

# The Usage of the Accounting Information within the Articles of Economical Regularity

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## Abstract

The present research study encompasses a qualitative and quantitative analytical result which has been undergone with the only purpose of determining the usefulness of the accounting information within the economical and financial articles pertaining to a number of two broadsheet newspaper publications. The analysis pattern regarding "Ziarul Financiar" is comprised within the period of one month, respectively the 14th of March 2011 until the 14th of April 2011 whereas in the "Capital" broadsheet newspaper, the analysis sample specimen is probed within the period of January the 3rd, 2011 and the 4th of April 2011. To be more specific, a number of 14 editions of the "Capital" newspaper have been thoroughly analyzed and 28 from the diurnal "Ziarul Financiar".

Furthermore, the quantitative analysis redirects to the fact that only 32% of the journalistic evidence total efficiency, contains plausible accountancy datum. Moreover, the percentage issue differs insignificantly between the two diurnal publications.

Be that as it may, contrary to the popular expectancies, the qualitative results demonstrate that the variety of the presented accounting data is nevertheless insufficiently explored by the media; the quantum of this specific information being secured by the same category and the usage of the accounting information for the news release being somewhat restricted to the area of complexity in terms of news value taking into account the fact that the data available for the background of the accounting articles can never be considered defining in the journalistic field.

## Keywords:

Economical and financial journalism, accounting information, managerial information, economical and financial indices.

## Zusammenfassung:

Die Studie präsentiert die Ergebnisse einer qualitativen und quantitativen Analyse, um festzustellen, wie Accounting-Informationen in wirtschaftlichen und

finanziellen Artikeln zweier Publikationen verwendet werden. Die Stichprobe der Untersuchung besteht aus veröffentlichte Artikeln aus der Zeitung „Ziarul Financiar“, vom 14. März 2011 - 14. April 2011 und aus der Zeitschrift „Capital“, von 3. Januar 2011 - 4. April 2011. Insgesamt wurden 14 Ausgaben der Zeitschrift Capital und 28 Ausgaben aus der Tageszeitung „Ziarul Financiar“ analysiert.

Die quantitative Analyse zeigt, dass alle unsere journalistische Materialien nur 32% Informationen als Ausführung enthalten. Die Prozentsätze unterscheiden sich leicht zwischen den beiden Publikationen.

Entgegen den Erwartungen, die qualitativen Ergebnisse zeigen, dass die Vielfalt zur Verfügung gestellten buchhalterischen Informationen, nicht ausreichend von der Presse verwertet wird, in den meisten Fällen aufgrund der Verwendung der gleichen Kategorien von Daten, die Verwendung von Accounting-Informationen in schriftlichen Nachrichten, und wird nur isoliert, um komplexere Materialien, wie die Analyse, zu erreichen oder benutzen die von der Buchhaltung zur Verfügung gestellten Informationen um das Artikelhintergrund zu entwickeln und liefern nicht auf das Thema eines journalistischen Materials.

## Kernworten:

Wirtschaftliches und finanzielles Journalismus, Informationen zur Buchführung, Finanz-Informationen, Informationsmanagement, wirtschaftliche und finanzielle Indikatoren.

## Introduction

First and foremost, regardless of the fact that one desires to purchase a certain product or more, we always plan ahead and take into account all the possibilities and their availability; for example even if we chose a certain means of transportation or not, one's decisions are always influenced by economical factors. However, the fact that the context of the actions we undertake is always based on a certain level on micro and macro economical change, leads to the fact that the press which deals with these sorts of issues becomes a very important source of information,

not only for the common reader, but also for the specialists. In this respect, the journalistic appliances with financial usage can be found not only amongst the intercepting trunk of general press, but also in the proximity one.

Nonetheless, the public to whom these articles are addressed to, describe economical subjects and vary, taking into account the above mentioned considerate, however, there are very few aboriginal research materials which can declare possession on these sorts of journalistic aspects, even if we consider the general press publications or the specialized string of periodicals. Furthermore, research studies reveal that the particularization of the economical and financial journalism does not comprise individually and in depth these characteristics.

Another relevant aspect regarding this particular project-paper is presented by the fact that the economical press distinguishes itself from other types of proximity journalism by means of thematic issues, the data sources used, the register and the conveyed message being severely marked in the characteristics of the articles.

The present thesis constitutes a dissemination of the economical journalism not as a general overview, but as an efficient salvation of the most important issue of particularity, namely the proper usage of the accounting information within the specialized press.

To give more insight in the matter, the first aspect which needs to be considered is described by the true identity of meaning which one correlates with the concept of bookkeeping, namely the accounting information.

Nevertheless, according to the FASB (Financial Accounting Standards Board), the issue of bookkeeping or better yet "accounting" in terms of definition criteria represents "an informational system based on quantification, which remakes and conveys financial data related to an identifiable economical entity [...], data which is permissive for the users and allows them to rationalize their options connected to the alternative consumerism of exceptional resources within the development process of commercial and production activities".

In order to be more precise, within Carmen Pahone's research study, "Decisional Valences of Accounting Information", data concerning the fact that 50% of the informational economic system of a given entity are provided by accounting activities are revealed, underlining the major importance which accountancy has along the process of circularity of the data and target public association.

Moreover, the selected information in the process of bookkeeping can easily be classified, taking into consideration the two main accounting genres: the financial and the managerial one, namely the administrative accounting information and the financial accounting information category.

The financial accounting which is also the provider of the financial accounting information, presents aspects of the patrimonial development of a given institution in terms of structure and completion. However, its main objective is described by the providing of synthesized information regarding financial status, performance and modifications of the financial status. Moreover, this specific category is dedicated both to the managers and internal users within an institution as well as to the external ones, such as the investors, the staff, creditors, government or the public by means of media.

Nevertheless, yearly, the representative accountants of the institutions must provide a series of financial reports, which are published in the Trade Register Office in a final standard format and lastly, the reports must contain the following: a balance sheet, a profit and loss account, the status on the modifications regarding the company's capital, the cash flow of the treasury and explanatory notes regarding the annual financials.

This particular constituency of the financial positions is usually viable for the private companies which surpass two of the following three criteria of a certain magnitude: sum of assets 3.650.000 euros, business flat turnover 7.300.000 euros and the average number of employees during financial application 50. The remaining legal persons, which cannot be framed within the specified criteria of a certain magnitude, provide simplified financial dispositions which encompass the following: a short version of the balance sheet, a profit and loss account and explanatory notes for the simplified financial annuals.

Nonetheless, apart from the obligatory character of the order and the publication of the financial annual dispositions, the private companies from Romania should provide the state with financial references and other compliances, which are not published within the Trade Register Office but serve other particular goals. To give more insight, within this category, the framing encompasses the half-year reference reports and the quarterly financial reports, having as main recipient the conventional institutions and total control of the good functioning of the investors and of the financial markets.

As a consequence, the above mentioned lead to the annual financial dispositions which together with the special financial reference reports, represent sources of the financial accounting information.

In addition, the managerial accounting, being the provider of the administrative accounting information, offers data to different decisional factors within a private company regarding the level and structure of product costs and of the effective work, service or accomplished activities, the level of the registered results and of installment advantageousness offered by the entity's activity. However, managerial accounting as well, provides data for the income and expenditures budget at different levels of responsibility. Therefore, the obtained

information has as recipient the administrator which must decide the modality of the division of the resources entrusted by the investor in order to accomplish efficiently the pre-established objectives.

For instance, the press is the main factor which allows broadcasting the accounting information towards a considerable segment of the private company public, such as the investors, company partnerships, employees and financial analysts. That is to say that, the access to the accounting information of such a large number of users, proves the importance which the journalists must give to the satisfying of the information need which these individuals have. Given the issues of the above mentioned desiderate, the professionalism of the accounting information usage is implied. However, the modality in which the redactors of the financial and economical matter include these sorts of data within their articles results in a special description relevant to the cause.

In a nutshell, the accounting activity is considered to be the primary source of information at an institutional level, the data being provided by the issued markers and becoming an important journalistic source.

## Research Methodology

In order to determine the specificity of the accounting information which is being used in the economical and financial articles, its usage in the field of journalism, rank order in terms of journalistic organization and if the information provides the news with consistency or it is just part of the article's background, as well as the determination of other particularities in terms of accounting information usefulness in the area of press release-a thorough analyze with application on the economical and financial publications will be made.

Because the specialized publications come in such a large number, both in printed version and on-line, apart from the fact that the publishing of the journalistic materials per edition is being accelerated, an exhaustive analysis is impossible to be made, therefore, the rational salvation of the issue consisted in the selection of two most representative publications to which a relevant research study will be applied.

Furthermore, the selection criteria consist of periodicity and circulation relevant to the period in which the study has been made. Given the facts, the chosen broadsheet for the study analysis is "Ziarul Financiar" and the "Capital" magazine, the first one being a diurnal and the second one being a weekly periodical. However, according to the data provided by the Romanian Bureau of Circulation Audit (BRAT), the two newspapers registered an increase of circulation within the period of analysis at number of exemplary distribution level.

The printed editions of the two publications have as primary aim this research study because many of the on-

line published articles represent only a small part of the published content within the printed versions. For instance, the analyzed numbers are associated to the period of March the 14th, 2011 – 14th April 2011 in the case of "Ziarul Financiar" and January the 3rd, 2011 – 4th of April 2011 in the case of "Capital" magazine. Utterly, a sum of 14 editions of "Capital" magazine and 28 of the diurnal "Ziarul Financiar" have been analyzed.

All things considered, the content analyze by means of quantitative and qualitative analyze represent the research method applied to this specific study.

## Quantitative Results

The total samples analyzed (of the articles pertaining to both publications), comprised approximately 1100 articles from which the sum of approx. 350 had as content, accounting information.

### Sample of analysis regarding the content of accounting information

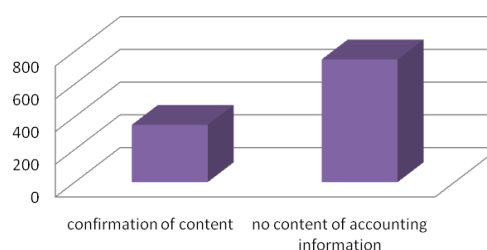


Fig. 1

The number of articles varies very little from one edition to the other, as well in general as divided by means of identification and lack of identification, given the case, in terms of accounting information content.

"Ziarul Financiar" includes on an average, 30 such articles for every publication from which 10 have accounting information content and 20 lack of it.

### Ziarul Financiar, average percentage per edition

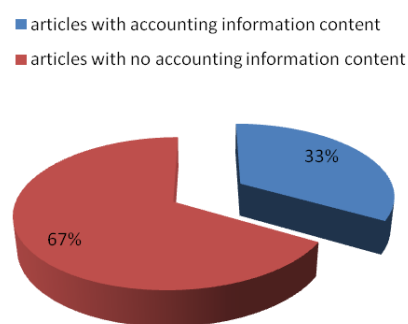


Fig. 2

"Capital" magazine includes on an average, 20 articles per edition, from which 5 have accounting information content and 15 lack of it.

Finally, it can be observed, by making a comparison between the two graphics, the fact that the percentages

have an insignificant differentiation regarding the “Capital” magazine and “Ziarul Financiar” diurnal. Given the facts, it has been proved that the periodicity, in the

### Capital magazine, average percentage per edition

■ articles with accounting information content  
■ articles with no accounting information content

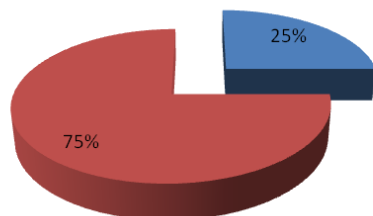


Fig. 3

present case study does not influence the percentage of the accounting information content present within the publications.

#### Qualitative Results

##### *Classification of the accounting information usage*

Even if the classification of the accounting information results has been divided into the financial accounting information and into data offered by the managerial accounting, what needs to be mentioned is the fact that the second classification is destined to the internal users and it is strictly confidential, apart from the possibility of its practical usage in the media and its information by means of specialized articles.

That is to say, that in the “Netcity: 190 km of finished network system out of 1400 projected” article, published in the “Capital” magazine, in 28th of March 2011, the following objection has been made: “UTI refused to unveil the actual situation of the investments which Netcity made until present, apart from the previous declarations of the officials of the group, inferring a 10 000 euros cost per kilometer.”

Another example is applied to the following section: “through the action of expenditure cutting, the company recorded a quarterly evolution of the operational profit, this reaching 73, 1 million dollars”, which belongs to the “Loss registering of the LG mobile telephony division” article published in the “Capital” magazine.

However, the most popular information is given by the financial accounting. One of the many examples of articles in which the accounting information is basically the main factor, taking in consideration the number of editions, is given by a specific article published in the “Capital” magazine in the 28th of February 2011 with the following name: “Rising the costs of gas, gains profit for Petrom”. The affirmation within the title is a premise which is put under analyze through an exercise of accounting information series: “OMV Petrom announced the afferent

results for the year 2010, results which have been proved to be very profitable for the petroleum company, in spite of the delicate situation of the economy. Petrom Group had an operating profit of 2, 2 billion lei and rising with a percentage of 156% compared to the numbers of 2009. <<The net assets result of the refinery activities related to Petrom OMV, evolved positively in comparison with 2009, firstly due to the profit related to the difference in the exchange rate resulted from the action of the dollar estimation towards the national currency and the rising of the average price of petroleum>>, declared Wolfgang Ruttensforfer, the Chief Executive Officer (CEO-president) of the Austrian OMV Group. The value of the operational profit increased with 84% from 1, 62 billion lei, in 2009, to 2, 98 billion lei, last year. The financial result remained negative, to -380 million lei, less than the preceding year when the result was -451 million lei. The price of the crude slate referred to above, raised with 28% last year, a visible evolution including the price of the excised fuels (which gruded the price with approximately the same percent) sustaining the operational profit together with the majority of the sales with a percentage of 16% on a total of 18, 6 billion lei [...]. On one hand, Petrom paid relevancies of 600 million lei and a profit tax of 500 million lei, the finished level of institutions rising to 4, 86 billion lei and on the other hand for the year 2011, the value for the investments that are to be proposed to the auctioneers, rises to approximately 1 billion euros.”

Be that as it may, from the same category of articles in which the accounting information is abundant, the following news makes its appearance: “BVB awaits new dispositions in order to keep profit”. Within the article the fact that “The turnover of BVB increased with 5, 4% from 2009, reaching to 13, 06 million lei, is a result of the increasing of the exploitation incomes with 6, 6% to 13, 21 million lei and reducing the expenditures with 7% to 12, 9 million lei. This having been decided, the operational profit raised to 0, 3 million lei in comparison to a 1, 48 million lei loss in 2009; and the net asset profit being 5, 7 million lei and dropping with 32, 5% in the last year. The decreasing of the net asset profit was caused by the discount of the financial result from 11, 07 million lei, in 2009, to 6, 19 million lei, last year.” (“Capital”, 21st of February, 2011, p.28). Taking into consideration the above mentioned accounting information, my personal opinion is that to reckon up singly is not the best choice one can make, because of the fact that it becomes highly difficult for the reader to follow the numbers. However, I believe that the solution would be the including of all the data within a table which must contain the comparative results from the two representative years. The interpretation of the rising or the dropping of values can be made within the article, the reader having the possibility to simultaneously consult given the text and the table.

The situations in which the accounting information is as abundant as in the case described is still rare enough. In

the majority of the cases only one element of the financial situations is present.

From this category of situations, the choice made by the journalists of presenting only one of two elements, profit or turnover, the decision made was neither because of the confusion the two concepts create among the readers between the incomes and profit.

In this way, in the “Arrows in the luxury Bucharest world” article, published by “Capital” magazine, in the 4th of April, though a demonstration of the profitability of a certain business is not aimed, a declaration of a representative from the company is being made public, containing information related to the turnover: “ If the business would have been faulty, then we would have had an increase of 20% in December in comparison with the same month of 2009, insisted to underline Andrei Alecu [...]. He also showed that the two Hugo Boss stores (from Bucharest and Constanta) recorded in 2010 a turnover of 1, 9 million euros, superior to the results of 2009.

As I have already mentioned above, the turnover is one of the most popular accounting information within the journalistic materials with economical and financial appliance. The issue is met as well under the “turnover” term as under the “annual business” or “business of” terms. Even though it is composed of income terms, these are seldom mentioned under the explicit term “income” as it can easily be observed in the “SAP incomes raised with 17%, to 17, 6 million euros”, found in the 23rd edition of March in “Ziarul Financiar” article and in “The biggest producer of software solutions for business, SAP German Group, recorded last year an increase of 17, 1% of the income in Romania, which raised to 17, 6 million euros, in concordance with the financial report of the Group. In 2009, SAP Romania, reported an income of 15, 02 million euros”.

The presentation in terms of income classification shows under a tabled structure in the “Investment funds and banks start revolution in the stock market” article,

mentioned in the two selected periodicals.

Furthermore, the article with the title: “Blidar: The issue of the technical insolvency of the in debt factories on the market is still put on hold”, published by “Ziarul Financiar” in the 8th of April 2011, which is just an example of the in-debt-insolvency already created precedence, for instance: “The companies of Cristian Burci, Astra Vagoane Arad, Romvag Caracal and Meva from Drobeta-Turnu Severin, with an estimated 230 million euros total business turnover in 2009, began the insolvency at the end of last year. The consolidated value of the debt which the three factories had to the creditors is estimated to approximately 150 million euros, from which 100 million euros are redirected to the RBS Bank Romania, ING Bank, Citibank Europe and Piraeus Bank.” What is actually interesting is the fact that a certain absence is created with referral to the expenditures and debt utilization with relevance to the turnover and profit information, consuming at the same time precious resources in order to be functional and yet still obtaining positive results.

The afferent provisions within the economical and financial articles as follow-up to the influence their value has over profit: “Reiffeisen Bank, the third local bank in terms of assets, had a profit of 83 million euros taking into consideration the international accounting standards, while considering the local accounting standards, the profit was approximately 64 million euros. The calculated profit in conformity with the international financial report standards (IFRS) at the individual level of banking, the percentage was estimated to be higher with 12% than in 2009, the bank being able to reduce to half the expenditures and the provisions. The provision expenditures which dropped last year to 48 million euros with 46% under the 2009 level, this happening at a critical moment when the risk cost raised to one of the highest in the bank’s history, this being of 88 million euros [...].

	2009	2010	2011
Turnover	12,4	13,1	N/A
Operating Income	12,4	13,2	27,6
Operating expenditures	13,9	17,9	16,1
Operating Profit	-1,5	0,3	11,6
Financial Income	11,0	7,0	11,7
Financial Expenditures	-0,1	0,8	0,2
Financial Profit	11,1	6,2	11,5
Gross Profit	9,6	6,5	23,1
Net Asset Profit	8,3	5,7	20,9

Fig. 4. The evolution of the financial results of BVB (mill., lei)

included in the 14th of April edition of “Ziarul Financiar” 2011.

Debt, however, another balance sheet element, receives the attention of the journalists only when a firm encounters problems, these cases being exceptional and rarely

Calculated in conformity with the Romanian accounting standards, the treatment for the unperformed credits is estimated to be a rough one and the profit, low.” (“Ziarul Financiar”, the 30th of March, 2011, p.6).

The situation is popular and permissive to the other

banking institutions by means of a public declaration in a certain journalistic publication, namely: “Valentin Lazea, BNR: Several banks lowered their standards from the “mediocre” qualifying to the “satisfactory” one”: “The banks were obliged to “clean” their balance sheets, make provisions and as a result the profit dropped.” (“Ziarul Financiar”, 7th of April 2011, p.6).

In other words, if until now the examples given were connected to elements of a balance sheet associated or pertaining to the loss and profit account, what needs to be mentioned is the fact that, values of such class of elements are often presented in conformity with the actions taken. In this way, when within an article the name of a certain banking institution is being mentioned, a consequent rule makes its appearance, that is to say a report regarding the total of assets of the respective institution or the position that these occupy on the local market must have as organization criteria the value of the assets.

However, the segmentation of the assets into groups is made in an article published in the “Capital” magazine in the 21st of February, namely “BVB awaits new dispositions in order to keep profit”: “« The shortage of the circulation on the asset market in the first half of the last year, determined a 5, 4% increase of the turnover, in general,» declared Valentin Ionescu, CEO of BVB. The immobilized assets of the company could be ranked at the end of last year in order to reach the sum of 25, 4 million lei, and the currency of the assets to 64, 6 million lei, from which 63, 3 million were funds of insurance, bank accounts and other financial investments made on the short term.

The issued capital, being a very important element of the liability balance sheet, rarely identified in the economical and financial articles is now being mentioned as a successive appearance of an increase in price within the article: “Ghetea received a new mandate for presidency at CEC.”: “After this increase in price, the authorized capital of CEC Bank transgressed to the level of 1 billion lei (approx. 255 million euros). In the last four years the bank incorporated all the profits realized which encompassed nearly 400 million lei.” (“Ziarul Financiar”, 6th of April 2011, p 6). Within another article, published in the “Capital” magazine in the 21st of February 2011 with the title “Otlchim is being monitored in vain by FMI, PCC and the Romanian state”, the issued capital being mentioned as follow up of an asset acquisition: “Petro-Crabo-Chem” (PCC), a polish company having the same profile, registered at the moment in Germany, searched for information regarding privatization and started buying assets from the market. It has come after an investment of 50 million dollars, to possess a package of 12, 87% of the authorized capital [...]; the majority, that is the Ministry of Economy taking a hold of 54, 79%.

Nevertheless, a disappointing reality, with negative influence over the quality of the economical and financial articles and at the same time of the value of the transmitted information from the press to the readers, consists of the

proper usage of the accounting information in its original form; and by original form referring to the overtaking of the financial situations of the values without the actual realization of the interpretation related to the situations mentioned above by comparison or any calculation of indices or analysis connected to the value of the elements.

What is highly important to be mentioned is the fact that during the analysis taken between the two periodicals, the calculation of an indicator has been identified in one of the articles: “The crisis eradicated 30% from the Metro sales per square foot”, which has been published in the 23rd of March 2011 edition of the Ziarul Financiar newspaper and contains the following information: “The Metro Group, the most important player from the local market, closed the deal at the end of the year with an average of sales of 1, 831 billion euros and dropping with 3, 5% as of the previous year. The crisis can be clearly seen in the sales per square foot business, which exceeded with 5000 euros the standard unit in comparison with 7500 euros in 2007, according to the calculations made by ZF, which started the mathematics per square foot from the sales number of the German Group, which encompassed a sum of 1, 9 billion euros in 2007 and 1, 831 billion euros last year, considering the 37 number of stores in 2007 and 51 last year on an average surface of 7000 square meters per store. The sales per square foot represent one of the most relevant indices of retail performance.”

Nevertheless, a realistic solution for the increase of quality of the press materials stands for the lack of knowledge in the analytical process, in order to ease the interpretations of the journalists which in fact are realized by specialists. Unfortunately, only one such article has been identified in the period above mentioned: “The Reiffeisen analysts find impediments in seeing an amelioration in the TLV profit, this year”, article which can be found in ZF from 14th of April 2011, page 5 having a plus of information such as: “The Transilvania Bank (TLV) should be one of the main appointees of the local economy increase abatement, which can reflect in the comedown of the unperformed credits, but the risk default cost could indeed be smaller than estimated and the increase of the profitability will probably be delayed with approximately one year, the analysts of the Raiffeisen Capital and Investment, part of the Reiffeisen Bank Group of brokers seem to estimate. The analysts reveal that even if the profit reported by the Transilvania Bank, last year, according to the international accounting standards (IFRS), rose to the expectancies, the explicit information regarding the unperformed credits is sour enough. “However, apart from the fact that the level of the unperformed credits doubled, the risk costs have been monitored by means of a coverage deduction of the unperformed credit through a provision action, the Raiffeisen analysts, insist on stating. On one hand, because of this particular reason they modified their estimation in such a way that the risk costs of the bank should rise in

respect of the current year, but on the other hand, they estimate that given the period, the Transilvania Bank is bound to increase the assets even more than the market [...]. Reiffeisen dimmed the estimation regarding the profit which BT is supposed to report this year in relation to IFRS of 135 million lei in comparison with 183 million lei, reported previously. However, last year BT reported a net profit which has been adjusted with 134 million lei and rising with 41% in regard to 2009.”

#### Data Presentation Methodology

To give a better understanding of the subject, a presentation of the issue must be made. The data may appear in a table format, as it can easily be seen in the following example, a table which is included within the article: “The Central Bank of the U.S.A. gained last year a profit bigger than all the Wall Street giants put together”, published in the 23rd of March 2011 in ZF, or they can be found included in the context: “The Company budgeted this year, several plans of business of more than 230 million euros, which are similar to those registered in 2010. If this year, the turnover of the constructor diminished with approximately 13% (calculated in lei) comparative with last year results, the profit, on the other hand, increased with more than 3 million euros to 14 million euros.” (“Ziarul Financiar”, the 14th of April 2011, p. 1).

#### Bani mulți pe Wall Street

Profiturile pe 2010 ale celor mai mari bănci americane (mld. dolari)

Bancă	Profit
JP Morgan	17,4
Citi Bank	10,6
Goldman Sachs	8,35
Bank of America	-2,2
Morgan Stanley	3,6

Fig. 5. Wall Street enormous sum of money – 2010 profit of the most popular American Banks in billion dollars

The table presentation utility is applied when comparative results are being made in order to facilitate the better understanding of the reader. The comparative actions can basically be convergent to different companies as in the

#### A revenit pe plus

Principali indicatori privind operațiunile derulate de EFG Eurobank în România (dec. 2010)

Indicator	Valoare	Variație față de dec. '09
Active	5,35 mld. euro	-4,6%
Profit	15,8 mil. euro	-8,3 mil. euro*
Credite	3,32 mld. euro	-2,7%
Depozite	1,86 mld. euro	5,8%

SURSA: EFG Eurobank; \* pierderea netă înregistrată de bancă în 2009

Fig. 6. Profit emergence – The main indices regarding the ongoing operations made by EFG Eurobank in Romania – dec. 2010

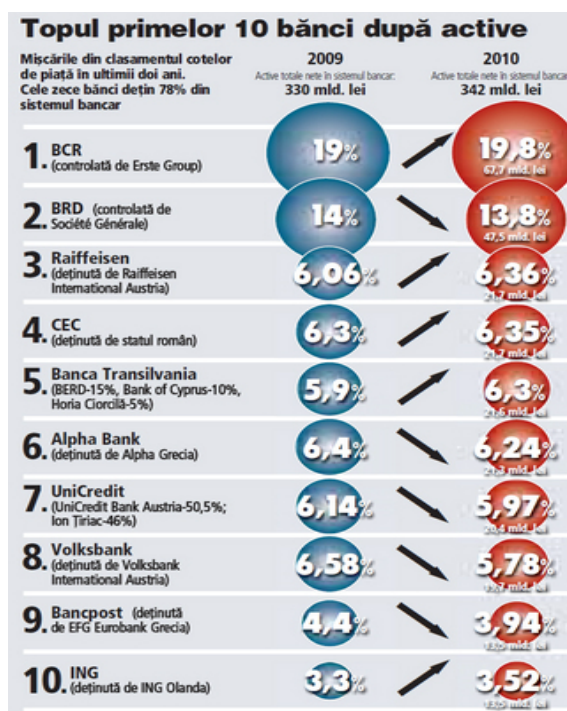


Fig. 7. Top 10 banks regarding assets in the last 2 years

above mentioned example, or in different financial exercises, as it can be noticed in the following table:

The data can be presented as a compilation of the two examples described previously, so that for different companies results be given in terms of different relevant exercises.

#### Precognitions vs. Actual Reality

Furthermore, one can divide the aggregate of the economical and financial accounting information articles having as basic criteria the period of time to which the information makes referral to. Following this algorithm of classification we can divide the issue into articles that use accounting information in order to inform the reader about the situation of a certain company's past and present; and into articles that a certain presentation of the financial status of the future of the firm is wanted, having as basis previsions of accounting information. It is important, however, to be able to make a difference between the issues of profit and loss and not make a confusion of these values regarding accounting information.

More importantly, the news with the title: “The Austrian people from Strabag hope for a 70% bigger percentage in business for the following year, with a profit of 280 million euros” announces a great series of previsions, and offers inside information related to accounting data which must fortify the possibility of the actual accomplishment of the mission: “Strabag, with an annual business plan of 12, 8 billion euros at world wide level is one of the main road builders from Romania and recorded last year on the local market level, an aggregate of income of 165 million euros and rising with approximately 3% as of the previous year. (“Ziarul Financiar”, 8th of April 2011, p.12).

“The automobile market is being resuscitated, but the dealers can’t escape the bankruptcy” is another article which exemplifies the utility of the provisions entrusted to the journalists in order to estimate accounting information: “The dealers who survived the crisis will become the best in time, and what happened in 2007-2008, will not have a precedent in the following three or four years, stated the ex prime-minister of finance and CEO of the privatization Craiova Automobiles commission, mister Sebastian Vladescu, at a round table organized by Dan Vardie Consult Company, where the leaders of various automobile dealers and importers also participated. According to these individuals, only in 2014-2015 the automobile sale will reach a number of 150000 pieces and the volume of 300000 automobiles could be exceeded in 2010 at most.

However, in both above mentioned examples, the probability of prevision realization is not confirmed or infirmed by the journalists. Taking into account the fact that the transactions from the capital market are effectuated according to the provisions, I strongly believe that the possibility of coming to a conclusive result must be thoroughly analyzed before including it into a journalistic publication.

Nevertheless, the accounting information is used to confirm or infirm the already existent estimations: “The Property Fund closed the fiscal year of 2010 with a profit of 456, 2 million lei (108 million euros), and a percentage of 130% over the revised budget provisions.” ( Ziarul Financiar, 7th of April 2011, p. 5)

#### *Sources Used by Journalists in the Undertaking of the Accounting Information*

If in some situations the information provided by the Trade Register Office or the published financial situations by the companies on the official sites are consulted, many of the articles are offered as source of declaration to the company’s representatives. The consequence of this action is the inexistence of the certified correctness of the published data and at the same time the possibility of misleading the readers, where potential investors whose decisions are influenced by the content of the articles can be found.

Nonetheless, when we talk about the current year, in the case of a lack of official dates until the issue date offered by the companies, the journalist cannot verify the reliability of the received information by means of firm representative declarations. This specific situation can be found in the following chunk of news: “The PC sales have come to a standstill in the first quarter of the year”: “Acer Romania has recorded in the first quarter of this year equal sales with the ones recorded in 2010, as unit and value, in the PC field, according to Bogdan Iftimie, the CEO in the sales department of the local headquarters of the Taiwanese IT&C equipment producer.” (Ziarul Financiar,

30th of March 2011, p.11).

The Trade Register Office is however, the main source of accounting information: “In 2009 the company recorded sales of 4,3 million euros and a loss of approximately 300000 euros, according to the Trade Register Office” (Ziarul Financiar, 7th of April 2011, p.15.); “In 2009, the turnover of Ursus Breweries came to a standstill regarding soft money and recorded a decrease of more than 12% in euros to 1,2 billion lei (284,2 million euros) according to information provided by the Trade Register Office, last received. In the same year, the turnover for Heineken rose to 8% in lei and dropped with 6% in euros, according to information provided by the Trade Register Office” (Ziarul Financiar, 5th of April 2011, p. 16).

In the article with the title: “Lucescu: I’m trough with business in Romania”, data regarding values of certain elements as it can be observed in the examples above mentioned are not being provided but rather information related to the asset component of various companies: “According to the Trade Register Office, BNS upholds 10% of the Croma Company assets [...]. According to the Trade Register Office, the compensating dog accounts for the total assets of 11 companies, the latter being founded in 2001.”

However, the Trade Register Office is not the only official source used for rendering the accounting information, but other institutions as well: “The Pro Express Retail Company, being technically insolvent and which also operates the Diverta chain of Libraries, finished the fiscal year with a turnover of 21 million euros, that is less than 9 million euros in comparison with last year, according to the Transilvania Insolvency House (CITR), stated the judiciary administrator of the company” (Ziarul Financiar, 6th of April 2011, p.7); “The company recorded last year a net profit of 508, 5 million lei (121 million euros). According to the same document (the expenditure and income budget published by the Ministry of Economy), the company estimates for this year an income of approximately 3, 95 billion lei (approx. 963 million euros)” (Ziarul Financiar, 8th of April 2011, p. 3).

The journalistic theory anticipates that a piece of information should be verified according to three different sources. This specific principal is applied as well in the following article: “Blidar: The reality is that no one will take over insolvent, in debt factories.”: “Astra Vagoane Travel Agency finished the fiscal year with a turnover estimated to 44, 2 million euros and a net profit of approximately 9, 5 million euros, according to the businessman entrusted with the data of the Ministry of Finance and ZF Calculations”.

Therefore, the ideal situation in which the information can be verified from many sources and the issue in cause can be mentioned in the journalistic material which was identified in the above presented material, succeeded in being analyzed only in the case of the journalistic pattern



published in the known period.

In many of the cases, from which one is the source of the Trade Register Office, the information can be considered having a high value of reliability. However, it is fairly known that the financial results can be influenced by means of creative accounting or by omission of registering of certain asset or liability elements. That is why the journalistic investigation is imperative. Unfortunately, articles which can lead to the confirmation of an investigation action have not been identified.

Another problematic issue is given by the fact that even if the financial reports are presented as source, there are cases such as the following chunk of news, when the location of the visualization of the report is not mentioned, this being redirected to the Trade Register Office company site or to other directions such as: "The biggest software business solutions, the SAP German Group, recorded in the previous year an increase of 17, 1% of the Romanian income, which reached to 17, 6 million euros, according to the financial report of the Group" (Ziarul Financiar, 23rd of March 2011, p.11.). This particular aspect is given a certain note of diligence, knowing the fact that there were no cases of discrepancy between the reports provided to the authorities and the ones published on the sites of the companies.

#### *Journalistic Genres with Accounting Information Appliance*

The periodicity of a given publication is bound to influence the journalistic genre selected, in order to make a press material. In this way, the specificity of the diurnals stands in the predominance of news, and the weekly broadsheets analyzed stand in a series of interviews or reviews and articles which are not made around the clock as in the case of the news which need to encompass news information.

#### Accounting information article division in terms of journalistic genre

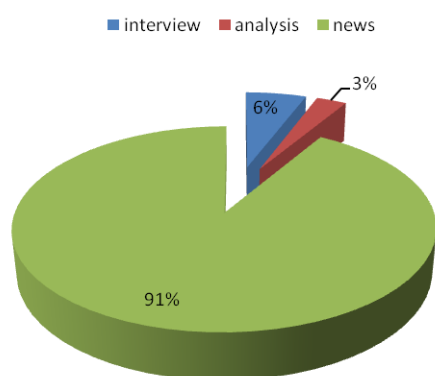


Fig. 8

This logical system does not seem to be applied in the case of the "Capital" magazine which comprises in every edition a significant number of news.

Because of the abundance of news in both

publications, but also because of the fact that journalists would rather receive and transmit the information in the original format, the analysis which should contain accounting information are very few.

Therefore, an example of analysis where the accounting information is used can be seen in the following article: "Romania is struggling to keep the position of the courageous luxury tailor", published on the 28th of February 2011, "Capital" magazine. Given the facts, we offer a paragraph of relevant information: "The Ferrari Group, for a change, is a unique associate of the luxury footwear producer, Kolan SRL from Bacau. In 2009, the factory reported a turnover of approximately 4 million euros. However, the Italians from Max Mare invested in a unit of their own in Craiova. According to various sources, they have a number of 600 workers at the headquarters. Nevertheless, the Italian firm owned by the fashion institution reached in 2009, a turnover of approximately 3 million euros."

To be more specific, in the case of the interview, as in the case of the analysis, the number of the identified articles is downright diminished. An example of interview is the one where the reference to the accounting information is made from the title: "The IT Professional Solutions Business doubles once to every two years", published on the 24th of January 2011, in "Capital" magazine.

The news to contain accounting information is practically in minority to the total number of articles including it. As follows, examples of news containing accounting information will not be given, because the majority of paragraphs presented previously are basically part of various pieces of news.

That is to say, that from the total of 1100 analyzed articles, approximately 350 had accounting information content, from which 20 were interviews and 10 analyses.

#### Conclusions

Contrary to popular belief, the variety of information provided by accounting practices is insufficiently exploited by media.

Among the arguments which constitute a high ground of the previously mentioned affirmation, one can identify the following: the small number of journalistic materials in which the accounting information can be found, the use in the majority of the cases of the same data categories (turnover and profit), the utility of the accounting information when presenting the news and isolated when creating more complex material such as analysis, the existence of the information provided by accountancy in order to develop the article's background and not to provide subject for a journalistic material as well as limitation when presenting data without thorough analysis.

However, the explanations for the insufficient

utilization of the accounting information can be described by: the lack of necessary knowledge in order to be able to access and use the data, which can be easily excluded from the list of impediments by appealing to the specialists; the commodity of the journalist profession argued by the fact that the volume of work is bigger when one does not perceive the whole amount of information but tries to unravel the data under a sort of financial format and implications of the supposed value over the future activity of the entity; the existence of low quality standards among specialized publications (in the case of attention being given to the solving of this problem by a publication which can diversify the exploited category of subjects, ergo to answer in a greater manner to the need of information sowed by the public and the fact that the other publications should increase the level of quality regarding materials).

All these possible explanations cannot be considered individually because they fusion in one way or another, for instance, the existence of low quality standards involves lack of professionalism from the journalists.

In a nutshell, the results concluded by this research project paper must constitute a concerning aspect for the journalists who publish materials for the diurnals and for the weekly broadsheet newspapers, as well as for the specialists in the area who can involve in the realization of the articles.

Last but not least, I consider that in the progress of research considering the specific aspects of the economic and financial journalism, in order to be able to represent by means of opportunity identification explored by the journalists, the modality of index calculation based on the accounting information, a certain source of indications accessed by young journalists and the ones who want to improve the quality of the issued materials must be provided.

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