,53%

Source: own processing based on the data collected from the annual financial statements (AFS) 2021

We find that based on the data in Table 1, the net profit recorded by OMV Petrom at the end of 2021 represents over 24.22% of the total net profit recorded by the sample entities.

From the perspective of the net result, OMV Petrom can be considered the best performing entity of the sample. A significant share is also the net profit registered by Romgaz, respectively of approximately 17.68%. It should be noted that the cumulative net profit recorded by the 5 best performing entities represents over 58.53% of the total net profit recorded by the analyzed sample entities.

Table 2. Top 5 entities with the lowest net result in 2021

No. crt.	Entity	BSE code	Net loss (RON)	%/total sample
1	ROMPETROL RAFINARE S.A.	RRC	-450.988.114,00	-4,06%
2	COS TARGOVISTE S.A.	COS	- 62.327.599,00	-0,56%
3	U.C.M. RESITA SA - SOCIETATE IN REORGANIZARE JUDICIARA	UCM	-40.079.515,00	-0,36%
4	SOCIETATEA DE CONSTRUCTII NAPOCA SA	NAPO	-21.387.891,00	-0,19%
5	ELECTROMAGNETICA SA	ELMA	-15.228.228,00	-0,14%
	TOTAL		-590.011.347,00	-5,32%

Source: own processing based on the data collected from the annual financial statements (AFS) 2021

According to the data collected and presented in Table 2, the most underperforming entity in 2021 in terms of the net result recorded is Rompetrol Rafinare, whose loss reduces the cumulative value of the net results recorded by the sample entities by more than 4%. The second most underperforming entity, with a net loss of over 62 million lei, is Cos Targoviste. The cumulative loss of the five worst-performing entities in terms of the net result obtained reduces the total sum of the net results of the sample entities by approximately 5%.

Comprehensive income not only includes net income, but also reflects all those changes in equity that cannot be associated with transactions with owners. To analyze the global result related to the analyzed sample, you can follow the representation in figure no. 3.

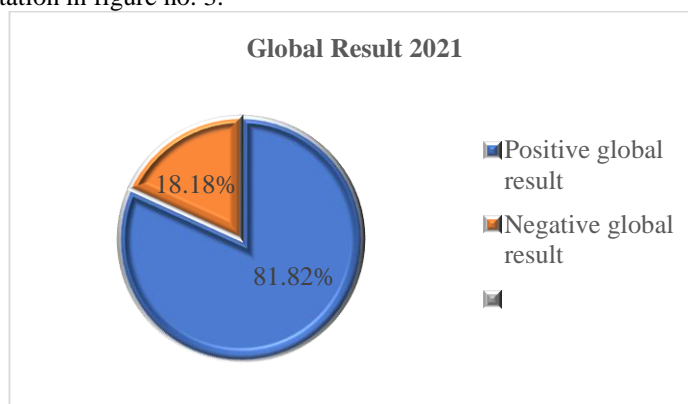


Figure – 3 The structure of the sample according to the global result obtained

Source: own processing based on the data collected from the annual financial statements (AFS) 2021

Among the analyzed entities, for the year 2021, approximately 81.82% report global result in the form of global profit for the period, and the remaining 18.18% report global result in the form of global loss for the period. Therefore, 54 entities out of the 66 analyzed carried out a profitable global activity, which at the end of the period contributes to the creation of value for all interest holders, not just for shareholders. The other 12 report significant losses. Although from the perspective of the net result, the weight of the entities was different, here is the impact of other global result elements in some cases, changing the image of an entity from one that is not performing and that is not able to generate value for shareholders, to an entity that creates value for all interest holders.

In the two tables below, Table 3 and Table 4, the authors made a top 5 of the most performing, but also non-performing listed entities of the analyzed sample in terms of the overall result obtained during 2021. The two tops made in terms of the result global presents an identical order and a similar structure to those realized from the perspective of the net result.

Table 3. Top 5 entities with the highest global result in 2021

No. crt.	Entity	BSE code	Global profit (RON)	%/total sample
1	OMV PETROM S.A.	SNP	2.647.430.000,00	35,71%
2	S.N. NUCLEARELECTRICA S.A.	SNG	1.317.470.586,00	17,77%
3	ROMPETROL RAFINARE S.A.	RRC	542.838.735,00	7,32%
4	CHIMCOMPLEX S.A. BORZESTI	CRC	485.535.941,00	6,55%
5	TERAPLAST SA	TRP	328.992.123,00	4,44%
	TOTAL		5.322.267.385,00	71,79%

Source: own processing based on the data collected from the annual financial statements (AFS) 2021

We find that based on the data in Table 3, the global profit recorded by OMV Petrom at the end of 2021 represents over 35.71% of the total global profit recorded by the sample entities. It should be noted that the cumulative global profit recorded by the five best performing entities represents more than 71.79% of the total global profit recorded by the analyzed entities of the sample.

Compared to the weights recorded in the analysis from the perspective of the net result, those in the table above show consistent increases. Four of the entities are in the top 5 by net profit, but also in the top 5 by global result. Thus, if the cumulative net profit of the 4 best performing entities represents 48.19%, the share in the global profit of the same entities increases by 16.28 percent. This indicates, on the one hand, a stability of the analyzed entities, but also the possibility of momentary changes that would lead to significant discrepancies between the net and global results.

Table 4. Top 5 entities with the lowest overall result in 2021

No. crt.	Entity	BSE code	Global loss (RON)	%/total sample
1	COS TARGOVISTE S.A.	COS	-62.327.599,00	-0,53%
2	U.C.M. RESITA SA SOCIETATE IN REORGANIZARE JUDICIARA	UCM	-40.079.515,00	-0,34%
3	VES SA	VESY	-23.708.789,00	-0,20%
4	SOCIETATEA DE CONSTRUCTII NAPOCA SA	NAPO	-21.387.891,00	-0,18%
5	ELECTROARGES SA CURTEA DE ARGES	ELGS	-10.832.102,00	-0,09%
	TOTAL		-158.335.896,00	-1,35%

Source: own processing based on the data collected from the annual financial statements (AFS) 2021

According to the data collected and presented in Table 4, the most underperforming entity in 2021 in terms of the global result recorded is Cos Targoviște, whose loss reduces the cumulative value of the global results recorded by the analyzed entities by more than 0.53%. The second most underperforming entity, with a net loss of over 40 million lei, is U.C.M. Resist. The cumulative loss of the five worst-performing entities in terms of the overall result obtained, diminishes the total value of the overall results of the sample entities by approximately 1%.

Value differences of the overall result compared to the net result recorded for the top of the entities with the worst performances is presented only by Rompetrol Rafinare, but the impact is insignificant compared to the weight with which the same five entities decreased and the total value of the net result recorded at the sample entities.

VI. CONCLUSION

The complexity of the topic addressed, through the complex and current issue, namely the result of the exercise, led the authors to build an integrative vision of the main aspects that shape and condition the accounting of the result and the qualitative level of the financial reports of the entities listed on the Romanian capital market.

Listed entities, as they are entities considered to be of public interest, must submit to wider publication requirements, which exceed the strict limits and rigors of the financial-accounting sphere, out of the desire to ensure the rigors of transparency and exhaustiveness of the information disseminated to the interested parties.

The concept of overall result is more comprehensive than the accounting result rendered through the profit and loss account because it takes into account the net result of the period corrected with significant elements

attributable to the coordinates of profit and loss respectively. At the same time, starting from this reasoning, we admit that the global result is increasingly used and preferred in analyzes by the users of financial reports.

The phrase global result reflects the totality of all effects. The accounting result, on the other hand, reflects the profit or loss obtained by complying with accounting principles and rules calculated with the help of income and expenses recorded in accounting. Importantly, comprehensive income also includes traditional net income, not just the effects of changes in other comprehensive income items. Therefore, the difference between the accounting result and the overall result is represented precisely by Other elements of the overall result.

We therefore find that the overall result presents the overall performance, but only to the extent that the gains and losses that embody the economic benefits and that do not include the pluses generated by the increase in asset prices are taken into account.

Over time, countless papers have been written in the literature dealing with the concept of entity performance, being such a relevant notion for users and so important for entities. One of the conclusions of these researches is that the performance of an entity cannot be accurately identified only on the basis of the published AFS, because for this it is necessary to know in detail the accounting policies used, and most of the time, the presented result is not an objective or real one. Numerous researches capitalize on the importance of profit as the main indicator of performance, but only to the extent that entities correctly recognize the elements of income and expenses.

Also in the specialized literature, we identify research that demonstrates that the overall result is much more relevant than the accounting one, given the fact that it also includes those gains and losses that are totalized throughout the year, whether they are realized or not. Therefore, the overall result presented in the financial statements reflects all changes in equity that differ from those associated with transactions with owners.

The order in the top of the top performing and poorly performing entities analyzed, as well as the weights of the global result obtained by them in the total value of the global results of the sample, show insignificant changes compared to the analysis carried out on the basis of the net result. This indicates a stability of the analyzed entities and the absence of sudden changes leading to significant discrepancies between the net and the global result.

We therefore find that performance takes various forms, and for each individual user, the degree of relevance of these forms is very likely to differ, which leads to the importance of measuring the concept of performance from several angles. Very often, the net result obtained by entities is not sufficient in measuring performance and does not fully reflect the entities' ability to create value for its shareholders and beyond.

Analyzing the entities from the perspective of net, global results, the authors identified entities with a high degree of performance, this presenting a high character of subjectivity, which depends on the interests and objectives pursued by the users of the information.

This paper presents a series of limitations, the most significant of which are: the time limit, since the analysis was carried out for the year 2021; the limitation represented by the lack of details within certain financial statements regarding the composition of other global result elements; limiting the study to the analysis of entities listed on the BSE.

The future prospects are characterized by the broadening of the study for a sample composed not only of the entities listed on the Bucharest Stock Exchange, but also of entities listed on the major international exchanges, in order to give the analysis a complete character. The analysis of representative entities for certain sectors of activity and the influence of the elements of the overall result on the performance recorded within the respective sectors also represents an attractive future perspective.

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