THE MANAGERIAL DECISION IN TOURISM RELATED TO THE TAX INFORMATION AND THE ACCOUNTING REPORTS

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Summary:

This paper refers to accounting reports, and information provided by the accounting process by which accounting information is produced and disseminated. It emphasizes and underlines the role and importance of accounting reports and information provided by them in the analysis and management decisions in tourism.

Management decisions on the quantity, quality and timing of information provision depends on the cost and benefits of accounting information production and dissemination.

Development of correct decisions by the users of accounting information depends on the quality and quantity of accounting information provided by the accounting reports.

Keywords: *accounting reports, balance sheet, income, expenses, inventory*

Clasificare JEL : M21; M41

1. INTRODUCTION

In the current context, the transparency of financial and accounting information is more necessary than ever. Managers need clear, credible, reliable and internationally comparable financial and non-financial information on which to base decisions.

Confidence in the entity and thus its leadership depends not only on the degree of understanding and perception of the financial and accounting information by managers in the first place, but also on openness and transparency. Management decision making entities use their large volumes of accounting data and also it is obliged to broadcast and outdoor (management bears responsibility for the production and dissemination of financial information).

Development of correct decisions by the users of accounting information depends on the quality and quantity of accounting information provided by the bookkeeping reports.

2. THE NEED FOR ACCOUNTING INFORMATION AT THE BOTH MICRO-AND MACRO-ECONOMIC LEVEL

Production and distribution (Arnold, 1990) of mass information has been facilitated by the development of information technology in recent years and the amazing progress of computer programs and computer networks. *„Information is a data set that determines the probability of the beneficiary change expected from the occurrence of future events“.*

The evolution of information needs required by the evolution of natural systems, social and economic development has led to economic information system, i.e. its components: stock records, accounting, statistics.

The industrial revolution, increasing capital needs and recourse loans led to the continued development of information needs (*Tabără.N, G. Ghetariu, 2009*), the emergence of new data:

■ Economic and financial analysis;
■ Definition of price policies;
■ The development of units under the conditions of market competition type;
■ Comparability over time and space of accounting information.

In this direction the information subsystem objectives aims' at:

■ Determining how to obtain the funds needed for the activity and their use;
■ The preparation of financial statements;
■ Communicating the results to the public;
■ Obtaining statistical information from the outside.

The value of information depends on its impact on future decisions, and hence a high degree of subjective interpretation and use. In determining the amount of information it needs to be analyzed who is the user and what the purpose is for which the information is used. In the choice of sources of information the cost is an important element.

The quality of decisions is dependent on the quality of the information. Information sources are diverse, and producers of information are also different. Information can also be considered a good that is produced, bought and sold, becoming a commodity that can be traded. Economic theory shows that the value of a good or service is determined by the commercial utility (satisfaction) that brings to the consumer. This reasoning can be applied also to the production and disclosure of accounting information. The quality of accounting information available to users are resulting from accounting documents that are integrated in the production process such information. Accounting must follow the production of information which meets the demand of individual users. Otherwise it decreases confidence in the methods used and in the competence of professional's accountants. Certification of annual accounts published information gives users a degree of confidence about the absence of nonconformity with the objectives of regularity, directness and the true and an accurate image.

Information on past performance and financial statements are used as a basis for forecast of future performance and financial situation, the entity's capacity to take advantage of opportunities and react to adverse situations.

Credibility refers to a real representation, accurate transactions and events and considers: prudence, neutrality, completeness of information.

Prudence. (*D. Mircea, 2010*), Uncertainties surrounding the events and transactions of the entity objectively require developing prudent information.

Prudence involves avoiding overvalued assets and income, expenses and liabilities undervaluation and consideration of possible losses, risks and probable impairment.

Completeness. To be credible, any information contained in the financial statements must be completed. An omission can cause information to be false or misleading and thus not be of credible character, becoming deficient in terms of relevance.

Intelligibility is an important feature of information provided by financial statements in that they should be easily understood by users, provided that they have sufficient knowledge of business, economic activities and accounting.

3. ACCOUNTING PROCESS QUALITY CONSIDERATIONS

Quality accounting process we see as providing users complete accounting services, accurate and reasonably priced accounting information.

Quality is a very important competitive aspect; it has converted into a strategic advantage, in a competitive necessity. In the opinion of specialists (N. Guedj 2000) you can get a 40% productivity even higher by reducing the cost of non-quality.

Non-quality in accounting may refer to:

■ large waiting times;
■ incorrect information;
■ mistreated customers;
■ unqualified personnel;
■ the incompetence of the professionals engaged in accounting activities;
■ incomplete accounting reports;
■ failure to comply with legislation.

Accounting service quality is dependent not only on the quality of the means used to produce and disseminate accounting information (such as office equipment, personnel, material resources, etc..) but also on the quality of the reports and their compliance with legal norms and reality. The process involves quality accounting processes, methods, techniques, and competent staff that give confidence to users of accounting information.

The quality of the accounting depends on certain factors, such as:

■ organization and management of accounting in that unit, the capacity of the entity's accounting system to provide users of accounting professional services of good quality, as defined by the Code of Ethics of the International Federation of Automatic Control (IFAC) as goals: accounting, auditing, tax advisory, management and financial consulting.

■ material goods, technical equipment of the accounting. It has to be checked if there is a well tuned computer system supporting the accounting information system (if they have met the minimum requirements on the products accounting for the program) if they have complied with the conditions of accounting document archiving and if they comply with the access to the accounting data. To be a quality accounting application it must meet several essential conditions:

■ to be in accordance with the needs of the beneficiary;

■ to not present any malfunctions;

■ to be adaptable to the technical, legal, etc.., needs.

Quality lies in the accuracy and timeliness of accounting data from the time of their presentation for processing by retrieving their financial statements. All transactions must be authorized (accounting documents must be stamped and signed) and persons who authorize every transaction must have jurisdiction to do so. Data entry into the accounting system should be checked for incompleteness, incorrectness, unreasonableness and check that no data was lost, duplicated or partially input.

The accounting program is one that provides accounting reports required by managers in their decision making, and its quality depends very much on the detection and notification of errors in accounting and the speed with which information is provided. The accounting program checks whether the amounts should be entered in the accounts and if there is a balance between the totals.

4. FACTORS THAT MAY AFFECT THE QUALITY OF ACCOUNTING INFORMATION

Accounting information quality can be affected by the following factors:

■ errors in the application of accounting principles;

■ handling practices of the results, creative accounting;

■ Incompatibilities to accountancy practice;

■ legislative instability and taxation;

■ inflation and historical cost.

The quality of the decision depends on the accuracy of interpretation of information, the level of training of decision makers and processing methods used. Purpose of the decision is to harmonies' the objectives with the resources in terms of obtaining maximum efficiency.

Factors influencing the quality of the decision presented in the literature are:

$$D= f\,[(fs, fi)\,;\,(fm, M, d)]\,;\, fm = f\,(s, a) \qquad (1)$$

where:

Fs = single factors;

fi = uncertainty factors;

fm = the human factor;

M = the motivation of the decision;

D = responsibility of the decision makers;

s = knowledge and experience of the decision makers;

a = adaptability.

The quality of the decisions depends on the accuracy of the information, interpretation, the level of training of decision makers and the use of modern methods of accounting data processing. The utility value of information depends on:

$$Vu = \Delta D = D1-D0 \qquad (2)$$

where:

Vu= utility value;

Δ D = hope of gain;

D1 = effects of the decision with the concerned information;

D0 = effects of gain taken without the concerned information.

Managers are interested both in information of management accounting, internal, and in financial accounting. Their request for accounting information differs from one entity to another depending on the type of activity. Managers need to have more information as the company's activity is more complex.

5. PRINCIPLES WHICH FACILITATES THE INTERPRETATION OF ACCOUNTING INFORMATION

In order to facilitate the interpretation of financial statements, accountants, accounting information, bidders shall be based on the following principles:

■ comparability and permanence of methods. Comparability means that the information is presented so that the decision makers can identify similarities, differences and developments that characterize the time periods or different entities. Consistent application of certain methods of quantification and accounting processes is very important to ensure comparability.

■ relative importance (the threshold of significance). The threshold of significance refers to the importance of the item. If an element is present, it means that it is relevant to users of financial statements. If an item will influence the decisions of users of financial statements it is considered to have a relative importance.

■ prudence. The precautionary principle can be a useful tool in cases where doubtful, but its application abuse leads to develop incorrect and false financial reports.

■ good information. The principle of good information requires the financial reports and annexes to present all the information relevant to their understanding by users. Accounting information must provide all necessary explanations to avoid misinterpretation.

■ feasibility. The feasibility principle underlies all qualitative characteristics and other conventions.

CONCLUSIONS

Developing a correct decision is dependent on the quantity and quality of information provided by the information system. Financial accounting information's value depends on its impact on future decisions.

The value of information is not based only on its quality characteristics, but also on the needs of users of accounting information, their ability and their acceptance of this information. Financial accounting information must meet the needs of users of the information in the first place.

Accounting quality depends on several factors including: the organization of accounting, how to define and apply accounting principles and the competence and independence of professional accountants. Among the factors that may affect the quality of accounting are taxation, frequent legislative changes in this area, inflation and historical cost.

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