

The Role of the Patrimonial Result Account in Rendering Performance in the Secondary Educational Institutions

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Abstract

Through its tools, in particular through patrimonial result account, accounting gives information about the performance in the secondary educational institutions and beyond.

In the work "Informational valence regarding the role of the patrimonial result account in rendering performance at secondary educational institutions" it is presented an analysis model of the performance in the pre-university education institutions based on the economic-financial indicators. These indicator simply an analysis of the dynamics and structure of revenues, costs, results and enable the knowledge of the resource management in order to cover expenses from the revenue, their evolution and their total balance.

The analysis was based on hypothetical data over a period of two years, and after this period it was determined that the institution has managed to maintain its level of efficiency in resource management.

Key words: patrimonial result account, performance, economic – financial indicators

J.E.L. classification: M49

1. Introduction

The informational-accounting system and the accounting tools are the informational basis of secondary educational institutions thanks to the information provided which allows both highlighting the management of resources but also provides necessary data analysis and secondary educational institutions activity and therefore their performance.

Information provided by accounting instruments primarily by the patrimonial result account which is the database for the analysis that is based on economic – financial indicators of the performance of secondary education.

The aim is to identify the role of patrimonial result account in rendering performance in the secondary education institutions. In order to achieve this aim we used an analysis based on the indicators of the account result elements of the secondary educational institutions for a period of two years.

2. Research Methodology

Research can be defined as an activity able to determine an understanding, an intuition or knowledge obtained through diligent perception and systematic inquiry of a subject / of a theme so as to validate the perception of the researcher (Andone, 2011, p.1); an active systematic process to discover, interpret or revise facts, events, behaviors, or theories, or to make the practical applications by using these acts, laws or theories (Pisoschi, 2006, p.4).

The research methodology can be equated with a structured and current system of rules, principles, methods, tools and know – how (Ristea, 2009, p.33).

The scientific knowledge of the facts, social phenomena and processes is performed by using some clearly defined concepts, by using rigorous research methods and techniques, checking assumptions or pursuing the objective description of social life (Chelcea, 2007, p.48).

It has an important role in all educational institutions including education, and society.

In order to perform effective and efficient research we need to acquire new knowledge in the chosen field research. Thus, we have chosen to present the role of account result in mirroring the performance of the secondary educational institutions and calculating the indicators based on the information provided by it.

The working technique that was used was based on reviewing the specialized literature, studying the law, and the factual documentation for the secondary educational institutions.

The procedures that we used were observation, reasoning, documentation, analysis, synthesis and interpretation.

3. The importance of the patrimonial result account for the secondary educational institutions

Finding the balance sheet result is insufficient for the possibility to assess the current situation and to anticipate the dimensions of future efforts, a fact that requires the integration into the structure of the complex of balance sheet of the patrimonial result account (Cenar, 2007, p. 253). The patrimonial result account reveals the situation of revenue, funding and expenses from the current exercise (Ştefan, 2008, p. 353).

In the result account the revenues are structured according to their nature or their source and expenses are structured according to their nature and destination. In this document we can find the income calculated which do not involve collecting as well as calculating the expenses which do not involve a payment. The patrimonial result expresses the performance of public institutions. It may be surplus or deficit and is determined according to funding sources, depending on the entity's activities: operational, financial and extraordinary.

The equivalence report is established between income, financing and expenses, the balance equation is represented by result, surplus or deficit, obtained by deducting the revenues accrued from the encountered expenses (Cenar, 2007, p.253).

4. The role of account result in reflecting the performance from the pre-university educational institutions

The finality of the pre-university system is forming the human personality through acquiring the scientific knowledge, the national and universal cultural values, forming the intellectual capacity and practical skills by assimilating human, scientific, technical and aesthetical knowledge.

One of finalities of the public institutions accounting, including those of pre-university education, is the formulation of judgements concerning the way to manage the public resources starting from the account of patrimonial result, the budget execution account etc.

These services are considered most important since they are found at the general professional level of the society members. In order to study the performance of secondary educational institutions we must define this concept.

A general approach, the performance shows *the ability progress due to the constant efforts*. The word performance is the bearer of an ideology of progress, effort to always do better (Albu, Albu, 2005, p. 30-34).

Performance is associated with three notions: *economy* (procurement of necessary resources at the lowest cost), *efficiency* (maximizing the achieved results) *effectiveness* (the results that are achieved need to correspond with those that were provisioned). Performance is expressed through the added value attributed to public service called education, but the proportion of an individual contribution to the development of society, in reference to the objectives and standards that were established.

When using the modern accounting term through the performance criterion we understand the real image if it reflects the objective reality through a full and pertinent information on the facts, on the economic processes that can be expressed in a monetary standard. Accounting is the expression of legitimacy, of the facts, the economic phenomena, a true image (Horomnea, Pahone, 2002, no 5/2002) which presumes accuracy and precision informing the user. Thus, the performance of pre-university institutions can be studied by analyzing pre-revenue and expenditure respectively through patrimonial result account. Patrimonial result account allows providing information about

the financial performance of secondary education institutions but also on the formation and of the result found in the balance sheet. Patrimonial result account presents the situation of revenue, funding and expenses from the current exercise (OMFP 1917/2005).

Through this document, the result of the financial exercise is determined as the difference between revenue / funding and expenses, as a result containing both commitments and paid debts as well as patrimonial one that offers the possibility of reflecting non-budgetary outturn (Cenar, 2007, p. 253). The result is an economic patrimonial result expressing financial performance of a public institution or surplus or deficit (OMFP 1917/2005). The released result cumulates the result of budget execution and that of non-budgetary execution (the effect of varying the steady income over expenditure incurred) and contributes to obtain crucial information for forecasting accounts (Cenar, 2007, p. 254). In order to give a practical character to the paper we will present an economic– financial analysis of the income, the expenditure and the outcomes across an secondary education institution based on hypothetical data.

Table no.1: Patrimonial account result elements in a secondary educational institution
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Elements	Total	Total
	2014	2015
Operational revenues	5567	6647
Operational expenses	5475	6245
The result of the operational activity	92	402
Financial Revenues	555	388
Financial Expenses	238	358
The result of the financial activity	317	30
<i>The result of the current activity</i>	<i>409</i>	<i>432</i>
Extraordinary Revenues	110	0
Extraordinary Expenses	105	0
The result of the extraordinary activity	5	0
The patrimonial result of the exercise	414	432

Source: own projection

a) *The dynamic analysis of the revenues, expenditures and outcomes* requires calculating the following indicators:

- Change / absolute deviation is calculated as the difference between income, expenses or results of current period (2015) and income, expenses or results of the previous period (2014):

- $\Delta R = R_n - R_{n-1}$, where R_n represents the revenue from the current period (year 2015) and R_{n-1} revenue from the previous period (year 2014)

- $\Delta Ex = Ex_n - Ex_{n-1}$, Ex_n - expenses of the current period, Ex_{n-1} - expenses of the previous period

- $\Delta R = R_n - R_{n-1}$, R_n represents the result from the current period and R_{n-1} - result from the previous period.

- The dynamics of revenues, expenses and results is determined by reporting the revenues (R_n), the expenses (Ex_n) and the results (R_n) from the current period to the revenues (R_{n-1}), expenses (Ex_{n-1}) or results (R_{n-1}) of the previous period:

$$- \quad I^R = \frac{R_n}{R_{n-1}} * 100; \quad I^{Ex} = \frac{Ex_n}{Ex_{n-1}} * 100; \quad I^R = \frac{R_n}{R_{n-1}} * 100;$$

- The rhythm of the phenomena /the modification in percent and relativity is calculated by subtracting from the dynamic of the revenues, expenses and results the value of 100:

$$- \quad R^R = I^R - 100; \quad R^{Ex} = I^{Ex} - 100; \quad R^R = I^R - 100$$

The results that were obtained after calculating these indicators have been presented in the following chart:

Table no. 2: Analysis in the dynamic of the patrimonial result account

Elements	Δ	I	R
Operational revenues	1080	119,40	19,40
Financial revenues	100	69,91	-30,09
Extraordinary revenues	- 110	0	-
Operational expenses	770	114,06	14,06
Financial expenses	15120	150,42	50,42
Extraordinary expenses	- 105	0	-
Operational result	310	436,96	336,96
Financial result	- 287	9,47	- 90,53
Current result	23	105,62	5,62
Extraordinary result	-5	0	-
Patrimonial result	18	104,35	4,35

Source: own projection

There is a time evolution of revenue and expenses in the secondary educational institution, as follows:

- Operating income increased from 5567 to 6647 lei at a rate of 19.40% Financial income decreased by 167 lei and a rate of 30.09% and extraordinary income fell 110L.
- Operating expenses increased (14.06%) and financial expenses increased (50.42%). We cannot say the same thing about the extraordinary expenses which decreased by 105 lei.

As a result of the changes in the dynamics of revenues and expense sheld by the entity the result will be changed. The overall result of the patrimonial exercise developed positively increasing by 4.35%.

a) *The analysis of income, expenditure and outcomes* is determined by categories of incomes, expenses and results classified by types of activities (operational, current or extraordinary):

b) It is encountered an evolution in time of the revenues and expenses of the secondary educational institution, as follows:

- The specific weight of revnues (the quantity of an income category in the total revenue):

$$W^i = \frac{I_i}{I_t} * 100$$

- The specific weight of the expenses (the quantity of an expenses category in the total of expenses): $W_i^{ch} = \frac{Ex_i}{Ex_t} * 100$

- The specific weight of the results (calculated by reporting a result to the result of an exercise):

$$W^i = \frac{R_i}{R_t} * 100$$

After calculating the structure indicators the following results were presented below:

Table no. 3: The analysis of the revenues, expenses and results

Elements	2014	2015
Operational revenues	89,32	99,48
Financial revenues	8,91	5,52

Extraordinary revenues	1,77	0
Operational expenses	94,10	94,58
Financial expenses	4,10	5,42
Extraordinary expenses	1,80	0
Operational result	22,22	93,06
Financial result	76,57	6,94
Current result	98,79	100
Extraordinary result	1,21	0

Source: own projection

It can be noted that the largest share comes from the operating income, represented by 89.32% of the revenues earned by the institution in 2014 and 99.48% of the revenues gained in 2015 by the pre-university education institution. The financial income decreased from year to year, so in 2015 they accounted for only 5.52% of the total revenue of the institution. Also in 2015, the institution has not held extraordinary income. Like in the case of revenues, the operating expenses have the largest share when talking about expenses (94.10% in 2014 and 94.58 in 2015). Unlike the financial income which decreased, the financial expenses have slightly increased (1.32%).

From the total of patrimonial result, the operational result accounted for 22.22% held in 2014 and 93.06% in 2015, the financial result represents 76.57% of total earnings in 2014 and only 6.94% in 2015.

c) *The cost indicator - income* is determined by reporting total expenses to the total revenue and indicates the extent to which total revenues cover expenses:

$I_{CV} = \frac{ExTotal}{RevenueTotal}$, where Total Ex represent the total expenses of the public institution in a year and the total revenue represent the revenue obtained by the institution from the current, operational and extraordinary activity.

$$I_{CV2014} = \frac{54784252}{56273138} \quad I_{CV2014} = 0,93 \quad I_{CV2015} = \frac{62490422}{66838036} \quad I_{CV2015} = 0,94$$

The efficiency of resource management pre-university institution has remained about the same, being recorded a favorable ratio between expenses and revenue of 0.93 in 2014 and 0.94 in 2015. The efficiency is relatively low but overall it is valued the usefulness of the activity in the secondary educational institution. From our point of view, the performance obtained by the educational institutions is not reflected only by comparing and analyzing revenue and expenses, it must pursue the degree of entering the labor market, the rate of graduates who go to the university to study and if these studies fit the profile or another area of training. From our research we have not found an institution who keeps an evidence of this kind.

Conclusion

Information on the work conducted by institutions of secondary education, their financial position and their performance are resulted from their financial statements.

Each institution or entity has a purpose: performance in its field. This performance is seen differently by each one depending on the scope of activity and the purpose of the activity. Pragmatically, the performance of secondary education can be studied by analyzing the income concerned through patrimonial result account.

Therefore we presented an analysis model of the performance of secondary educational institutions based on revenues, expenses and results and also their dynamic and their structure.

The analysis and the dynamics consisted in calculating the absolute change / deviation of the dynamics of revenues, expenses and results and the phenomenal rate / relative or percentage change. Following these indicators we could observe an increase in the operating income at a rate

of 19.40% and a decrease in financial income at a rate of 30.09% and the extraordinary income decreased by 110 lei, the operational expenses increased by 14.06% and financial expenses have increased by 50.42%, while extraordinary expenses decreased by 105 lei. As the result, it recorded an overall growth of 4.35%.

Analysis of the structure of revenues, expenses and results involved the calculation of specific weight of the total revenues, costs and results to the result of the exercise. Following up the calculations we can observe that the highest rate is owned by the operational revenues, while the financial revenues decreased from year to year. As the expenses are concerned we can say that the highest rate is held by the operational expenses, while the financial expenses record a slight increase of 1.32%. The large share of revenues and operational expenses led to a high operational result compared to the other categories of results. Also the structural analysis allows the calculation of the cost-revenue indicator which reflects the extent to which the expenses are covered by revenues that were obtained.

After the calculations have been realised, it can be concluded the secondary educational institution recorded a favorable report between the revenue and the expenses, the institution maintained its level of efficiency and resource management from one year to another.

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