Evolutions and Trends in Presenting the Balance Sheet as a Financial Position Picture of an Entity

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Abstract: In this article we proposed to achieve a synthesis of the key moments in the evolution of the concept of balance, of the theories formulated over time, of the presentation forms of the balance sheet, a taxonomy of balance sheets, supplemented by a breakdown of the concept of financial position and of the structures related to the assessment of the financial position. In other words, we will consider a gradual presentation of the concept of balance sheet over time and a presentation of the balance as the main tool for highlighting the patrimonial situation, of the assets of enterprise owners and of the picture on the financial position of an economic entity.

Keywords: balance sheet; financial position; patrimonial situation; financial situations; assessment

JEL Classification: M40; M41

1. The Main Moments in the Evolution of the Concept of Balance Sheet

Within the information system of an economic entity, its financial – accounting data and information are aggregated at the highest level and systematic in its financial statements.

As in the case of an aircraft that moves from one destination A to another destination B, an economic entity is "moving" from on economic state M to an economic state N. Both the aircraft and the economic entity follow this path in a period of time, on a certain track, passing through intermediate points, which implies certain instruments of some parameters that to give us a picture on the *position* in which it is at a given time.

In the case of the *aircraft* there can be used special sensor to display on a control panel all the information related to height, indoor and outdoor temperature, its distance and position on the map. Through these information and representations of the reality are offered to pilots possibilities of control over the aircraft and even a greater confidence of the crew and passengers during the journey. By analogy, the

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control panel/dashboard to allow the "mastery" of the economic entity by the management team, but also by its owners is found as the *balance sheet*. The balance sheet is presented as an instantly image on the financial position that it occupies an economic entity at certain points on the temporary track between M and N.

1.1. The Concept of Balance Sheet

The concept of *balance sheet* comes from Italian language from *bilancio* and it was introduced in the circuit of the accounting literature as a *key of double accounting* (Rusu, 1972) by Luca Paciolo through his paper *"Summa de Arithmetica, Geometria, Proportioni et Proportionalita"* from 1494, as specific instruments of the double entry accounting. At that time the concept of balance sheet was confused with the one of balance, due to the way of its preparation and structure, with the two sides in balance, and of the fact that at its turn the *bilancio* came from Latin from *bis* and *lanx*, which meant a balance taler in balance.

Currently, the concept of balance sheet refers to that synthesis documents from the composition of the financial situation through which the economic entity is presented from the perspective of the assets owned and operated, but also from the perspective of the sources of financing of these assets. It comprises two parts, namely: one destined to the resources or assets and other one destined to the sources of funding from the part of owners and creditors (Stolowy, 2006).

The Emergence and Development of the Concept of Balance Sheet

Most experts agree with the idea that the emergence of the concept of balance sheet is lost in time. Thus, *in Egypt* in public accounting the information from the synthetic accounts were systematized in a form of account that was later highly requested by the Roman occupation to establish the annual tribute (Robu).

At Greeks, the Budget of the sacred House from Athens was published on boards, every month, it being exposed in the public markets to be known by citizens. Even Aristotel in his works, *Rhetoric* and *Policy* presents some rules/ norms related to the preparations of these budgets and of the related render accounts (Robu). According to R. Obert (1999-2000)[1], the Greeks bankers were making a simplified balance sheet, close to the form of account after the relation, Initial sold, inputs, outputs, final sold, with a breakdown of receipts and payments, followed by a complete inventory of the assets owned.

At Romans there isn't identified the use of own balance sheet, but the so called synthesis *"Breviarum"* regarding the management of the public patrimony. Later, in 1340, in the Italian city Genova, we identify the Ledger of the common usage of

[1] http://robert.obert.pagesperso-orange.fr/La_construction_du_droit_comptable_2011.pdf, p. 44.

the balance sheet account under the name of *Billantium* (Demetrescu, 1972, p. 56), which means that this instrument was used in practice and in the previous period of this year. The same *Billantium* is found in 1408 as a management tool within the Bank of St. George from Genova.

The French literature emphasizes the use of the *account of a construction* or of so – called *site logs* to build some castles, journals that can be considered *"honorable balance sheets"* even are not entirely correct (Beck, 2010)[1]. Enlightening in this respect, are the codices drawn with the occasion of (re)construction of the castle between the years 1400 – 1404 by the Duke of Bourgonge.

The father of the double entry accounting, Luca Paciollo, in 1494 through his work "…" give meaning that the balance sheet was not a tool used in the practice of accounting, but also insists on the necessity of using such a balance sheet. Luca Pacili's idea is continued by other Italian authors, such as Domenico Manzonni (1554), by Miossa and Radonichi (1581) and by Ludovico Flori (1636) to use as a tool the balance sheet on a superior level of abstraction after the trial balance of the master. The technique of preparing the balance sheet starting from the Ledger is summarized by Pierre Savonne in 1567 through his paper *"Instructions et manieres de tenir les livred de raison et de comptes en parties doubles"*, through which was reducting the balance sheet from two essential posts, namely: debtors and creditors. Later, in 1678, Claude Irson in *"Methode pour bien dresser toutes sortes de comptes a parties doubles"* adds to the two series of accounts debtors and creditors, the accounts to be resulted and substitutes the closing balance sheet with the *balance*, to who it wasn't assigned a role in highlighting the wealth, but an instrument to avoid the falsification of entries from the previous periods.

In Netherlands in the sixteenth century, the Italian accounting practice is promoted through the writings of Jean Ympyn (1485 – 1564), which imposed the balance sheet as a tool for prediction and assessment.

At the same time the Dutchman Claes Peters de Deventer, on its real name *Nicolaum Petri Daventriensem*, in its accounting works after the Italian method brings improvements related to closing the accounts in order to prepare a closing balance sheet, as the next stage of systematization of the accounting data from the trail balance, while the Belgian Simon Stevin (1608) through his works assigns to the balance sheet a role of annual tool in the scientific literature of the time.

Giovanni Domenico Peri, through the work *Il negociante*, published in 1638 introduces for the first time the *aziends* term. Through his paper *Tratto del modo di tenere il libro droppio domestic col sue essemplare*, it is who introduces in practice the complex accounting items being also who makes the difference for the first

[1] http://comptabilites.revues.org/76

time between balance and balance sheet. The balance sheet is in fact a summary of all the account balances.

In 1682, Bertrand Francois Barreme through his paper *"Livres de comptes faites"* introduces the concept of balance sheet flier or *air balance sheet*, ie an balance sheet outside of a register, on separate sheets.

A milestone in the accounting regarding the content of the balance sheet is Mathieu de La Porte (1685), that establishes in 1685 the asset components (Doit) and of passive (l'Aooir) of the balance sheet, components with which is known to nowadays. The idea of establishing to the balance sheet a tool role of highlighting the mathematical expression between the obtained results in report with the capital employed comes to the authors Eugene Leautey and Adolphe Guibault in their paper *"La sciences des comptes"*, considered as those who have established to the balance sheet a fixed structure.

In the Netherlands, after Louis the fifteenth conquers a part of them, after the battle from Fontenoy from 1745, the Benoit – Marie Dupuy is responsible to handle by the incomes taken from these territories. Thus after an inspection of the areas concerned Dupuy introduces a "statement of balance sheet" (Legay, 2010)[1] for a monthly reporting by the French Ministry of resort in orders to manage very efficiently of the receipts and payments (figure no. 1). Even if this extracted balance sheet contains elements specific of an income statement, in the conditions of cash accounting, it can be considered a significant step in the accounting evolution of the balance sheet concept.

In the Romanian Principalities only after 1800 emerged the first papers in which the accounting as techniques is taken from the writings of German and French. For example, in Iasi in 1917 appeared the paper in Greek *"Didascalia"* with the first accounting rules, and in Brasov, in 1837, Emanoil Ion Nechifor systemized in *"Commercial Code of Laws"* the practice from the accounting domain as it has evolved from the "codices of storehouse" to the forms of balance sheet after the Venetian method taken from the European literature and especial from the German one. Thus, through "Commercial Code of Laws" E. I. Nechifor supports the idea of annual preparation of the balance sheet, as instrument of knowledge of the "state of asset and capital" but and of financial result. Seven years late, in 1844, Dimitrie Jarcu by publishing his paper *"Doppia Skriptura"* it actually translates in the book of J. Jaclot *"La tenue des livres enseignee en vingt et une lecons".*

The first accounting course (Ionaşcu, 1997, p. 187), in the true sense of the word, published in our country, is that of Theodor Ştefãnescu with the name "*Double – entry accounting course*", which was published in Bucharest in 1873. Th. Ştefãnescu sees in balance sheet a *fair mirror* of the past and a *safe guide* of the

[1] http://comptabilites.revues.org/156.

future "*a summary overview of the inventory meaning of the assets and liabilities situation of an enterprise and the operation through which a trader confronts its assets with its liability, pursuing the accurate accounting punctuality the result obtained during the year*" (Ştefãnescu, 1881, p. 372).

The personification of the balance sheet, as being a general accumulation of the debtors in asset and a general gathering of the creditors in liability, is made in Europe in 1898 by L. Barrachin through his paper *"Compatibilite personelle"*, through which the final results of the enterprise wasn't highlighted. Later, in 1919, Edouard Julhiet by his paper *"Course de finance et compatibilite dans l'industrie"*, established the need that the balance sheet to be closed after the inventory in the shortest time from the end of the financial year, to provide an accurate information about the entire activity of the enterprise.

In Iasi, in 1901, the Professor Constantin Petrescu, in his paper "Accounting and administration", believes that the balance sheet *is "the situation of the accounts of accounting that after agreeing with the findings of the inventory shows the economic position of the lease owner, as well as and the result of the closed exercise"*. Thus, Petrescu C-tin insists on two important characteristics that the balance sheet must meet them regarding the clarity and sincerity.

The German accounting school is represented by the professor Schmalenbach (1908 – 1953), who develops and refines the dynamic theory on the balance sheet through his paper *"Dynamiche Bilanz"* (which has known until 1953 eleven editions) and by the professor Osbahr (1918), subsequently sustained by the Nicklich (1920) in his theory on the static balance sheet.

The Professor Spiridon Iacobescu in his works published after 1923, including the volume III of the course *"General and trade accounting"*, insists on the definitive patrimonial situation through the presentation from accounting perspective both the asset and liability of the patrimony, together with the results of the period. In 1927 are published in Paris a series of papers in the accounting domain through which to the balance sheet is assigned an important role in the financial analysis (L'Quisnot[1]) to highlight *"the situation of a society",* through which the balance sheet expresses twice the same capital (A. Calmes[2]), an through which to the balance sheet is established the own equation[3] A= P + C (Ed. Folliet[4]), but and a role of information both for the owners of the enterprise, and for third parties concerning the economic and financial situation of the company.

[1] According to the paper „Administration financiere – Methodes comptables et bilan/Financial Administration - Accounting methods and balance sheet".

[2] According to the paper „La comptabilite industrielle/The accounting industry".

[3] A- Asset, P – Liability (Pasive), in the sense of debts to third parties and C – Capital.

[4] According to the paper „Le bilan dans les societes anonymes au point de vue juridique et comptable/The balance sheet in the anonymous societies from the legal point of view".

The Professor D. Voina, in his paper *"General Accounting"* published in 1947, believes that the balance sheet includes *"the economic and legal situation of an enterprise at a given time"* of which are highlighted the asset elements and the liability elements in summary under the form of account, but also interim (Voina, 1947, p. 293). At his turn I. Evian, in the same year 1947, in his paper *"Unitary balance sheet of the enterprise"*, sustains the idea that the balance sheet is *"an instrument of knowledge of how evolved from year to year the structure of the wealth and capital, as well as and the results"* (Evian1947, p. 12).

It is interesting and the opinion the Romanian professor C. G. Demetrescu, with outstanding contributions in the field of accounting, through which sustains that the balance sheet *"as situation under accounting form of the patrimony, contains what is analytical an inventory, with the difference that in inventory, excepting the value, we have specified and the quantity of the patrimonial elements"* (Demetrescu, p. 329).

Nowadays, the main task of the accounting of an economic entity is to provide to the external and internal users information about the financial situation and the level of performance achieved by this entity. To achieve this task, the accounting information system from an entity accesses, collects, generates, processes, deposit and supplies data and information from accounting perspective under different forms of presentation, either in classic format or in electronic format. If we watch from accounting perspective, the balance sheet is the accounting document with the highest degree of abstraction, placed on the top of the informational pyramid of the accounting as it is observed in Figure 2.2.

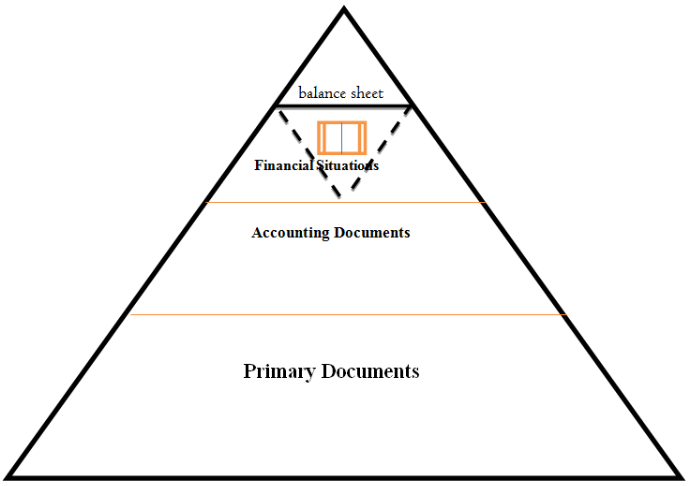

Figure 1. Informational scaffolding of the accounting

2. Theories of the Balance Sheet

From conceptual point of view, over time, for the balance sheet there were formulated different definitions by renowned specialists from accounting domain. Starting with 1918 there were made even theories of the balance sheet, that were proposing to explain the purpose of the balance sheet and not to base its preparation technique of it, among which we exemplify: the theory of dynamic balance sheet, theory of the static balance sheet, theory of the integral balance sheet, theory of the golden balance sheet, theory of the nominal balance sheet, theory of the eudynamic balance sheet, theory of the pagatoric balance sheet, theory of the balance sheet's reality. All these theories proposed to explain the purpose of the balance sheet and depending on this purpose "*to substantiate its contents and how to assess this conten*t" (Petris, 1998, p. 383).

To understand how it evolved the concept of balance sheet, we will briefly each of the above theories.

The theory of the static balance sheet is part of the category of monist theories and was formulated[1] by the German teacher *H. Nicklisch* in his paper *Wirtschaftliche Betriebslehre* (1922). According to the static approach, the balance should provide the image when drawing the structure and situation of wealth and capital of the company. Regarding the result, it was determined through the *Profit and losses* account. The professor R. Petris underlines in particular that in the static optic the assessment of the elements must be made at the cost/purchase price, which for assets means brute values in asset and corrections/adjustments in liability. The main proponents of this theory were Friedrich Leitner and Mainfred Berliner. From this theory of the balance sheet we identify as important components the patrimony (assets, debts and capitals) and the capital of the company at gross values.

The theory of dynamic balance sheet is part of the monistic theories and was founded by the E. Schmalenbach since 1906 in his magazine "*Zeitschrift fur handels wissenschaftliche Forschung*",, because in 1919 to be published the book "*Grundlagen Dynamischer Bilanzlehre*". The only purpose (Petris, 1998, p. 384) given to the balance sheets, was to compute the result, but in a continuous manner, and on its components to highlight how is developed and act the forces from the company. Thus, in the dynamic balance the means and resources were considered transitional jobs (Demetrescu, pp. 330-331), they being intended to be modified from a period to another. Regarding the assessment base, it must be unitary for the same category of values and constant in time to ensure the comparability of results,

[1] Professor M. Ristea sustained the idea that the static theory of the balance sheet would be developed by Walter le Coutre (see Ristea, 1989, p. 41). After a careful review of the literature in the field we think that Walter le Court it isn't the one who developed this theory, him being the promoter if the idea … in accounting.

but and on the analyses in dynamic of the means and resources. The main advocates of the theory of dynamic balance sheet are Mahlberg, Wald and Heplenstein

Note: Means and resources. The assessment base: constant criteria

Eudynamic balance sheet theory is also a monistic theory being in fact a development of the dynamic theory by the H. Sommerfeled in 1936 in its work "Eudynamische Bilanzlehre". The key word of this theory is the *prudence* in assessment which leads to assessments of the assets at safe and achievable values. Regarding the calculation of the result, there were considered reliable only those sure revenues (excluding those sales on credit) to which there were brought adjustments related to the effective losses and probable losses induced by eventual potential risks, such as the inflationist/ deflationist one.

Pagatoric balance sheet theory, as the eudynamic theory, is presented as a monistic theory developed from the dynamic on by **E. Kosiol** as a natural continuation of the theory of pagatoric accounting. This theory established to balance sheet the role of *total determination of the result* after the base formula Total receipts – total payments. In line with the basic concept of the pagatoric accounting (*"pagare"* meant *to pay* in Vulgar Latin), at receipts it was taking into account and by what was representing the exploitation claims, while the financial lending operations of and repayments were considered neutral, and therefore were not taken into account, and the operations that were supposed anticipated revenue and expenditure were taken into account at anticipated payments and expenditure.

The theory of organic balance sheet is a dualistic theory, because it established two basic purposes, namely: establishing the results and knowledge the structure of the structural components of the resources and means. The theory was launched by **Fr. Schmidt** in 1921 in his paper with the name "*Die organische Bilanz im Rahem der Wirtschaft*", through which was sustained the need to calculate the results and in balance sheet to be used the market value, through relating to the resupplying price, which leads to the calculation of the real result as a difference between the selling price and resupplying one. In this way the company was organically linked to its specific market and depends in its results by the existent market conjunctures. The professor Schmidt was sustained in this theory by specialist such as: Hauck, Niderauer and Pape.

The theory of the integral balance sheet or of the total balance sheet was developed by **W. Le Coutre** starting from the static theory of the balance sheet. Thus, through the balance sheet it must be put in highlight the relation of the company with the third parties and with the entrepreneurs concerning the capital made available, at the earning achieved and wealth exploited. Essentially, such a balance sheet pronounced with technical character must offer information about exploitation on four components, and namely: wealth and capital, dever, expenditures and revenues and profit or loss.

The theory of the gold balance sheet is the result of the hyperinflationary periods after the First World War, when the balance sheet could no longer fulfill the purpose for which it was drawn. The disadvantages of the price increases were making felt the presence on several important levels, namely: the one of losing value for the depreciation fond and the reserves already set up and unused, the one of the relation with the owners of capitals, especially on the line of fictitious dividends, etc and of changes between partners/shareholder.

It was imposed since 1923, the legal obligation of preparing a balance sheet in constant currency for the countries facing with high inflation, countries were the wages were paid three times per day, including Germany, Poland, Hungary (reader Petris, 1988, p. 387). The promoters of this theory are the professors E. Schmalenbach, W. Prion, Fr. Schmidt, Sp. Iacobescu, V. Slavescu, V. M. Ioachim. The essence of this theory consisted in converting the value of the balance sheet items expressed in current currency at the date of preparing the balance sheet in gold value, taking into account by the report between that currency and gold standard, without taking into account the fluctuation of the gold price caused by various factors.

The theory of the nominal balance sheet was developed in 1928 through the paper "*Einfuhrung in die Privatwirtschaftslehre*" at Nuerenber by the Whilhem Rieger and supported even by the E. Schmalenbach in 1936 torugh the paper "*Dynamische Bilanz*". The central idea of this theory consisted in the fact that the balance sheet represented the expression of some intermediate settlements, with the exception of the balance sheets ended at liquidation fusion, selling, occasion with which is total settled all the operations that generate preliminary revenue and expenditure. In other words this theory focuses on converting the asset into cash and of liability in immediately sources.

The theory of balance sheet reality is based by the Professor D. Rusu in his studies after 1967 and later systematized in his paper *"Bases of Accounting"* (Rusu, 1980, pp. 244-245). The essence of this theory consists in seeing the balance sheet as a summary calculation that allows seeing from a single glance the *economic and judicial situation of the company*, through the means, of the own resources and foreign ones an finally the result of the period.

In other words, the balance sheet must be an integral instrument to view all of the problems and phenomena both from economic perspective, and from judicial perspective. The professor D. Rusu insists on the multiple function of the balance sheet, of control, of analysis and of guidance of the company's activity based on some real data. The reality of the data is assured by the accounting methods and techniques applied to the processes and phenomena from the accounting perimeter of the company, such as: adequate calculation method, inventory methods specific to the domain, highlighting the expenditure on phases of the economic circuit, correct assessment in accounting.

Theory of multiple balance sheet was developed by Professor M. Ristea and it was based on the fact that the balance sheet was putting into practice a double representation of the patrimony, it becoming *"a global and structural model, a model of state and motion,…, a model based on the open and management economic calculation a model of reflecting of control and prediction, a model based on the cost of production and reproduction of the heritage"* (Ristea, 1983, pp. 95-97) (Ristea, 1989, pp. 52).

In our opinion we consider that this theory is a hybrid one with a high degree with redundancy with other theories, but especially with the one of the reality developed with about 20 years before, by the professor D. Rusu from Iasi. In addition, from structural point of view, as we will see in the following paragraph, table nr…, this theory is a unfortunate combination for the accounting of the twentieth century, between the trial balance and balance sheet.

Besides the theories already presented the literature in the field (Demetrescu, 1972) (Petriș, 1988) (Robu) reveals and a number of theories such as:

a. *theory of the financial balance sheet*, which was developed by Ernst Walb in 1966 and that derives from the dynamic theory of the balance and that emphasizes the necessity of real reflecting of the capital starting from a purchase value at which is added and the subsequent oscillations;

b. *the theory of profitability calculation*, which was developed by M.R. Lehmann and insisted on the idea of assessing at the current price of the components from the balance sheet, including of the capital. Within the balance sheet, Lehmann adds and the evolution of the receipts and payments between two successive balance sheets, which is an idea taken up in the international normative referential;

c. *the theory of projection balance shee*t, which was developed by Wolfram Engels in 1962 and which gives to the balance sheet of function of perspective by using some standards in the domain;

d. *the theory of the synthetic balance sheet*, which was developed by Horst Albach in 1965 and that emphasizes the role of element of clearing of the parties of benefits made during the balance sheet period.

e. *the theory of analytical function of the balance sheet* was developed by Wolfgang Stutzel, who believes that the amounts appear in balance sheet by counting (inventory) through legal operations (trading) and by assessment (the ones that weren't the subject neither of the inventory nor of trading). Stutzel insists with predilection on the necessity of real establishment of the wealth by assessment, so that the creditors can know the real state of the company.

f. *the theory of multiple whole goals*, that was developed in 1969 by E. Henien and through which it was attributed to the balance sheet the main purpose of ensuring to take some optimal decisions by the managerial tram of the company. At this main purpose with static character it was completing with a dynamic one, ie with a supplementary component called balance sheet of movements, through which were confronting the provisions with the achievements in order to determine the deviations. This dynamic component would be destined to cover several purposes of management nature.

The literature of specialty highlights different criteria of grouping the theories about the balance sheet, including: the criterion of the purpose (mono, dual or multiple), the criterion of the economic content and of the way of organization of the data in the balance sheet, the criteria of assessment methods (with one price and several prices). For our purpose we considered necessary to enumerate them and briefly introduce on the main theories and no to approach the doctrinal side of those.

3. Forms of Presenting the Balance Sheet

Over the time the concept of balance sheet was used to gain an overview on the whole, as *"a model of synthesis in money expression at some point of the relation of balance between the asset and liability of the heritage"* (Ristea, 1989, p. 24), but and with components for assessing the financial result as a part of the heritage situation. In this respect the basic relation of the model of balance sheet is:

Assets – Obligations = Net assets

We mention that over time each balance sheet theory emphasized a certain basic relation but and a structure afferent to the concept of balance sheet. In the following table we make a synthetic presentation of the main models and relations of balance on the most representative theories of the balance sheet, systematized by the professor M. Ristea in two papers of his published in Academy of Socialist Republic Romania Publishing House (Ristea, 1983, pp. 95-97).

Table 1. Presentation forms of the balance sheet on balance sheet theories

Theory	Asset	Liability
Static theory	1 Fixed assets 2 Circulating assets 3 Loss	1 Own sources 2 Obligations 3 Profit
Dynamic theory		
	1 Payments that have not yet become expenditure 2 Payments which have not yet become revenue	1 Expenditure that have not yet become payments 2 Revenues that have not yet become results or benefits

Theory	Asset	Liability
	3 Economic results of benefits that have not yet become revenue 4 Economic results of benefits that have not yet become expenditure 5 The balance of cash 6 Result – loss	3 Revenues that have not yet become payments 4 Expenditure that have not yet vet become results or benefits 5 Own sources 6 Result – profit
	1 Expenditure paid in the respective period 2 Expenditure paid in the previous period 3 Expenditure paid for the future period 4 Total expenditure 5 Result – profit	1 Revenue collect during the respective period 2 Revenue collected during the previous period 3 Revenue collected during the future period 4 Total revenue 5Result– loss
Eudynamic theory	Fixed assets Circulating assets Substance threatened Loss	Own sources Obligations Substance threatened Profit
Organic theory	Current account	Own sources Modification the value of goods Profit
Patrimonial theory	I. Property values II. Debtor people III. Losses IV. Values in payments and other records	I. Net pecuniary rights II. Obligations III. Benefits IV. Owners of possessions and other records
Economic theory	Fixed wealth Circulating wealth	Total own capital Foreign capital
Nominal theory		
	1 Potential revenue (preliminary) 2 Negative result	1 Potential expenditure (preliminary) 2 Positive result
	Asset available at dissolution, liquidation, sale Negative result	Liability outstanding at the dissolution, liquidation, sale Positive result
Pagatoric theory	Cashing on types Sold of unit's commitments compared to third parties at the end of year Negative financial result	Payments by destinations Sold of unit's claims at the end of the period Positive financial result
Theory of financial balance sheet	Financial fixed assets of the funds	Sources of financing of the funds
Theory of perspective calculation	Inputs of goods, services and cashing expected to occur in the following period	Output of goods, services and payments expected to occur in the following period Positive sold.
Theory of forecasting	Standard assets	Passive standard

<table>
<tr><th>Theory</th><th colspan="5">Asset</th><th colspan="5">Liability</th></tr>
<tr><td>balance sheet</td><td colspan="5"></td><td colspan="5"></td></tr>
<tr><td rowspan="2">Theory of profitability calculation</td><td colspan="5">Fixed and circulating asset, assessed at the price of the day
Assets concerning the benefits, of which financial mean</td><td colspan="5">Own and foreign existent liability, assessed at the price of the day
Positive financial result</td></tr>
<tr><td>Expenditure</td><td colspan="4">Unfavorable sold from reassessment
The remaining of costs, of which payments</td><td>Revenue</td><td colspan="4">Favorable sole from reassessment
The remaining revenues, of which receipts</td></tr>
<tr><td rowspan="4">Theory of multiple balance sheet</td><td>Asset</td><td>Initial sold</td><td colspan="2">Turnover</td><td>Final sold</td><td>Liability</td><td>Initial sold</td><td colspan="2">Turnover</td><td>Final sold</td></tr>
<tr><td>Fixed and circulating funding</td><td></td><td>D</td><td>C</td><td></td><td>Funding from own, borrowed and foreign financial sources</td><td></td><td>D</td><td>C</td><td></td></tr>
<tr><td>Expenditure on types</td><td></td><td></td><td></td><td></td><td>Revenues by source of formation</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Losses</td><td></td><td>X</td><td>X</td><td></td><td>Benefits</td><td></td><td>X</td><td>X</td><td></td></tr>
</table>

Today we can speak of a tradition regarding the organization of the positions in the accounting balance sheet on two recognized geographical areas of accounting. The Continental Europe has opted for a increasing sorting of the liquidity degree of the assets (Tugui, 2002, p. 34), while in the North America has opted for a presentation of the assets in the decreasing order of the liquidity degree afferent to the component elements.

Regarding the balance liability, it is ranked by the degree of chargeability of the funding sources, ascending in Continental Europe and descending in North America. In the lower table we present these balance sheet structures on the two traditional areas (Stolowy, Lebas & Langlois, 2006, p. 66).

According to the Fourth Directive – the balance sheet is a component of the annual accounts together with the profit and loss account and annexes. Regarding the presentation form of the accounting balance sheet, the Directive, in Article 9[1], highlights the account type of it, as we present in the table below.

[1] 4th Council Directive of 25 July 1978 at the link http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31978L0660:EN:NOT

Table 2. Presentation forms of the accounting balance sheet in France after 1990

Asset	Liability
A. Subscribed unpaid capital B. Constitution expenditure C. Fixed asset D. Circulating asset E. Regularization accounts - Asset F. Loss of the exercise	A. Own capital B. Provisions for liabilities and charges C. Debts D. Regularization accounts - Passive E. The benefit of exercise

The Anglo – Saxon countries prefer the presentation as a list of the accounting balance sheet, such as it is structured through the 10 article from the Fourth Directive of the EEC Council, establishes the following structure:

Table 3. Presentation forms of the accounting balance sheet in France after 1990

A. Subscribed unpaid capital B. Constitution expenditure C. Fixed asset D. Circulating asset E. Regularization accounts - Asset F. Current debts G. Circulating assets/Net current debts H. Total asset minus Current debts I. Debts to be paid over a period longer than one year J. Provisions for risks and expenditure K. Regularization accounts - Liability L. Capital and reserves

At international level, the *General Framework for the Preparation and Presentation of the Financial Situations,* from within the International Standards of Financial Reporting, sets as the *"objective of the financial situation to provide information about the financial position, performances and changes of the company's financial position, that are useful to a broad scope of users in making economic decisions".*

4. Conclusions

Some authors consider the balance sheet as a summary of the repeated equalities of change, which in their totality get to present the integral structure of the heritage, and others see in balance sheet the summary of inventory presented in account form. The theory of balance sheet demands that the set of problems and phenomena to be considered integral, whether they are of socio – economic nature, whether they have legal character.

The balance is a system that represents the correlation between the economic means and constitution resources of these, in a relation of balance between asset and liability, provided through financial results – profit or loss – obtained in the reference period.

In the market conditions or competitive, the data contained in the balance sheet can provide a comprehensive and effective imagine over the economic and financial situation of each economic agent. Such information is equally useful for both the company itself, and for third parties (represented by suppliers, clients, banks, investors, competitors and state administration). The periodic preparation of the balance sheet as being the state at some point of the company's situation is stated in all the countries in the world.

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*** International Financial Reporting Standards *(IFRS^{TM}) including the International Accounting Standards (IAS^{TM}) and Interpretations on 1 Janauary 2005, CECCAR Publishing House, Bucharest, 2005.*

*** 4th Council Directive of 25 July 1978 La adresa http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31978L0660:EN:NOT