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POLICIES AND ACCOUNTING TREATMENTS OF CURRENT ASSETS IN ROMANIAN ECONOMIC ENTITIES

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Abstract

Accounting for current assets mainly aims to obtain useful information on the management of their best in order to make management decisions. Counting efficiency of these assets, their importance, provides improved performance of the entity, analyzing and minimizing costs, the search for alternative assessment, enumeration and their management. The research was based on studying the degree of implementation of policies and treatments on the current assets in the economic entity, the problems of implementation and thus better theoretical and procedural approach to improve the information provided by financial statements. With passive and spontaneous observation was performed using analysis of the effect of applying the accounting policies and treatments on current assets, special effects outlined in the financial statements.

Keyword: current assets, accounting policies, accounting treatment, stock, claims, money.

JEL Classification: M41

The methodology used in preparing this paper is scientific observation and economic synthesis, aiming to improve the perception of accounting policies and accounting treatments related to the current assets in the Romanian economic entities. In this paper we proposed in particular the use of qualitative methods of research such as prospective case studies, cumulative or narrative. Also using other research methods that involve collecting information, processing and interpretation, coupled with techniques such as selective study of literature, synthesizing information available,

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correlations between them. We also use processes such as studying existing information, collecting new data in order to build a database of their own, their synthesis is presented in tables and charts.

I. Introduction

Accounting for current assets, develops from the earliest times, although at first, rudimentary level. Ever since barter goods were counted, managed and sold by the merchants. While developed interest in managing, organizing and controlling current assets. Thus, there are rules for recognition and measurement of current assets as well as their presentation in the financial statements, rules that differ from one country to another.

The objective of the study is to present the issues arising from the impact of policies and accounting treatments on the current assets in the economic entity, so our approach would not be complete without invoking the concepts, rules and regulations of International Accounting Standards.

Instability and uncertainty seem to be the keywords of the moment Romanian economy. Thus, economic entities are forced to face the permanent economic and fiscal challenges to survive this transition period.

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In this context entities are forced to produce, operate and retrieve available cash invested to produce or provide services. If the cycle is interrupted, activity and entities survival itself is at risk. Most active in maintaining this cycle are current assets. Their reflection in accounting terms, the economic entity is best achieved through financial statements.

The annual financial statements of the economic entity of any kind (commercial or industrial, public or private) are the end product which gives a conclusive picture of all their activities. Therefore are "perfect mirror" on which one can analyze and conclude the entire activity of the last two years.

The accounting policies reflected in the financial statements of an entity, provide the information needed to calculate the financial indicators of liquidity, risk, profitability, solvency, etc.. In other words, the information provided by financial statements confirm or deny the successful implementation of the principles, rules and practices established by the accounting policies.

European Journal of Accounting, Finance & Business
Volume 2/2014 ISSN 2344-102X
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Due to the importance of proper conduct of business owned entities, accounting current assets should result in optimal and efficient control of current assets.

The scientific approach is based on the theoretical, conceptual and practical reach taking study issues such as:

- degree of implementation of the system of accounting policies in the economic reality of entities;
- evidence and theoretical development related to current assets, policies and accounting treatments on this asset class balance;
- the temporal component of current assets of the entities included in the study as a result of the accounting policies applied, and global economic developments;
- recognition and analysis of current active elements (assets) financial statements.

II. Policies and accounting treatments in the economic entity

Is well known that economic entities show a discrepancy, more or less obvious, with financial and economic gaps between them which makes us question why some entities are more "rich" than others? One of the secrets of "rich" entities are the policies and underlying accounting treatments work and which secures contracts, reduce costs and uncertainty implicitly promotes contractual relationships and action, etc.. These issues create differences between entities and marks financial results for the influence managerial decisions on production, trade, investment, savings and innovation. Entities, the effectiveness of policies adopted eliminates severe recessions eliminates the negative factors of inflation, easy credit access, restore internal balance, reduce budget deficits, avoid unnecessary expenditure growth, etc.. Informational support in the formulation and development of accounting policies are the standards, rules and regulations designed by the normalization and in their absence, judgment-oriented development policy to provide the most useful information to users of financial statements of the economic entity.

Accounting policies are not uniform or "standardized" because they must be adapted to business entities. Once adopted accounting policies are, the “bible" of financial-accounting, and after adoption managers manage and control while the conduct of business operations. Further control of the entity will be reported to the requirements of approved accounting policies.

Disclosure of accounting policies may occur in the following forms:

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

- manual containing rules and accounting treatments provided by accounting regulations and documents underlying registration economic and financial operations;
- two or more documents that form a whole, such as entities that use complex computer programs that have standardized procedures and records. In such cases, it may be that accounting rules approved by managers to be filled with accounting treatments and procedures of the system.

In all cases, will consider approval of accounting policies by manager entities.

Accounting policies chosen by economic entity affects the indicators reported in the annual financial statements.

The accounting policies in view of international accounting standards (IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors") are "principles, bases, conventions, rules and practices" (Official Journal of the European Union, Regulation (EC) No. 1126/2008, p. 34, paragraph 5.) underlying preparation and presentation of annual financial statements.

Management entities design manual accounting policies according to the specific needs and work in progress. Develop handbook aims to resolve all such issues in a credible and relevant way. In this way, the financial statements, regardless of their form will be complete, neutral and will present prudently the performances and cash flows of the entities, respecting the principle of substance over form.

Changes in accounting policy is made only if required by standards or conditions to provide a better presentation of balance sheet items in the financial statements. Statements relating to changes in accounting policies covered explanatory notes so that internal and external users to judge the reliability changes.

Romanian economic uncertainty, the lack of importance given to preparation of a manual of accounting policies together with changes formal financial statements make their numerous factors can not be measured with precision, being subject to estimates.

Economic practice reveals greater interest for the financial statement and less content as part of analysis.

In economic reality, the goal of policy is to minimize taxable income accounting by choosing appropriate methods and principles of business entities.

In order to develop a set of accounting policies is necessary to know the environment in which the entity operates, competition, market outlets, in order to establish an effective system of cost calculation. Thus, it is necessary to correlate the external

European Journal of Accounting, Finance & Business

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

environment at the entity's internal calculation methods for determining the cost-benefit function.

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" undoubtedly establishes the link between accounting policies, accounting treatment and financial statements of an entity.

The objective of each accounting policies manual is to prudently reflect the definition of theoretical reflection in the context of the entity's accounting reality, namely the establishment of policies and procedures applicable accounting principles in it.

Based on the presentation of data related to general headquarters, capital, activity, reaching key points considered in accounting policy compliance accounting principles (continuity, prudence, consistency, independence exercises, substance over form, the threshold signification, etc..).

Considering the peculiarities of business, accounting policies issues highlighted point for balance sheet items as follows: the method of depreciation of property used stock assessment methods, assets and liabilities, the materiality of accounting errors, mode of capitalization of interest and recognition it as an expense, etc..

The accounting policies treats each element of the balance sheet in separate chapters categories. Also in the accounting policies have highlighted the accounting procedures used by the entity, namely: inventory procedure, procedure on the use of financial accounting forms, procedure for internal numbering scheme of financial accounting forms, etc..

Structure developed by the entity's accounting policies is based on the principles of the Accounting Law 82/1991, republished, and the specific activity of each entity separately.

Economic reality does not reflect the often theory accounting policies, Romanian manager giving due consideration to these items. Their existence is more formal, standardized, without taking into account the specificities and needs of entities.

European Journal of Accounting, Finance & Business
Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

III. Policies and treatments for the management and evaluation of current assets in the romanian economic entities

In the current economic crisis manifested EU managers have to consider especially prudence in evaluating the current assets and also to highlight the real depreciation of their statements.

The resource to reach for any entity, management concern for their efficient use is a priority. Such yields efficient performance in all phases of business: purchasing, production, marketing.

"Management must exercise judgment in developing and applying an accounting policy that results in information that: are relevant to decision-making needs of users economical and reliable, in that the financial statements accurately reflect the financial position, financial performance and cash flows of the entity, the economic substance of transactions, other events and conditions, not merely the legal form, are neutral, free from bias, prudent and complete in all material respects. (Official Journal of the European Union, Regulation (EC) No. 1126/2008, p. 35, paragraph 10).

One of the important responsibilities of modern economic entity manager is adequate substantiation activity accounting policies.

Current assets are the subject of a separate chapter in the manual accounting policies of the entity, chapter comprises four subchapters: Stocks accounting policies, accounting policies on receivables, accounting policy on cash availability and accounting policy on short-term investments. In the four chapters are treated individually according to item definition and classification policies, accounting policy evaluation, the policy for determining the costs and other aspects.

In the current activity of the economic entity, as the water cycle in nature, a raw material put into practice, is reflected in the finished products and will capitalize. Part or all of the finished product is recovered and then collect their value, thus obtained funding resources for other production cycles.

We believe that efficient use of current assets should aim first priority component of current assets, inventories. This statement is substantiated as balance sheet item - stock is the component that generates the most revenue expenditure and activity of economic entities. Thus, their influence on the outcome of the exercise is major.

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

To trigger fixed assets that economic entities features, requires the purchase of raw materials, ensuring stocks of materials during the production process, materialize finished goods into cash enabling resumption operating cycle.

The financial statements should disclose information about the accounting policies adopted in measuring inventories, including the cost formula used (Official Journal of the European Union, Regulation (EC) No. 1126/2008, p. 26, paragraph 36)..

Analysts of financial statements, through a comparative analysis of changes in inventories and fluctuations in income and expenditure analysis, issue professional opinions opposite of the performance of economic entities and the necessary changes in their policies and accounting treatments.

Stocks can be made both on the basis of the perpetual inventory and flashing. In our country became predominant variant perpetual inventory.

In this regard, IAS 2 shows that stocks should be valued at the lower of cost and net realization.

Romanian practice, regulated by Order no. 3055 of 29 October 2009 for approval of accounting regulations compliant with European directives, section 8 "Upon entry into the entity, the goods shall be assessed and accounted at cost, which is determined as follows:

- the cost of procurement - for goods purchased for valuable consideration;
- the cost of production - for goods produced in the entity;
- the amount of contribution, following the evaluation- for assets representing share capital;
- at fair value – for goods obtained free of charge or found plus at the inventory."

The stock assessment is based on cost and in turn its value, more accurately cost determine the price, measures amending the productive structure, allocation of expenses, replacement of fixed assets, etc..

Product cost is the current active element attached, being necessary to establish in stock assessment. The cost of inventories comprises all costs of acquisition and processing will influence the results and performance of organizations. So consider necessary to establish the cost of obtaining the items stored, which is the main determinant in the recognition of current assets in the financial statements, and management decision establishing policies and accounting treatments regarding asset entities.

A key element of an efficient sales and the changes in the sales revenues are policies on trade discounts applied to items stored.

In most cases, the acquisition cost of inventories includes the invoice price, shipping and handling costs, taxes and sometimes specific frequent flyer discounts.

Trade discounts accounting in Romania (rebates, draws and rebates) are deducted from the acquisition cost and the VAT (in bulk) is recoverable, so most of the costs are assessed "off duty".

Rebate, the most common in acts of trade between trade discounts, are granted the selling price agreed by both parties as a result of the detection of defects in quality goods and are included in the bill.

Determination of reductions is made in chain: rebate, draw, rebates and discounting as the ultimate relief for stimulating fast collection of receivables generated by the commercial act. The accounting discounting is perceived as a financial expense for the supplier and income of the same nature for the client.

Example 1: An entity acquires goods worth lei 5,000, with a rabat of 11%, discount of 4%, transport expense 22% of the purchase price. VAT is 24%. If payment is made within 14 days of the invoice shall be granted a discount of 3%.

Acquisition cost in this case is as follows: Purchase price = 5000 lei, Rabat11%= 550 lei , Total = 4450 lei, Discount 4% = 178 lei , Total = 4272lei .

Transport costs 22% = 940 lei, acquisition cost = 5212 lei, VAT 24% = 1251 lei

Total payment = 6463 lei .

Value accounting record of goods received is the 5212 lei.

If payment is effectuated within 14 days the discount is calculated as follows:

5212lei X 3% = 156 lei and represents financial income of the current period.

Accounting of our Hungarian neighbors approaches, for example, the rebate, as well as a reduction in trade given on contract linked to a product, commodity or services. Unlike the Romanian accounting billing this discount is subsequently granted.

Supplier and customer contracts established by the conditions in which they can give or receive reductions (draw, especially taking into account the volume of sales at a time). Since the reduction is not linked to a specific product specifically, it does not change the value of goods and services or the sale price, or VAT and the acquisition cost to the customer. In provider’s accounting appears as other expenses, and for the client in the form of other income.

European Journal of Accounting, Finance & Business
Volume **2**/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

If for any reason, the seller subsequently reduces the amount of goods or services invoiced, he shall prepare invoice cancellation.

The counter sale of products or provision of services may be reduced when sold by the seller, for various reasons, such as poor quality, the last piece, sometimes damaged products. Since the reduction occurs simultaneously with the sale, it may be that the reduction does not appear on the invoice because the invoice comes directly reduced price, declined or shown separately on the invoice as a discount formula.

Regardless of the method applied by the seller, accounting record the reduced value that becomes the acquisition cost for the product supplied or service rendered.

As in Romanian accounting the discount received takes into account the timing of payment for purchases made. If an entity pays in advance of the deadline specified in the contract, it receive a discount from the supplier. The seller gives discounting of certain financial considerations often can more effectively manage and finance stocks and faster, reducing the speed of rotation of stocks. This reduction is as a reverse interest that does not bind to the products or services, but by the time of settlement of their value, making it a financial income.

If reducing subsequently received from the seller does not fall into this category, and its size exceeds 3% of the consideration, or not based on a contractual provision, the amount of the reduction is an unpaid debt to be justified in the Notes if significantly influence the outcome.

Example 2: A Hungarian entity enters into a contract of sale of goods with a partner in Hungary. Parties agree on a settlement within 30 days. The contract states that the company gives a discount of 4% to collect the debt before due date. Invoiced amount is 100000000 ft + VAT. Transaction date is November 20, 2013, deadline for payment December 20. Paying the bill took place on 5 December 2013.

Gross invoice value: 100,000,000 x 1.27 = 127 000 000 ft.

Discounted value recognized by the Accounting Act is 3% x 127million = 3.81 million ft.

This amount represents other financial expenses from the supplier (seller) and other financial income from the client (buyer).

1270000 ft difference is extraordinary expense (bad debt) for the grantor discount and extraordinary income (duty unpaid) to the beneficiary discount.

Expected value is thus limited in accounting for Hungarian neighbors while the Romanian accounting does not impose a limit on the percentage of its value.

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

At the annual financial statements, Romanian entities shall inventory and valuation of stocks nature. This establishes accounting correlation with reality, being the starting point in developing and improving policies and accounting treatments of stock.

In Romanian practice "out of inventory management and other fungible assets, they are evaluated and accounted by applying one of the following methods: the first-in - first out - FIFO, weighted average cost method - CMP method last in - first out - LIFO. " (Order No. 3055, 2009, art. 161).

The preference for E.C countries of use either of the methods of assessment under IAS 2 are different and tailored to each economic and fiscal policies in each country. It should also be noted that, although the LIFO method is no more recognized by IAS 2 "Inventories", Romanian legislation mentions it (Order no. 3055).

Even if at the European level, the LIFO method is not practiced, in the U.S. entities LIFO method is preferred because, in their view, it measures the flows of costs as close to reality (especially in inflationary period).

To achieve its business entity enter into relationships with socio-economic environment. Thus, to achieve current assets enter into relationships with third persons or entities. In the natural process of supply to buy goods from third legal entities and individuals, creating debt and also sell finished products in the sales process, resulting in claims.

Receivables are recognized in the financial statements on current chapter only materialize when the result of a strong commitment.

Example 3: The entity that has a firm order based on an agreement not recorded in current assets section of the balance sheet only when you actually deliver the goods or performs the service and thus claim will materialize.

The above example has in attention a commercial claim. After their contents, are reflected in the financial statements other claims too, according to their economic content: deferred advance payments, staff claims, the budget claims, etc.

The current economic crisis and volatile markets determine drawbacks of entities to find ways of attracting customers and keeping them. A difficult task in which one of the ways commonly used is the loan customer.

The most convenient way is cashing in view within 3-7 days of delivery, in cash or by bank, but it is no longer the most used. The most common way is the collection at the agreed time, usually up to 90 days. Noted that the local economy is due to late

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

receipts, especially lately, entry of default customers. It must thus better customer management and better customer credit policy sizing.

Customer credit is so commonly used, especially in the current time dependencies of certain markets.

VAT recovery policy to the state budget depends on the perception of future business manager, the volume of anticipated purchases and not least the nature of the work. However, depending on the possibility of covering debts to the state budget calling refunds deciding compensation aiming.

The actual liquid is the capital of the entity regardless of his appearance: currency, bank balances, etc.. In economic practice talking cash.

Being the most mobile of current assets involved in the production process becomes component that changes most frequently form.

The current economic crisis, reflected in rising inflation, interest, decreased efficiency and profitability, the cash flow, leading in many cases to the bankruptcy entities. Thus, entities seeking to exist, and for this "need to balance cash inflows with outflows.

The economic system is based on the exchange of goods and money. For it to work is mandatory for everyone to be able to pay what they buy and pay its debts on time. If it were not so, we quickly return to the Stone Age, and economic and social insecurity would be permanent. [...]. For an enterprise, the beginning of the end is the termination payments. Often, the agony is long. [...] " (Didier M., 1994 , p. 59).

Policy on available cash must look the entity's ability to pay current obligations at any time and to assess future cash flows required activity.

It is also necessary to correlate outcome with cash exercise and maintaining a balance between liquidity and increasing inventories, receivables, debt reduction, payment of dividends, repayment of loans.

Short-term investments are the most common bonds issued and redeemed so that the accounting policies have particular regard to the accounting recognition of their redemption and cancellation, conversion into shares, evaluation, etc..

Evaluation of the input entity can be made at the contract value or cost. On output, most entities deemed necessary to evaluate applying FIFO (first in-first out).

Short-term investments are not subject to a separate note in the balance, and most often do not find addressed in the accounting policies of the entities.

European Journal of Accounting, Finance & Business

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

IV. Study on the implementation and the importance given to accounting policies in the Romanian West Zone

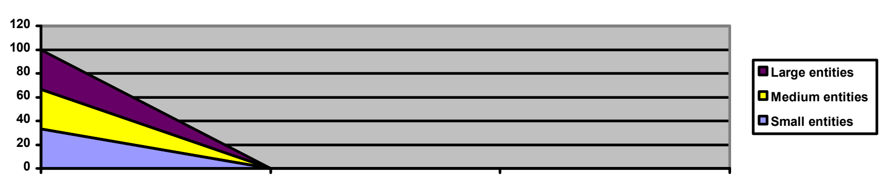
The study on the implementation and the importance given to accounting policies in the West Zone, was conducted to see how their approach by users and the extent to which they reflect and facilitate the preparation of financial statements and financial activity.

To find answers to the problems studied, we distributed among entities small, medium and large in the western region of Romania a set of ten questions on the adoption and implementation of accounting policies. The number of questions was limited to ten to avoid becoming insistent and boring interviewed. Starting from the default set of questions and taking into account the availability of the interviewee were added and other questions based on previous answers.

The selection of respondents was made in the private sector and among the three types of entities that prevails Romanian economy: small, medium and large that we find in the Western Region. Western Region of Romania in four counties: Timis, Caras-Severin, Arad and Hunedoara. Selection and categorization took into account their assignation fiscal administrative county government, administrations of Medium and Large Taxpayers.

The study on the implementation and the importance given to accounting policies in the Western Zone was performed in a total of 120 entities in which 40 small entities, 40 medium and 40 large entities in the West Region of Romania (both urban and in rural areas). Also we note that the study took into account the entities trade, construction, agriculture and bread.

Figure 1 - Distribution of respondents by categories of entities



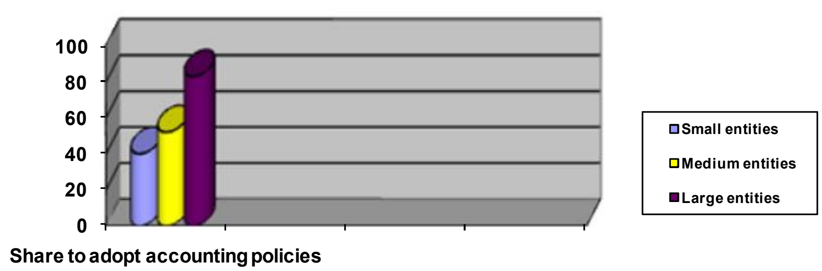
European Journal of Accounting, Finance & Business
Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

The answers show that most managers of small and medium entities consider developing a policy manual accounting as a mandatory action under the law, no action designed to improve the performance of organizations. Also we found a relatively low frequency in the existence of such manual in the small entities. About 60% of managers of small entities said that are in the process of developing this manual and only 40% already have one. When asked about how to prepare it they expressed their desire to purchase a manual from companies specializing in this sense or use a model and adapting it to the specific activity. Reluctance and deficiency of adopting and implementing accounting policies are appropriate to the work regarding small entities is obvious.

The situation is not very different in regard to medium entities confirmed the existence of such manually in a proportion of 52%. And their textbooks are more formal too without being effectively used to improve the economic and financial results.

We found that among large entities are cases too that show no such accounting policies. It is true that the percentage of their existence is much higher. Only 17% of the entities included in the study had developed no such policies.

Figure 2 - The degree of development of accounting policies in the economic entities



In the small and medium-sized entities low specialists in economic analysis makes the interest in this type of information to be low. Another reason could be the lack of interest for the authorities to verify the existence and proper application of the provisions of Accounting Policy Manual.

Where we find the set of accounting policies in the small and medium-sized entities, their existence is not to find more formal procedures relating to all transactions in progress, based on documents and to their materialization in the financial statements. Also

European Journal of Accounting, Finance & Business

Volume **2**/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

not followed in their preparation the basic concepts of accounting and there is concern that by their design to ensure the financial statements providing reliable and relevant information to users.

Transmission from some entities to other of models accounting policy to treat with seriousness of their development leads to distortion and reduction of information that should provide them. Justified change in accounting policy retrospectively or prospectively, is of no question. Once established they remain unchanged, with only formal "in case anyone asks."

With regard to the current assets in the small and medium-sized entities, the set of accounting policies is limited to the following information:

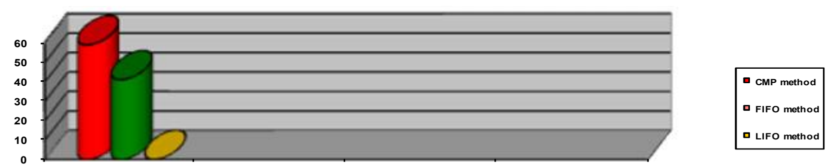
- in relation to stocks - specify the method of evaluating stocks out of management (FIFO, LIFO, or CMP) and method of accounting organization inventories (perpetual inventory method or intermittent inventory method);
- regarding claims - the highlight of the trade receivables carrying and charging and penalties in cases of not collecting;
- in terms of available money - highlighting their analytical accounts in the accounting by entities;
- in terms of short-term investments - are not present in the accounting policy set.

Stock assessment method specified is chosen to facilitate the application and availability of accounting software used in this sense, without taking into account the appearance that the method used directly influence the outcome of the exercise. At time of purchase, all entities in the sample evaluated stocks at purchase cost. Of the responding entities are largely adept weighted average cost method for stock assessment and management out of the perpetual inventory method.

It is necessary to analyze the managerial choice of inventory valuation method that fits best interests of entities.

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

Figure 3 - Inventory valuation method used to exit.



In the large majority of the entities included in the study manual accounting policy development is treated more seriously, trying to adopt accounting policies related to specific business events or transactions.

In relation to small and medium-sized entities, the accounting policy manual, is not only large entities in determining inventory valuation methods and the organization of their accounts, taking into account the definition of the cost of this category of assets by establishing direct and indirect costs related to the products stored.

Regarding claims are under consideration other claims too not only the commercial nature being set the methods used in their evaluation.

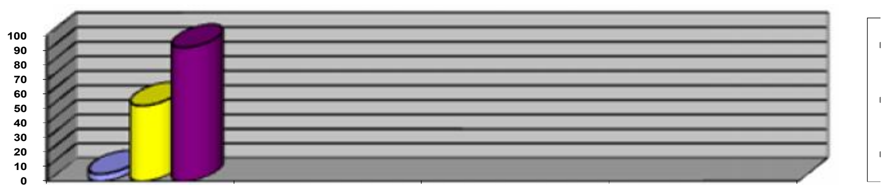
A common aspect is detected in terms of short-term investments that are not subject to any accounting policy manual for these types of entities. Most respondents have a high interest in calculating liquidity ratios, being particularly interested in the temporal evolution of the turnover and net profit.

Only two small entities have developed procedures for the preparation and use of financial and accounting documents, while the medium twenty-one owned entities such procedures.

European Journal of Accounting, Finance & Business

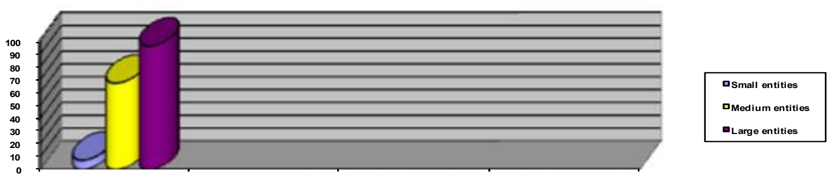
Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

Figure 4 - The development of procedures for the preparation and use of financial and accounting documents



Inventory is one of the important phenomena in terms of establishing accounting reality of current assets. However most of Romanian entities that have not developed their inventory procedures.

Figure 5 - The development of procedures for inventory



V. Conclusion

For research policy and its current accounting treatment of assets taken into account both the theoretical and the practical.

Methodology used in preparing the paper, by observing scientific and economic synthesis, attempts to improve the perception of the current assets and the related accounting policies.

There is no perfect method of evaluating stocks, but there is a choice of which corresponds to the best interests of entities, depending on the scope of activity and results in an increase of annual turnover and profit in the financial statements. The method chosen shall be used consistently to ensure comparability over time and if this statement is changing the accounting notes.

Inventory management and cost analysis regarding stocks should not be the point of attention to customer satisfaction and therefore detrimental to the collection of claims. Of trade receivables, are most commonly found in accounting entities under study, followed by those on the state budget, embodied in the right to reimbursement.

It is necessary adaptations accounting treatments recognition and measurement of current assets in the financial statements so as to be expressed as real heritage status of the entity. Computerization as a helpful element in the development of current assets management accounting has influenced the choices made in the methods used.

External observation, comparative method and research in the field at different categories of entities resulted in an exploratory research given questionnaires used as a form of investigation.

After analyzing the questionnaires on accounting policies applied current assets distributed to the entities in the private sector were highlighted their perceptions of different types of entities: small, medium and large.

In developing accounting policy manual, based on the general characteristics of the activity, set of policies current assets should consider the following issues:

- policies should refer to the stock management module which often is based on permanent inventory. Such management can be found in commercial entities wholesale type that you can choose flashing inventory method.
- cost of stored objects include acquisition costs, transportation, storage, etc. and other costs necessary to place marketing.
- the methods most frequently used to assess the output entities are stocks weighted average cost method (CPM) and FIFO "first in - first out".
- manual accounting policies must cover and the accounting treatment of inventories, namely the registration entries stocks, stocks management output, consumption, lack of inventory, and so on, as well as their grouping items.
- the set of policies should emphasize treatment of trade discounts, rebates and other similar items are deducted in determining the cost of stocks of goods.
- entity inventory policy is necessary to highlight the textbook in question.
- should not be overlooked events that led to the reversal of an impairment of inventories of goods.

European Journal of Accounting, Finance & Business
Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

- the claims are the customers to whom the goods were delivered and were not collected, as such claims about commercial nature.
- in the case of imports, exports, respectively, will highlight the treatments of exchange differences arising during the currency of settlement claims.
- liquidity of the house and the bank are of approximately constant following the same curve of conversion into stocks and then claims.
- short-term investments balances they frequently find verification of Romanian trade entities, especially the lack of available cash surplus to allow this type of investment. If at entry in the entity, short-term investments are valued at acquisition cost or the value determined according to the contracts.

The issues outlined above are found partly in the accounting policy manuals developed by entities studied.

Inventory valuation method chosen output, especially in the commercial sector is of major importance, while the downloading is done through management expense accounts stocks, having a direct effect on the outcome. Thus, the expense is higher profits would be lower and the higher expenditure is less than the profit will be higher. This reminds us that the most advantageous method that allows trade is the exit assessment inventories to the highest value. Since Romania is permissive legislation regarding LIFO method remains option for both FIFO and CMP methods. In these circumstances it is advisable to use in evaluating stocks from trade exit the weighted average cost method, as a compromise between the other two methods.

Note that the accounting policy manuals does not make reference to the inventory, the treatments applied to the reversal of an impairment of inventories of goods, trade discounts policy pledge.

Based on the reality of the business entities established trade, analyzing point components on current chapter, we find the need to inventory with a higher frequency of current assets especially of the goods, because many varieties may be subject to depreciation or theft that can not be found than by the inventory. Thus, we consider necessary to promote monthly inventory policy to avoid late finding gaps in management and thus negatively influence the outcome of the financial year.

Also related to inventory, we consider necessary to promote treatment setting, adjustment and compensation between strengths and weaknesses found in the inventory of

European Journal of Accounting, Finance & Business
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various types of goods. It can thus lessen the adverse impact on the outcome of the exercise due to lack of inventory goods.

Accounting policies is necessary to promote the treatment of any depreciation and inventory adjustments, arising from physical depreciation, obsolescence, excessive aging or decrease selling prices.

Claims being a carrier of trade activity is imperative that the manual accounting policies are outlined methods, rules, norms, principles, facilitating their total collection. Also be considered as different value to settle claims and adjustments to their impairment.

The foundation set of accounting policies should be to: determine prices for each category of inventory, valuation of current assets, control and marketing cost structure, analytical accounting of current assets, provision of information required financial statements.

Based on the facts uncovered in the construction of the entity, analyzing point components on current chapter, we find that in the construction entities, especially those who hold the gravel and concrete plants, stocks high values in the financial statements.

In our attempt to recommend ways to improve current assets policies, we find the existence of stocks with low utilization, inventories and certain categories of varieties used in small quantities to achieve concrete, but which are found in high quantities in the management of ballast. Thus, we recommend promoting policies to reduce slow moving inventories of materials, thus reducing storage costs and inventories.

For materialization this recommendation, we propose policies promoting trade discounts for customers interested in the material surplus stock, to their marketing and setting up a website promoting these items stored.

Construction cost of inventories includes labor and personnel related costs. Promoting policies to reduce costs in inventories can create an asset of the entity on the market.

As to the items stored with different physicochemical properties, items subject to transport natural phenomena and even thefts, occur frequently depreciation risk. We should consider such evidence in the accounting policy manual depreciation or loss treatment on stored items, with direct implications on the outcome of the exercise.

In light of the current reality, for the entities in the construction the "problems" part of current assets represent claims that values are often large and difficult to recover. So policies are necessary to promote recovery of bad debts of receivables to customers. These policies must be the starting point for contracts with the beneficiaries, contractual

Volume 2/2014 ISSN 2344-102X
Issue (2)/ June 2014 ISSN-L 2344-102X

clauses that are considering debt collection, and how collection time. Also needed to promote recovery policies of claims-paying customers sue and recover contractual penalties related.

The existence of high risk in this area, on the insolvency or bankruptcy of customers, generating the need to highlight the accounting policy set treatment of the debtor in difficulty.

In the current context, an expanding construction market, with competition as traditional companies outside the country, it is necessary to promote policies and practices used knowledge of the costs of those who use similar processes and actions.

The accounting policies on the availability of money based on the appearance of high values received by the bank and the risk of uncertainty in collections. In this respect it is advisable to promote policies which collection to use as a tool for collection, payment, respectively, CEC, to empower payer.

The recommendations made in the construction entities hope to materialize in the accounting policies and therefore the financial statements as a result of management involvement and objective analysis of the activity. This will remove the formalities and the theoretical and practical aspect will materialize in relation to reality, chances increase profitability entities.

In practice agricultural and bread entities, as in other fields, the importance of accounting policies is often ignored. Thus, many entities have neglected their development or deal with a general form common to other types of entities without customization to agriculture and bread.

In light of the current reality, the market price of grain is constantly changing, depending on the quality of the agricultural year. Although the cost of obtaining relatively the same, safety is relative gain profit. However, the study has shown that stocks have the same purpose, some for their own activities, other are for sale. The basis for the evaluation of stock is recommended to be set depending on their destination.

In these circumstances, we consider appropriate to use production cost (historical cost) as the basis of assessment of the stocks used in its production and net realizable value basis of measurement for the stocks sold. Net realizable value of inventories to table of consumer selling price less costs of disposal. In this way will be improved structures of financial statements, the value calculated indicators, particularly the liquidity.

Being the fourth quarter, when most crops mature at the financial statement date much of cereal production is found at the stock level and the registration to the cost of

European Journal of Accounting, Finance & Business
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production can generate a wrong idea of the economic and financial performance of the entity. In these circumstances, the net realizable value assessment can improve the quality of information provided by the users of the financial statements and basing management decisions.

Thus, we recommend the bodies of Agricultural inventory valuation policy approach to distinguish by purpose. For this it is necessary and appropriate for the needs substantiated by accounting policy manual.

Being highly perishable stocks, in both types of activities is necessary to adopt an accounting policy adjustments and write-downs of inventories. Thus, accurate knowledge of the quality recommended a monthly stock inventory, which offers the possibility of using perpetual inventory method. All prices due to the many changes in the field or finding of impairment of inventories should consider adopting policies to highlight the impairments found in the inventory or adjust inventory value.

Given that the claims in the agricultural activity are high, adversely affecting the liquidity of the entity, it is recommended that the set of policies adopted include the application of commercial and financial cuts to stimulate their rapid collection. Our opinion is to use grant discounts as quick method of obtaining cash. Concern for debt reduction will improve the level of available cash, with immediate effect by increasing the liquidity of the Treasury entity, it is generally poor, as shown in the previous case study.

Accounting Computerization of inventory management is a necessary step in the modern economy, but it is necessary to conduct connection with financial accounting and entity manager. This will result in further cost analysis and implementation of other modern methods of cost calculation. Also existing software can be improved through the creation of databases on customers and management.

Regardless of the minimum principles, bases of valuation, rules and practices specific to the activity, the presentation of financial statements is not conclusive, but only formally.

We hope that through this work to be useful by highlighting the importance of using accounting policies based on the needs of economic entities and to realize, in this way, managers accounting policies are not just a "fad" legislative and financial statements together with the notes thereto, not only mandatory, but are relevant in this respect.

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