SIGNIFICANCE OF FINANCIAL ACCOUNTING ACTIVITY IN THE TOURISM UNITS THROUGH INVESTMENT DECISIONS

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Abstract: The objective of our research was chosen due to the importance of the investment decision in the reflection and transmission of assets value gradual products and works executed an entity of the deep. Located at the intersection of the two spheres (of tourist markets and financial transactions), tourism entity from Romania is interested in identifying the formula to provide financing by attracting resources from domestic sphere, on the one hand, and, on the other hand, is interested in meeting the high level of demand and getting profit from economic sphere. Society is not an entity; it evolves continuously in many forms that vary with time and place. Tourism development, national and/or regional levels should be based on a uniform and coherent policy, which includes many high-quality, long-term forecasts of the rhythms of development, in-depth knowledge of the mutation and events nationally, all included in the multiple choice scenarios underlie a plan.

Keywords*: tourism, tourist market, profit, decision, investment*

JEL Classification: E62, H20, L83, M10

1. INTRODUCTION

Society today is much deeper, has become one of knowledge, freedom and dynamism, and the tourism specifically illustrates its valences. Naturally, the journey meant as always, in essence, travel in time and space, discovery, communication and spiritual enrichment.

Romania has huge natural reserves, untapped tourism, and economic prospects.

On the other hand, Romania is becoming a more interesting country for international investors; they are ready to invest in local and viable projects.

Develop strategy for tourist entity is a challenge for obtaining competitiveness, thus incorporating all stakeholders in strategic management expectations.

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An appropriate management at the level of the company contributes to the achievement of better products, at lower prices of higher wages and at the same time the attainment of some increases revenues for those who have we invest capital in the company.

The financial side of the management of the company is to be found in all the components of the managerial activity within the framework of company, namely:

■ in respect of all the functions of the management: forecast, organization, coordination, training and control;

■ within all the elements of the management system: the organization system, the information system, the decision system;

■ within the entire structure and the materialization of the functions: research - development, production, personnel, the financial-accounting.

Therefore, financial management represents a subsystem of general management of the company, aiming and securing the necessary financial resources, allocation and uses their profitable, increasing the value and safety of society the heritage (*Bogdan I., 2002*).

Financial management is based on the information. Accounting is the source that provides the information to be used in economic decision making, while the main functions of financial management are to plan, deliver and use financial funds.

The totalities of operations of an entity have an equivalent and in financial terms too.

Successive phases of operations belong to the three categories of investment cycles: investment cycle, the cycle of exploitation and financing cycle’s cycle what are organized and operated for the purpose of attaining the policy entity.

2. MATERIALS AND METHODS

2.1. Financial management of the investment cycle.

In a business, the investments play a role of impulse leading to its creation, helps to unfold and develop.

Management accounting, management entity that supports the company's management in substantiation decisions of all kinds, many of which are based on information on costs, revenues and operating results or investment or financing, is a valuable tool of efficient management (*Cristea H., Buglea A., 2014*).

Cycle in economic sense, is defined to be the sequence of phenomena that occur in the evolution of an economic process.

Investment cycle corresponds to the acquisition of real estate necessary to maintain or increase productive capacities. It is divided into two phases: initial expenditure, representing the purchase and recovery of material, through the discovery of the depreciation as a result of physical and moral usage.

Investments are an expression of the selection decision for several types of projects to develop the company's activity.

Their financing is ensured from capital that can cope with the expenses throughout the period of immobilization created.

„The infrastructure for the transportation services, telecommunication, electricity, water, gas and waste management are very important for the initiation and development of businesses” (*Milin A., et all, 2009*).

2.2. Amortization method for property

The decision of managers with regard to investment policy is dependent on funding sources to which it has access. A correct decision to invest will consider maintaining permanent financial balance, through its fundamental rules, as follows:

■ permanent needs for acquisition of fixed assets should be financed from permanent sources, i.e. equity and liabilities medium and long term;

■ current needs have to be covered from sources;

■ the revolving fund must be bigger than the demand for revolving fund to liberate a positive cash flow.

Maintaining financial equilibrium affects two important decisions: the decision of investment and financing decision.

Funding may come from sources outside the company: consideration to equity, bank loans, leasing, credit providers, credit, financing, foreign debenture or from internal sources (self-financing).

Self-financing (internal financing) is determined primarily by the size of the undistributed profit, depreciation and provisions calculated and not consumed. With the exception of the capital, other internal sources are not onerous.

Whereas depreciation fixed assets is an important element of profit influence their own sources which directly affect the ability of self-financing of the society.

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Depending on the purpose, the management entity determines the depreciation method which is most appropriate, able to bring about a surplus in financing the company, at a tolerable. The size of value depreciation is determined by three factors:

■ value of depreciable fixed asset;

■ duration of service;

■ depreciation method that is chosen.

Depreciable amount of an asset is systematically allocated, immobilized during the service life of the asset.

The value corresponding to each period depreciation is recognized as an expense.

The depreciation method used reflects the way in which future economic benefits are consumed by the company. There is no recommendation regarding what depreciation method should be chosen.

The depreciation methods are selected according to the estimation of future economic benefits associated with the asset.

Therefore, the choice of a declining balance method involves a great deal of subjectivity. The economic literature and practice have devoted several depreciation methods of fixed assets, which may be used in the allocation of the value of assets during the life period.

The method adopted is according to ability assets to bring future economic benefits.

The method, once chosen, must be kept from one period to another, while respecting the principle of the proposed methods.

However, the method can be changed; if the criteria were taken into account in the choice of the method have undergone significant changes.

In this case, you need in-depth information in financial statements (accounting policies and explanatory notes) about the decision to change the method and effects of the change of method of the outcome of the exercise.

From the study of the works of reference, the present depreciation methods most often used are:

◙ linear, which is based on the allocation of the value of depreciable fixed assets, uniformly throughout the life of the asset;

◙ digressive, which burden the cost with decreased amounts. The depreciation rate is applied to the remaining depreciation;

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◙ accelerated, which is included in the cost of depreciation of 50% of the input value in the first year of operation, still looking for salvage value applies to linear depreciation method;

◙ production, which is based on the assumption that depreciation is the result of the operation, and the duration of service has no importance in the calculation of depreciation;

◙ softy-variant of quotas, which are calculated by the number of reporting year on the length of normal service taken downwards, the sum of the years of the life of normal service;

◙ softy-variant of quotas, which are calculated by the number of reporting year on the length of normal service taken in regard to the breeder, the years of the life of normal service.

Using the straight-line method, depreciation is constant, being directly linked to the duration of the operation.

This is usually in the first year, when the asset was purchased during the year, and in the last year. Using the accelerated method, declining, shares, in the first years of operation, depreciation is higher, after which decreases each year, arriving in their final years at values below those recorded by the straight-line method. The methods are preferred when management seeks a speedy recovery in the value of fixed assets. Increasing quotas method is characterized by a small depreciation from the beginning of the activity, which increases, reaching that final year running to record at the highest level. It is a less-used method, because it does not take into account the obsolescence of the asset valuations, which in many cases is superior to natural usage.

The method of production is closer to the linear method. Depreciation varies in proportion to the volume of production. If the production volume is linear, the two types of depreciation are overlapping.

The damping as element cost increases in proportion to the moral and physical usage or obsolescence of the asset valuations and is an element of profit and loss account, and vice versa in proportion to the value of net fixed assets, which represents an element of the financial position.

Each company can choose the method that considers that fits best with the strategy adopted. Most opt for society The straight-line method, calculable, and divided proportionally asset value throughout the service, the company's costs.

2.3. Investment decision

Managers are faced with major decisions that involve cash flows.

The importance of financial management accounting result primarily from its strategic role, which consists of attending general policy decisions (acquisitions, investments, transfers, use of financial resources), but also operational in respect of the financial management activities and financing of the operation of the company.

Investment activity is generating streams include the purchase and sale of fixed assets and debt securities and loans recovery *(Costi B., Boiță M., 2014)*.

In business management, information and accounting techniques they are often used for making a decision.

Advantages offered by financial situations offer users reliable, comparable data regarding the results of the company's financial performance, changes in capital and maintenance, thus facilitating making appropriate decisions by users (*Doba Ş., 2014*).

The decision is a product of processing information and choosing the appropriate solution. Investment-related decisions appeal frequently at the financial and accounting information. To this end, it is necessary to call upon past results, as to be forward-looking, and give a touch of credibility of the estimates. Investment decision is based on information taken from the inside of the entity, information taken from outside entities, but also on the prognosis and diagnosis.

Frequently used information of financial management, coming from inside the company, can be classified as information of financial and non-financial information, which together form the basis for decision making required data:

In the category of financial and accounting information, there are:

■ structure of fixed assets;

■ the book value, the depreciation value and the remaining fixed assets;

■ the amount of fixed assets acquired:

◘ the purchase price;

◘ fees and commissions;

◘ transportation expenses;

◘ installation and assembly;

◘ other expenses incurred with the fixed assets until such time is placed into operation

■ during the realization of the investment costs in its own purposes;

◘ material cost;

◘ wages costs;

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◘ social costs;

◘ external benefits costs;

◘ costs amortization fixed assets;

◘ the costs with interest loans for financing investment;

■ investment funding possibilities under the conditions of maintaining financial equilibrium;

◘ a forecast of sales;

◘ a forecast of costs;

◘ a forecast of cash flows.

In category of nonfinancial information, there are:

◘ policies estimation of service life of fixed assets, depreciation methods used;

◘ production capacity;

◘ workforce;

◘ products;

◘ current and potential customers etc.

Information from outside the processed the accounting systems are necessary in addition to the internal information, for correct estimation of the future credible values that should underpin decisions:

■ the cost of investment in procurement;

■ technical and economic performance of future investment;

■ the life of the investment;

■ the evolution of supply and demand for specific products on the market;

■ main competitors;

■ statistical information:

◘ inflation rate;

◘ the interest rate;

◘ the average rate of return at the branch level;

◘ the risk rate, etc.

Investment decision is based on information from the compilation and the grounding of several economic indicators with different complexity, and estimates of financial flows, information provided by accountants.

If part of the corporations in the world have passed the international phase to market orientation, when they need to address each different foreign markets in the industry, much of the companies, acting on the business environment (*Blaga R., 2013*).

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To accept or reject a proposed investment is a decision that the company's leadership should take, taking into account numerous parameters, such as:

■ the project's profitability;

■ the various types of risk they present;

■ the availability and cost of capital intended to finance it;

■ the consistency of the draft with the strategy of the enterprise.

These decisions arise when managers must decide whether to promote a project of capital investment.

The appreciation of a project of investment, from the point of view of efficiency, is made by evaluating cash flows emitted by it, and by their estimate *(Cristea H., Pirtea M., 1999):*

■ output streams of treasury;

■ treasury input streams;

■ payment savings, due to the mode of action of taxation;

■ in the initial phase (of the project);

■ during the period of exploitation;

■ at the end of the operation.

Accepting or rejecting an investment project shall be carried out according to the expected results to be achieved as a result of new investments. These decisions are based on several criteria for selecting investments, influenced by type, objectives and funding sources of the investment.

DISCUSIONS

Our goal was to reflect the importance of the investment decision in the reflection and gradual transmission of assets value on products and works executed by a tourism entity.

Romanian tourist entity is interested in identifying the formula to provide financing by attracting resources from domestic sphere, on the one hand, and, on the other hand, is interested in meeting the high level of demand and getting profit from economic sphere.

Investment decision is based on information from the compilation and the grounding of several economic indicators with different complexity, and estimates of financial flows, information provided by accountants.

Frequently used information of financial management, coming from inside the company, can be classified as information of financial and non-financial information, which together constitute the necessary database decision-making.

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CONCLUSIONS

Adequate financing of the Romanian tourism industry would bring a medium-term national economic stimulus.

Whereas the tourist enterprise performance recognized by the market depends of investors ' typology too and of how it is percept by investors, being well known the sophisticated investors experience and competence in estimating compared to unsophisticated investors, managers must be interested in permanent official recognition of their performance and increase their prestige on the market.

The importance of financial management result primarily from its strategic role, which consists of attending general policy decisions (acquisitions, investments, transfers, use of financial resources), but also operational in respect of the financial management activities and financing of the operation of the company. Therefore, financial management represents a subsystem of general management of the company, aimed at securing the necessary financial resources, allocating and using their lucrative enterprise, increasing the value and safety of heritage.

In conclusion, in the context of a fast internationalization and growing of service sectors, the size and the scale of operation of companies of a country represent the major attributes of their competitive position in the market of tourist services,

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