

 Universitatea „Aurel Vlaicu” din Arad	METODOLOGIA		COD: M. 03	Ediția: a V-a
	proprie de concurs pentru ocuparea posturilor didactice și de cercetare vacante pe perioadă nedeterminată, în Universitatea „Aurel Vlaicu” din Arad		Ex. nr.	Revizia: 3 Pagina: 1 / 76

Anexa 4a

FIȘA DE VERIFICARE
A ÎNDEPLINIRII STANDARDELOR MINIMALE ALE UNIVERSITĂȚII
pentru ocuparea posturilor didactice și de cercetare (adaptată după metodologia proprie U.A.V.)
Asistent universitar pe perioadă nedeterminată

I. DATE DESPRE CANDIDAT

NUME **PANTELIMON** PRENUME **NATALIA-IOANA** CNP **2870515020151**

Postul pentru care candidează **Asistent universitar** Poziția în statul de funcții **68**

Disciplinele Relatii publice; Fundamentele calității în sectorul public; Introducere în relații publice; Metodologia cercetării științifice în științele administrative; E-government; Organizarea și funcționarea comunităților locale în Europa; Publicitate imobiliară; Dreptul muncii; Dreptul muncii și securității sociale I; Dreptul muncii și securității sociale II; Dreptul afacerilor; Contabilitatea instituțiilor publice; Drept; Politici publice I.

Departamentul de Limbi Moderne, Științe Socio-Umane și Arte

Facultatea de Științe Umaniste și Sociale

Gradul didactic actual _____ Poziția în Statul de funcții _____
Discipline _____

Departamentul/ Institutul de cercetare/Școla doctorală interdisciplinară _____

Facultatea _____
Universitatea _____

II. DATE PRIVIND ÎNDEPLINIREA CONDIȚIILOR DE CONCURS

1. Studii universitare de licență și masterat

Nr. crt.	Instituția de învățământ	Domeniul	Perioada	Titlul acordat
1.	Universitatea de Vest „Vasile Goldiș” din Arad Facultatea de Științe Juridice	Drept	2006 – 2010	Licențiat în Drept
2.	Universitatea de Vest „Vasile Goldiș” din Arad Facultatea de Științe Juridice	Drept	2010 – 2012	Master
3.	Universitatea „Aurel Vlaicu” din Arad Facultatea de Științe Economice	Contabilitate	2017 – 2020	Licențiat în Științe Economice
4.	Universitatea „Aurel Vlaicu” din Arad Facultatea de Științe Economice	Contabilitate	2018 – 2020	Master

2. Studii universitare de doctorat

Nr.crt.	Instituția organizatoare de	Domeniul	Perioada	Titlul acordat
1.	Universitatea de Vest din Timișoara Școala Doctorală de Economie și Administrație a Afacerilor	Științe sociale / Științe Economice	01.10.2020 – 13.03.2024	Doctor

3. Studii și burse postdoctorale

Nr.crt.	Instituția organizatoare	Domeniul	Perioada	Obs.
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4. Grade didactice/profesionale

Nr.crt.	Instituția organizatoare	Domeniul	Perioada	Titlul/Funcția

III. DATE PRIVIND ÎNDEPLINIREA STANDARDELOR MINIMALE SPECIFICE ALE UNIVERSITĂȚII

Nr.crt.	Condiții	Document justificativ
1.	Deține diploma de doctor în domeniul disciplinelor postului sau în domeniu conex	Diploma Seria J Nr. 0067534
2.	Deține certificat de absolvire a programului de formare psihopedagogică în vederea certificării pentru profesia didactică/a diplomei de master didactic sau alte documente echivalente/adeverință care să ateste înscrierea la un program universitar de formare psihopedagogică pentru învățământul superior	Diploma Nivelul I (Inițial) Seria Af Nr. 0006018 Diploma Nivelul II Postuniversitar Seria Ag Nr. 0006714
3.	Media ponderată de promovare a anilor de studii (ciclul I de studii)	Drept 8,84 Contabilitate 9,15
4.	Media examenului de finalizare a studiilor (ciclul I de studii)	Drept 9,25 Contabilitate 9,70
5.	Media ponderată de promovare a anilor de studii (ciclul II de studii)	Drept 9,92 Contabilitate 9,77
6.	Media examenului de finalizare a studiilor (ciclul II de studii)	Drept 10 Contabilitate 9,80
7.	Îndeplinește standardele minimale ale universității de ocupare a posturilor didactice, specifice funcției didactice de asistent universitar/șef de lucrări universitar, conform Anexei 1	Lista lucrări

Se demonstrează cu lista indicatorilor specifici domeniului postului conform Anexei 1 AICI
SE PRECIZEAZĂ LISTA ARTICOLELOR / PARTICIPĂRILOR

Articole indexate BDI

1. Iuraș, A., Popa, D.-N., **Foltean, N.I.** (2023) „Business Valuation and ESG factors – an integrated approach”, The Annals of the University of Oradea. Economic Sciences TOM XXXII, 1st Issue, July 2023, ISSN 1582-5450 (electronic edition) ISSN 1222-569X (print edition), pp. 378-390.
2. Gomoi, B. C., **Pantelimon, N. I.** (2022) „Study on the turnover and profitability indicators within the companies listed on the stock exchange”, Annals. Economic Science Series. Timișoara, Tibiscus University in Timisoara, Faculty of Economics, Editura Eurostampa, I.S.S.N. 1582 – 2680, Vol. XXVII, pp. 66-73. <https://www.cceol.com/search/article-detail?id=1105681>
3. Mateș, D., **Foltean, N.-I.** (2021) „Synthesis financial information – between utility and users in the context of the COVID-19 Pandemic”, Annales Universitatis Apulensis Series Oeconomica, Nr. 23, Vol. 1, ISSN: 1454-9409 (Print) / 2344–4975 (Online) / ISSN–L 1454–9409, pp. 11-16.
4. Gomoi, B.C., **Pantelimon, N.I.** (2021) „SIG și CAF – modalități de evidență și analiză a performanțelor financiare ale entităților economice”, CECCAR Business Review, No 1/2021, pp. 20-31, ISSN 2344-2239, DOI: <http://dx.doi.org/10.37945/cbr.2021.01.03>. <https://www.ceccarbusinessreview.ro/ro/sig-si-caf-modalitati-de-evidenta-si-analiza-a-performantelor-financiare-ale-entitatilor-economice-a97/>, indexat RePEc, Ideas, EconPapers, DOAJ, ROAD, Crossref.
5. Gomoi, B. C., **Pantelimon, N. I.** (2020) „Disruptions of the companies’ performance-generating factors in the context of the COVID-19 Pandemic”, Annals. Economic Science Series. Timișoara, Tibiscus University in Timisoara, Faculty of Economics, Editura Eurostampa, I.S.S.N. 1582 –

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2680, Vol. XXV, pp. 60-65. <https://www.cceol.com/search/article-detail?id=1105680>

6. Gomoii, B. C., **Pantelimon, N. I.**, (2020) „*Analiză comparativă privind structura financiară și de finanțare la societățile cu răspundere limitată*”, Contabilitatea, Expertiza și Auditul Afacerilor, Nr. 8, August 2020, ISSN 1454 - 9263, pag. 30-40, DOI: [dx.doi.org/10.37945/cbr.2020.02.06](https://www.ceccarbusinessreview.ro/ro/abordari-contabile-si-fiscale-privind-autoturismele-care-nu-sunt-utilizate-exclusiv-in-scopul-activitatii-economice-a42/), <https://www.ceccarbusinessreview.ro/ro/abordari-contabile-si-fiscale-privind-autoturismele-care-nu-sunt-utilizate-exclusiv-in-scopul-activitatii-economice-a42/>., indexat RePEc, Ideas, EconPapers, DOAJ, ROAD, Crossref.
7. **Foltean, N.-I.** (2022) „*Empirical analysis of the relevance of financial information of romanian listed pharmaceutical companies*”, The Annals of the University of Oradea. Economic Sciences – TOM XXXI, 1st issue, ISSN 1582-5450 (electronic edition) ISSN 1222-569X (print edition). [http://doi.org/10.47535/1991AUOES31\(1\)020](http://doi.org/10.47535/1991AUOES31(1)020).



UNIVERSITATEA DIN ORADEA
Facultatea de
Științe Economice



THE PROGRAMME OF
THE 18TH INTERNATIONAL CONFERENCE ON EUROPEAN INTEGRATION – NEW CHALLENGES – EINCÖ 2022
University of Oradea, Faculty of Economic Sciences
May 26th -27th, 2022, Oradea, Romania - online

Organized by:
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Academia Română, Institutul de Economie Națională /The Romanian Academy, The Institute of National Economy (IEN),
Academia Română, Institutul Național de Cercetări Economice /The Romanian Academy, The National Institute of Economic Researches (INCE),
The Leadership Institute, USA (LI),
Centrul de Cercetare pentru Competitivitate și Dezvoltare Durabilă /The Research Centre for Competitiveness and Sustainable Development (CCDD),
Centrul de Documentare Europeană din cadrul Universității din Oradea /European Documentation Centre Oradea, University of Oradea (EDCO),
Societatea Academică de Management din România /The Romanian Academic Society of Management (SAMRO),
Corpul Experților Contabili și Contabililor Autorizați din România – filiala Bihor /
The Body of Expert and Licensed Accountants of Romania – Bihor County Branch (CECCAR)

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7.	INDICATORS AND 3R-TYPE MEASURES IN OVERCOMING FINANCIAL DIFFICULTIES OF COMPANIES Luminița RUS, Daniela ZAPODEANU, Carmen Mihaela SCORȚE
8.	PERFORMANCE ANALYSIS OF THE ROMANIAN FOOD INDUSTRY Tibor TARNÓCZI, Edina KULCSAR

11:00 – 11:15 intermission

11.15 – 13.30 - Paper presentation and discussions

Minitrack on ACCOUNTING	Chair: Professor Victoria BOGDAN, Ph.D. Associate Professor Dorina-Nicoleta POPA, Ph.D.
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1.	AN EMPIRICAL STUDY ON THE INFLUENCES OF ACCOUNTING POLICIES, ORGANIZATIONAL CLIMATE, AND FINANCIAL REPORTING DISCLOSURES ON THE PERFORMANCE OF NON-FINANCIAL LISTED COMPANIES Victoria BOGDAN, Dorina Nicoleta POPA, Mărioara BELENEȘI
2.	INTELLECTUAL CAPITAL ACCOUNTING - A CHALLENGE OF MODERN ACCOUNTING Cati-Loredana DUMITRU SOARE
3.	FINANCIAL REPORTING IN A EUROPEAN SINGLE ELECTRONIC FORMAT Cati-Loredana DUMITRU SOARE
4.	EMPIRICAL ANALYSIS OF THE RELEVANCE OF FINANCIAL INFORMATION OF ROMANIAN LISTED PHARMACEUTICAL COMPANIES Natalia FOLTEAN
5.	NON-FINANCIAL REPORTING: A BIBLIOMETRIC REVIEW OF THE PAST DECADE Roxana IRIMUS
6.	USING THE CONCEPT OF STRATEGIC FOCUS AND FUTURE ORIENTATION TO CREATE AN INTEGRATED FRAMEWORK BETWEEN THE CONCEPTUAL FRAMEWORK OF FINANCIAL ACCOUNTING AND INTEGRATED REPORTS Almujalini Aws Saeed MIRDAN, Maki Sajjad Abd ALMAGEED, Hakeem Hammood FLAYYIH, Anged Hamid Murad ALI

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EMPIRICAL ANALYSIS OF FINANCIAL ACCOUNTING INFORMATION RELEVANCE OF ROMANIAN LISTED PHARMACEUTICAL COMPANIES

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Abstract: Financial reporting aims to provide financial and economic information about a company, which is useful for internal and external users, in order to provide the basis for business decisions. The business area needs to pay close attention to the information in financial reporting, whether it belongs to the entity's internal environment or the external environment, to use the information as efficiently as possible. Financial information most frequently is used through the analysis conducted on indicators calculated with the help of the summary and reporting documents for the financial year. This paper aims to analyze the main factors that make a significant contribution to the relevance of financial information. To achieve our target, we have carried out an empirical analysis of panel data on a sample of five pharmaceutical companies listed on the Bucharest Stock Exchange. The period considered was five years, since financial years were included in this period, which had been conducted under similar conditions, but also surprised a financial year in which most of the areas of activity suffered. The data were collected based on the companies' annual financial reports. The present study confirms that both the net income and the comprehensive income of the year have a substantial impact on the relevance of the financial accounting information. In addition, according to the present study, the main drivers of the relevance of financial information are ROE (Return on equity), ROA (Return on assets), profit margin rate, and LEV (leverage).

Keywords: financial accounting information, pharmaceutical industry, net income, comprehensive income, panel data.

JEL Classification: M41, C23.

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1. Introduction

Financial information is intended to assist users to base their economic decisions on analysis. The authors Ișfănescu et. al (2002) agree with this concept, considering the information as the raw material upon which the analysis is based and providing the elements necessary for the management of the entity (Laval and Ștefea, 2018). All the information on which the economic and financial analysis is based comes from internal sources, as well as from outside the company. Munteanu et. al (2014) agree that the accounting system is a privileged source of information, useful in any strategic or financial analysis. Therefore, financial information is provided by the analysis through the calculated indicators, using the following summary and reporting documents: balance sheet/statement of financial position, profit and loss account/statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements.

Accounting harmonization requires that financial reports are provided to users in the most efficient and functional format to be as easy to observe the position and financial performance of the company as possible. The accounting standards also expressly state that the financial reports must provide the necessary data faithfully in such a way that the financial position, financial performance, cash flows, and other accounting statements are complete, neutral, and error-free (Tișcenco and Bădicu, 2021; Cosmulese and Hlaciuc, 2019). In an increasingly competitive business environment, measuring company performance is a constant management concern to improve market position and attract new investors. Thus, the performance of companies is the most relevant indicator when it comes to benchmarking within the same industry, the field of activity, or across sectors of activity. Investment in manufacturing is currently increasing. However, assessing the performance of companies becomes more important for managers, shareholders, investors, creditors, and stakeholders, but also competitors in the same industry (Hada, 2020).

In this work, we have chosen to look at the pharmaceutical industry because it is a key area of activity that has grown increasingly in recent years to treat and maintain human health. The progress of science in medicine has also led to progress in the pharmaceutical market, and we, therefore consider it an interesting area to analyze. The central focus of the study is on the relevance of financial accounting information from the perspective of the net and comprehensive income examined on BSE pharmaceutical listed companies. In the light of this, we are seeking answers to the following research questions:

RQ1: To what extent is the relevance of financial information influenced by the comprehensive income of the company? What about the net income per share?

RQ2: What are the main drivers of financial accounting information relevance?

2. Theoretical background and literature review

In the economic field, performance is generally the achievement of organizational objectives, as a quantity of everything that contributes to the achievement of strategic objectives, and over time, the assessment of companies' performance was a widely debated issue in the attempt to find the best measuring tool (Ban et. al, 2020). Biddle and Choi (2006) consider that comprehensive income is a very crucial indicator because it features both net income and other elements of comprehensive income, generating greater usefulness for stakeholder decision-making. Also, the authors of Gazzola and Amelio (2014) believe that in recent years, comprehensive income has been among the most essential indicators of the company's performance, and is higher than net income in the economic market (Pervan and Bartulović, 2014).

The accounting system appreciates profit as a degree of performance or a benchmark for the calculation of indicators relating to the efficiency of the company's management. The profit is calculated by the difference between income and expenses, but these items are subordinated to capital and capital-keeping elements. Therefore, the fair value measurement of indicators in the entity's financial position, as required by IFRS, has led to the establishment of the financial statement of the comprehensive income (Firescu, 2015; Bunget et. al, 2009; Pordea and Dumitrescu, 2021, Nobes and Stadler, 2015).

In recent years, there has been increasing progress on indicators in terms of financial management, as well as directing company strategy toward value creation. The purpose is to link the business performance translated through the current or previous cash flow to the market value of the entity as well as to the relative level of costs of the joint actions. There are several ways in which shareholder

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value creation can be expressed, but at the level of this work, we are looking at profitability indicators. These indicators constitute the traditional profit measurement model, which is related to the capital invested. These are earnings per share (EPS), return on investment (ROI), return on assets (ROA), and return on equity (ROE) (Tache, 2007).

Some developers could define performance as a positive difference between revenue and expenditure. But performance is also closely linked to two other elements: efficiency and productivity. Thus, one of the most important concepts of performance – profitability, is influenced by the actions of the company's managers, while having an impact on labor productivity and economic efficiency. (Vesa, 2018; Albu and Albu, 2005; Ștefea and Pelin, 2009). The share price and income per share are partly and simultaneously affected by the return on assets, but also by the added economic value and return on equity. The existing management and organization theories emphasize the links between the return on assets, the return on equity, the value-added, and the price of shares, the changes of which also affect the net result per share (Purnamasari, 2015; Tamuntuan, 2015). The effect of accounting information on earnings per share (EPS) was observed in the light of five types of financial indicators. Based on the results, it was noted that the market rate (PVB), the return on equity (ROE), the leverage ratio (LEV), and the cash flow from operations/sales have a considerable influence on the profit per share (Consler et. al, 2011). It can be noted that return on equity, financial ratios, equity liabilities, cash flow from operating activities, and book value significantly affects the earnings per share. They indicate that from an investor perspective, financial indicators play a significant role in investment decisions (Taani and Banykhaled, 2011; Popa et. al, 2009).

The results of this study are in line with the authors of Pop (2020) and Aqel (2021) that from the perspective of the investor the impact of the net income per share does not differ from the comprehensive income per share, both of which have a significant association with the share price trend, leading to greater value relevance for investors. Furthermore, the authors Pășcan (2014) as well as, Mironiuc et. al, (2015) claim that comprehensive income is a relevant indicator of the company's performance. In addition, the ROE, ROA, and leverage are influencing factors in the relevance of the financial information. The business area needs to pay close attention to the information in financial reporting, whether it belongs to the entity's internal environment or the external environment, to use the information as efficiently as possible. To assess the relevance of comprehensive income as well as net income, the usefulness of financial statements when provided to the public needs to be verified, not least, the identification of elements/indicators requires an impact on the relevance of financial information. According to this idea are also the authors Mironiuc et. al. (2015).

According to Marchini and D'Este (2015), Morais et. al (2018), Schaberl and Victoravich (2015) results, also due to the reporting requirements related to the comprehensive income statement of listed companies, as well as from the perspective of the empirical study carried out in this paper, is worth to investigate the relevance of the accounting information throughout net and comprehensive income. Based on these indicators the stakeholders can make optimal decisions. Therefore, we made the following assumptions:

H1: Financial accounting information relevance is affected by the comprehensive income per share.

H2: Financial accounting information relevance is affected by the net income per share.

H3: ROE, ROA, and LEV indicators influence the relevance of financial accounting information.

3. Research methodology and design

Through the theoretical part studied and mentioned above, we considered relevant the analysis of the main determinants showing significant action on the relevance of the financial information of the pharmaceutical industry companies listed by the Bucharest Stock Exchange, because it has been an area of activity that has undergone some changes directly. We used a sample of 5 companies tracked over a 5-year horizon, 2016, 2017, 2018, 2019, and 2020 developing panel data models. The period under review has been selected to follow the evolution of the relevance of the information, both a time frame in relatively constant (similar) business conditions, but also covering a financial year in which most business areas have changed. Among the pharmaceutical companies listed on BSE, MedLife was eliminated because the revenues of this company, for the analyzed period were obtained mainly from medical services provided.

The five companies analyzed are among the most representative BSE listed companies in this industry, thus each having a significant share of the Romanian market, which is differentiated in various aspects: *Antibiotice S.A.* is the only one of the five most state-owned companies and is claimed to be the leading

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global producer in the production of the active Nistatin sustenance, as well as the main drug supplier of the Romanian hospitals; *Ropharma S.A.* ranks fourth, among pharmaceutical chains at the national level with a market share of over 7%; *Farmaceutica Remedia S.A.* is also an important chain of pharmacies, focused on complex services (sales, import, logistics, etc.) and is predominantly owned by Romanian individuals; *Biofarm S.A.* is one of the main producers of medicines and food supplements; *Zentiva S.A.* is mostly owned by foreign entities and is focused on the production of medicines, both domestically and abroad, with 40% of the turnover being made up of exports.

The selected financial indicators as well as the formulated hypotheses are based on the study of the literature on the topic of financial accounting information relevance related to comprehensive income.

4. Data collection and statistics

The financial data were collected from the annual reports of the companies surveyed, and from the BSE records. The analysis uses financial accounting information on five pharmaceutical companies surveyed over the period 2016-2020 and applies panel-specific regression analysis to highlight the main drivers of the relevance of financial information. A breakdown of the variables used in the proposed models is given in Table 1.

Table 1: Description of variables used in the study

Nr. crt.	Description of the variable	Variable type	Calculation formula
1.	Price / share	Dependent	The average market price determined for each year
2.	Net income/ share	Independent	Net income for the year / Average number of ordinary shares
3.	Comprehensive income for the year/ share	Independent	Comprehensive income/ Average number of ordinary shares
6.	Return on equity	Independent	Net income/ Equity
7.	Return on assets	Independent	Net income / Total assets
8.	Leverage	Independent	Total debts / Equity
9.	Profit margin rate	Independent	Profit/ Turnover
10.	Net turnover	Control	Natural logarithm of turnover
11.	Company size	Control	Natural logarithm of total assets

Source: Own processing

To answer research questions and test the hypotheses, several regression models were developed as follows:

$$Pr_{i,t}^{act} = \alpha_0 + \alpha_1 \cdot Rez_{net_act_{it}} + \alpha_2 \cdot marimea_firmei_{it} + \varepsilon_{it}$$

$$Pr_{i,t}^{act} = \alpha_0 + \alpha_1 \cdot Rez_{global_act_{it}} + \alpha_2 \cdot marimea_firmei_{it} + \varepsilon_{it}$$

$$Pr_{i,t}^{act} = \beta_0 + \beta_1 \cdot ROE_{it} + \beta_2 \cdot control_var_{it} + \beta_3 \cdot vechime_list_BVB_{it} + \sum_{t=2016}^{2020} \gamma_t \cdot (year)_t + \varepsilon_{it}$$

$$Pr_{i,t}^{act} = \beta_0 + \beta_1 \cdot ROA_{it} + \beta_2 \cdot control_var_{it} + \beta_3 \cdot vechime_list_BVB_{it} + \sum_{t=2016}^{2020} \gamma_t \cdot (year)_t + \varepsilon_{it}$$

$$Pr_{i,t}^{act} = \beta_0 + \beta_1 \cdot levier_{it} + \beta_2 \cdot control_var_{it} + \beta_3 \cdot vechime_list_BVB_{it} + \sum_{t=2016}^{2020} \gamma_t \cdot (year)_t + \varepsilon_{it}$$

$$Pr_{i,t}^{act} = \beta_0 + \beta_1 \cdot rata_marjei_profitului_{it} + \beta_2 \cdot control_var_{it} + \beta_3 \cdot vechime_list_BVB_{it} +$$

$$\sum_{t=2016}^{2020} \gamma_t \cdot (year)_t + \varepsilon_{it}$$

where:

control variable as appropriate, company size, net turnover, and length of listing on BSE;

i = 1...5 represents the 5 companies in the sample;

t = 1, 2, ..., T represents the period (period 2016-2020);

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α_i are the parameters of the model;

Pr_act represents the relevance of the companies' financial accounting information;

ε_{it} are model errors.

5. Discussion of results

The impact analysis tested under hypotheses H1 and H2 aimed at estimating two regression models on panel data, in which the impact of net income per share and comprehensive income per share on the relevance of financial accounting information as a variable was measured. The company size as a control variable was measured by the logarithm of total assets. In both models, the hypothesis of fixed effects was accepted based on the results of the Hasman test (Table 2), for which the probability of the test is less than the significance threshold of 1%. The empirical results highlighted the positive and statistically significant impact at the 1% threshold, both the net income per share and the comprehensive income per share, leading to the validation of hypotheses H1 and H2. It also had a significant impact on the relevance of financial information and the size of the company, even if at a significance level of 10%. Both models are statistically valid with Fisher test probabilities below the 1% threshold, and the degree of determination in the models is very high at over 95%.

Table 2: Empirical results of the influence of net income per share and comprehensive income per share on financial accounting information relevance

Dependent Variable: PRET_ACTIUNE Method: Panel Least Squares Sample: 2016 2020 Periods included: 5 Cross-sections included: 5 Total panel (balanced) observations: 25					Dependent Variable: PRET_ACTIUNE Method: Panel Least Squares Sample: 2016 2020 Periods included: 5 Cross-sections included: 5 Total panel (balanced) observations: 25				
Variable	Coefficient	Std. Error	t-Statistic	Prob.	Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.642099	4.399637	-1.509693	0.1485	C	-8.519570	4.276917	-1.524362	0.1448
REZ_NET_ACTIUNE	1.473938	0.478969	3.077187	0.0065	REZULTAT_GL_ACT	1.527939	0.458950	3.328931	0.0037
MARIMEA_FIRMEI	0.377918	0.221007	1.709986	0.1045	MARIMEA_FIRMEI	0.370283	0.214880	1.723203	0.1020
Effects Specification					Effects Specification				
Cross-section fixed (dummy variables)					Cross-section fixed (dummy variables)				
R-squared	0.959501	Mean dependent var	1.025300		R-squared	0.961755	Mean dependent var	1.025300	
Adjusted R-squared	0.948001	S.D. dependent var	1.230041		Adjusted R-squared	0.948007	S.D. dependent var	1.230041	
S.E. of regression	0.285833	Akaike info criterion	0.564677		S.E. of regression	0.277763	Akaike info criterion	0.507397	
Sum squared resid	1.470608	Schwarz criterion	0.905983		Sum squared resid	1.388739	Schwarz criterion	0.848683	
Log likelihood	-0.058486	Hannan-Quinn criter.	0.658335		Log likelihood	0.657533	Hannan-Quinn criter.	0.602055	
F-statistic	71.07548	Durbin-Watson stat	2.483796		F-statistic	75.44239	Durbin-Watson stat	2.249042	
Prob(F-statistic)	0.000000				Prob(F-statistic)	0.000000			
Correlated Random Effects - Hausman Test					Correlated Random Effects - Hausman Test				
Equation: EQ01					Equation: EQ02				
Test cross-section random effects					Test cross-section random effects				
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.		Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.	
Cross-section random	28.173128	2	0.0000		Cross-section random	19.237350	2	0.0001	

Source: Own processing in EViews software

The analysis of the H3 hypothesis, which states that ROE, ROA, profit margin rate, and leverage are factors influencing the relevance of financial information, showed that all indicators considered, ROE, ROA, profit margin rate, and leverage, show a significant impact on the relevance of financial information to a significance threshold of 10%. If profit rates and profit margins lead to an improvement in the relevance of financial information, leverage has the opposite impact. Also, the size of the company influences in a statistically significant way the variation of the relevance of the financial information at a significance threshold of 10%, except for the first model, in which it does not show a significant effect. The BSE listing age of selected companies does not have a statistically significant impact on the change in the relevance of the financial information, the probability related to the t-test being higher than the significance threshold of 10%.

The models are statistically valid in the sense of the Fisher test, and the empirical results of the Hausman test showed the existence of random (random) effects, the probability of the test being above the 10% threshold. The degree of determination in the models is around 36%, approximately 36% of the variation of the financial information being explained by the rates of profitability/rate of profit margin but also by the size of the company.

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Table 3: Empirical results of the main determinants of financial accounting information relevance

Dependent Variable: PRET_ACTIUNE
Method: Panel EGLS (Cross-section random effects)
Sample: 2016 2020
Periods included: 5
Cross-sections included: 5
Total panel (balanced) observations: 25
Swamy and Arora estimator of component variances
White period standard errors & covariance (no d.f. correction)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.65851	5.954988	-1.454136	0.1607
ROE	0.879573	0.480865	1.816880	0.0835
MARIMEA_FIRMEI	0.421976	0.284995	1.480638	0.1538
VECHIME_BVB	0.061378	0.044735	1.371989	0.1845

Effects Specification

	S.D	Rho
Cross-section random	1.896149	0.9831
Idiosyncratic random	0.332410	0.0369

Weighted Statistics

R-squared	0.227687	Mean dependent var	0.089414
Adjusted R-squared	0.177334	S.D dependent var	0.341784
S.E. of regression	0.321107	Sum squared resid	2.165300
F-statistic	2.063447	Durbin-Watson stat	1.665150
Prob(F-statistic)	0.135736		

Correlated Random Effects - Hausman Test
Equation: EQ05
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.696171	2	0.7422

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	13.94126	10	0.1757
Pesaran scaled LM	0.881293		0.3782
Pesaran CD	0.505428		0.6133

Dependent Variable: PRET_ACTIUNE
Method: Panel EGLS (Cross-section random effects)
Sample: 2016 2020
Periods included: 5
Cross-sections included: 5
Total panel (balanced) observations: 25
Swamy and Arora estimator of component variances
White period standard errors & covariance (no d.f. correction)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-11.64522	5.192653	-2.242634	0.0358
ROA	3.406634	1.266533	2.691384	0.0137
MARIMEA_FIRMEI	0.569735	0.234063	2.421281	0.0246
VECHIME_BVB	0.056202	0.127914	0.462931	0.6482

Effects Specification

	S.D	Rho
Cross-section random	1.541590	0.9833
Idiosyncratic random	0.301087	0.0367

Weighted Statistics

R-squared	0.369022	Mean dependent var	0.089216
Adjusted R-squared	0.278892	S.D dependent var	0.341714
S.E. of regression	0.290179	Sum squared resid	1.798283
F-statistic	4.063883	Durbin-Watson stat	1.968724
Prob(F-statistic)	0.019550		

Correlated Random Effects - Hausman Test
Equation: EQ05
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.506929	2	0.7785

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	16.53673	10	0.0852
Pesaran scaled LM	1.462328		0.1437
Pesaran CD	1.775805		0.0758

Dependent Variable: PRET_ACTIUNE
Method: Panel EGLS (Cross-section random effects)
Sample: 2016 2020
Periods included: 5
Cross-sections included: 5
Total panel (balanced) observations: 25
Swamy and Arora estimator of component variances
White period standard errors & covariance (no d.f. correction)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.436150	5.250180	-1.609631	0.1230
RATA_MARIEI_PROFITULUI	0.019771	0.007423	2.653439	0.0145
MARIMEA_FIRMEI	0.402218	0.230400	1.745796	0.0855
VECHIME_BVB	0.065038	0.141500	0.459630	0.6505

Effects Specification

	S.D	Rho
Cross-section random	1.707308	0.9899
Idiosyncratic random	0.300657	0.0301

Weighted Statistics

R-squared	0.394593	Mean dependent var	0.090498
Adjusted R-squared	0.273935	S.D dependent var	0.338604
S.E. of regression	0.288653	Sum squared resid	1.750222
F-statistic	4.018294	Durbin-Watson stat	2.339084
Prob(F-statistic)	0.020908		

Correlated Random Effects - Hausman Test
Equation: EQ05
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.361980	2	0.8344

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	18.11421	10	0.0531
Pesaran scaled LM	1.614393		0.0699
Pesaran CD	0.504338		0.6140

Dependent Variable: PRET_ACTIUNE
Method: Panel EGLS (Cross-section random effects)
Sample: 2016 2020
Periods included: 5
Cross-sections included: 5
Total panel (balanced) observations: 25
Swamy and Arora estimator of component variances
White period standard errors & covariance (no d.f. correction)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-11.73221	5.781080	-2.029416	0.0553
LEVIER	-0.202317	0.026341	-7.680756	0.0000
MARIMEA_FIRMEI	0.580955	0.345780	1.680126	0.1077
VECHIME_BVB	0.078182	0.116352	0.654583	0.5196

Effects Specification

	S.D	Rho
Cross-section random	1.902924	0.8702
Idiosyncratic random	0.333265	0.0266

Weighted Statistics

R-squared	0.227502	Mean dependent var	0.080058
Adjusted R-squared	0.117248	S.D dependent var	0.338605
S.E. of regression	0.316182	Sum squared resid	2.126173
F-statistic	2.062571	Durbin-Watson stat	1.730693
Prob(F-statistic)	0.135558		

Correlated Random Effects - Hausman Test
Equation: EQ05
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.143403	2	0.9308

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	22.03381	10	0.0149
Pesaran scaled LM	2.690841		0.0071
Pesaran CD	1.216047		0.2240

Source: Own processing in EViews software

6. Conclusion, limits, and future research

Through this paper, we aimed to highlight the essential elements of financial reporting in terms of the relevance of financial information, both theoretically and practically, by exploring it from the perspective of Romanian pharmaceutical listed companies. The relevance of the financial accounting information analyzed through net and comprehensive income was examined by designing hypotheses that were statistically tested. The first and second assumptions proved to have a statistically positive and significant impact, the proposed assumptions being thus valid, the relevance of the financial information is influenced by both the comprehensive income per share and the net income, per share. Regarding the third hypothesis, it can be said that ROE, ROA, profit margin rate and leverage indicators have a very significant influence on the relevance of financial information. Equally, the size of the company has a strong influence on the relevance of the information, however, the listing age at BSE does not influence this feature.

This paper also presents some research limitations, such as the analysis of a small sample of companies, being only five entities in the pharmaceutical industry listed on BSE. This study can be extended to other industries such as manufacturing, information and communications industry, etc. within the BSE, following the indicators related to the relevance and accurate representation of the

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information. Also, in future works, we intend to analyze the topic of this study over a longer period.

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ICMEA 2021

CONFERENCE PROGRAMME

25th – 26th November 2021

UAB - ICMEA CONFERENCE

Alba-Iulia



11:10 – 11:30	NATALIA FOLTEAN, VICTORIA BOGDAN <i>THE VALUE RELEVANCE OF NET INCOME AND OTHER COMPREHENSIVE INCOME COMPONENTS IN THE CASE OF ROMANIAN PHARMACEUTICAL COMPANIES</i>
11:30 – 11:50	IOANA ANCA MOLDOVAN (TONEA) <i>ECONOMETRIC STUDY ON THE FACTORS INFLUENCING THE VARIATION OF AGRICULTURAL LOANS GRANTED BY THE BANKING SYSTEM IN ROMANIA</i>
11:50 – 12:10	LABADITIS ANDREEA <i>INCREMENTAL REDESIGN OF THE ACCOUNTING PROFESSION IN THE CONTEXT OF DIGITALIZATION AND INDUSTRY</i>
12:10 – 12:30	LASCĂU ANDRADA <i>AUDIT DIGITALIZATION AND DATA MINING</i>
12:30 – 12:50	ADELINA-NICOLETA DONȚU <i>THE DIGITAL REVOLUTION OF THE ACCOUNTING PROFESSION</i>
12:50 – 13:10	SUMĂNARU ANCA DIANA <i>DEVELOPING A CONCEPTUAL MODEL FRAMEWORK ON SETTING NEGOTIATION STRATEGIES IN AUDIT DECISION-MAKING PROCESSES</i>

SECTION 5

DOCTORAL COLLOQUIUM – SECTION 3

Section link: <https://tiavvui.com/Doctoral3>

CHAIRPERSONS: SOCOL ADELA, CENAR IULIANA, RADU VALENTIN, NICOLETA FARCANE

09:30 – 09:50	OMAR ALHATO <i>THE EXPECTED BENEFITS AND CHALLENGES OF INTERNATIONAL REPORTING STANDARDS (IFRS) TRANSITION IN THE DEVELOPING COUNTRIES (CASE OF JORDAN)</i>
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A DYNAMIC COMPARATIVE ANALYSIS OF NET INCOME AND OTHER COMPREHENSIVE INCOME ON ROMANIAN PHARMACEUTICAL LISTED COMPANIES

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Abstract: *Issues of net income comparatively to comprehensive income relevance are still similar to “black boxes” even though it has been the subject of more and more studies on financial reporting relevance and assessment of overall financial performance. We aim to add value to the existing knowledge by analyzing comparatively the reported information on net income and comprehensive income for several Romanian pharmaceutical listed companies. Hence, the current research aimed to identify the differences between the reported net income and comprehensive income, but also to examine the nature of other comprehensive income components of the financial statements prepared under IFRS. Data collected covered the years 2018, 2019 and 2020. Results of the content analysis showed that the reported gain or loss for the revaluation of tangible fixed assets may influence the performance of companies measured by profitability metrics.*

Keywords: *net income, comprehensive income, relevance, pharmaceutical industry, companies*

Jel codes: M41, G19

Introduction

Accounting information is a fundamental tool on which users make business decisions. In order to make justified and appropriate decisions, accounting information must have certain specific features. One of the most important features is the relevance of financial information, so that users can make the best decisions. Information is delivered to stakeholders through the channel of financial statements, which are prepared and published based on compliance with an accounting and financial reporting framework. Romanian private companies that exceed certain size criteria (turnover, total assets and average number of employees) provided in the accounting regulations (Order 881/2012, Order 2844/2016, Order 3456/2018) are required to prepare annual financial statements in compliance with International Financial Reporting Standards (IFRS) starting with 2012. Thus, these companies must prepare and disclose a complete set of financial statements as required by revised IAS 1. Consequently, private listed entities must present a statement of comprehensive income which must include both the result of the financial period and information on other elements of the result that have role of adjusting it and present the comprehensive economic income. The comprehensive income statement of the overall result concerns both the current investors, as well as the potential investors in order to make business decisions. Other comprehensive income includes all the remaining income or expenses as we found in the revised Conceptual framework for financial reporting set up by IASB (2018). Therefore, the accumulated other comprehensive income related to an asset or liability is calculated as a difference between the carrying amount of the asset or liability in the statement of financial position, and the carrying amount that would have been calculated applying the measurements parameters for the preparation of the statement of profit or loss.

In this paper we followed a comparative content analysis of the net result and comprehensive income for the selected pharmaceuticals companies in the period 2018 – 2020, considering the current worldwide situation, caused by the COVID-19 pandemic, which generates an impact on financial reporting of all economic entities. In a business environment marked by risks, uncertainties and vulnerabilities such as the current one, we considered it of major interest to examine the value relevance of financial information on comprehensive income presented in the annual financial statements. In carrying out our scientific approach we formulated the following research questions to which we sought to formulate answers:

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RQ1: To what extent does the information reported on net income differs from that reported by comprehensive income and whether performance is likely to be affected ?

RQ2: Which are the key elements that adjust the net income in comprehensive income for the investigated period?

Theoretical background and literature review

The income statement is the primary source of information for interpreting an entity's financial performance for a given reporting period. This accounting modeling tool presents and describes the formation of the result of the financial year and most users of financial statements in their analysis of the financial performance of companies choose the result as key indicator or main barometer of financial health (Lepădatu et al., 2020). However, a real-time understanding of an entity's financial performance for the reporting period requires an effective analysis of all recognized income and expenses, including income and expenses disclosed in other comprehensive income, as well as an analysis of other information included in the financial statements (IASB, 2018).

Financial information can be considered relevant if it is able to make a difference in the users decision making process. On daily basis, decision makers, even without being fully aware of the differentiation process, select the information according to their relevance for business processes. As mentioned in the theoretical conceptual framework of the IASB (2018), financial information is able to make a difference in decisions, so it is considered relevant if it has predictive value, confirmatory value or both. The interdependence between the predictive value and the confirmatory value of financial information is often used in annual financial analyzes. Thus, the information on comprehensive income for the current year, which can be used as a basis for estimating the overall result in the following years, can be compared with the forecasts on comprehensive income for the current year that were made in previous years. The results of these comparative analyzes can help a user to review, adjust, and improve the processes that underpinned previous predictions. In the followings we will briefly highlight the opinions of some authors regarding the relevance of comprehensive income and net result, as well as the impact of COVID-19 crisis on financial reporting and the value relevance of information disclosed by private companies. In the view of (Rajakarier et al., 2020) the steps taken in response to the spread of COVID-19 have led to a considerable disruption of economic transactions and a substantial increase in economic uncertainty, with more volatile asset prices and exchange rates, as well as a significant decrease in long-term interest rates in developed and emerging economies. (Park et al., 2020) believes that this COVID-19 pandemic has dealt a devastating blow to the global economy. This non-financial crisis has led to a sharp slowdown in economic activity and a series of turmoil in global financial markets, which have caught some companies in debt at the time of crisis, leading us to a defining moment in our world history. The response of IFAC and other international professional organizations and bodies came quickly, the crisis of the COVID-19 pandemic and its economic effects mean that investors and other stakeholders need high-quality financial information more than ever. As a result, regulators, IFAC member organizations, accounting firms and other actors have provided advice and guidance on the accounting and financial reporting requirements that will need to be considered in addressing the financial effects of COVID-19 in preparing financial statements.

In the documentation process, accessing the WOS database, we obtained 264 results that show the number of publications that examined the relevance of financial information disclosed in comprehensive income statement, or other information related to comprehensive income, in the period 2018-2021. Within these studies, 76% represent studies published in the field of business and finance, 33% are in the economic field, 15% in the field of management, 12% are publications in business journals and the rest are studies published in various journals. As can be seen in Figure 1, from year to year the number of scientific publications on this topic in prestigious journals has increased significantly proving that the relevance of comprehensive income information and the net result is a topic of great interest to researchers.

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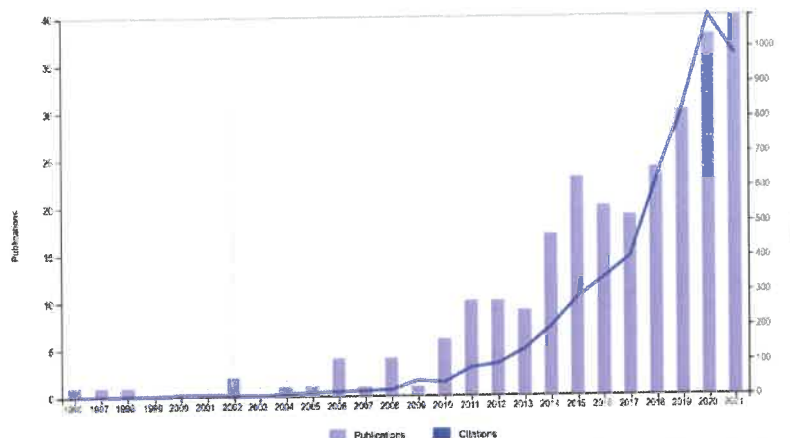


Fig. no.1. Number of publications on comprehensive income relevance in Wos database

In the following we have stopped on several studies that we considered that obtained relevant results to our approach and we have briefly examined the contributions of these scientific investigations. In this respect, we found that (Müller et al., 2011) consider that comprehensive income is not the optimal indicator to assess performance, because of the other elements of global income that are perceived as a “black box” comprising complex elements, generated by the use of different accounting standards, while (Pășcan, 2014) argued that there are no statistically significant differences between the net result and the comprehensive income reported by Romanian listed companies. The results presented by (Pășcan, 2014) also showed that the net result is more strongly associated with stocks price compared to the overall result, this idea generates the fact that the comprehensive income is not more relevant to the value of stocks than the net result. In terms of other comprehensive income items, (Mironiuc and Huian, 2016) admit that these elements can be taken into account by the investors of companies in support of their decision to maximize the profitability of shares.

(Huang et al., 2021) showed that net income information is less relevant in the single-statement approach compared to the two-statement approach, while the relevance of other comprehensive income information is marginally improved. They also found that dynamics of the net income and other comprehensive income information relevance in the single-statement approach is determined by the dynamics of operating income. Findings of (Aqel, 2021) revealed that the book value of equity, net income and comprehensive income for the examined Palestinian listed companies are positively and significantly associated to stock prices. (Aqel, 2021) observed that revaluation reserve and foreign currency translation adjustments are in positive but insignificant correlation with stock prices, whilst gains or losses generated by financial instruments through other comprehensive income has negative on stock prices. (Djaballah and Fortin, 2021) in their study conducted on the Canadian market find no evidence that comprehensive income is more value relevant than net income for stock prices, yet they argued that several other comprehensive items are incrementally value relevant beyond net income. The correlations between the components of other comprehensive income and returns on shares are affected when data during the financial crisis are excluded, some correlations even changing after the adoption of IFRS. Hence, in opinion of (Djaballah and Fortin, 2021) the results are useful both for Canadian accounting regulators and stakeholders of financial statements in decision-making process related to Canadian market. From the brief analysis of the literature we can conclude that empirical investigations on the relevance of comprehensive income compared to the relevance of the net result are becoming increasingly useful for investors, managers, standards setters and other regulators, and also professional bodies.

Research methodology and design

The research methodology is performed through a set of descriptive methods and techniques such as induction, deduction and analysis of quantitative and qualitative data. The general method used in this paper is the analysis and synthesis of quantitative data and the content analysis. The research instrument or tool is the case study. Also, considering the health crisis generated by the COVID-19, the dynamic comparative study was used in order to observe its impact on the overall result of the examined entities. For these reasons we are of the opinion that our approach also has qualitative characteristics. In

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search of answers to the research questions we chose a case study to examine the dynamic evolution of the elements of comprehensive income and the net result and to understand how to construct a relevance analysis of these information in dynamics.

The comprehensive income is a financial statement of the reversal of an entity's income and expenses, which have been recognized in the profit or loss for the analysed financial year, as well as those recognized in equity, providing information on the overall performance of the company. The statement of comprehensive income is comprised of all items in profit or loss for the financial year and other comprehensive income. The comprehensive income in addition to net income includes a number of other net items, such as: changes in the revaluation surplus of tangible assets, actuarial gains / losses on pension and benefit plans, gains / losses on the conversion of operations abroad, revaluation gains / losses financial assets for disposal, gains / losses from hedging, gains / losses from revaluation of real estate investments, the part of the overall result that belongs to the associated entities (Pop, 2020). In this paper we also analyzed the return on equity (ROE) ratio, this indicator being of particular interest to investors, through it having the opportunity to assess whether the investment is profitable or not. According to the literature, ROE expresses the entity's ability to generate profit through the use of its own capital. Also, we were interested in the profit margin rate as an indicator of profitability, highlighting how profitable the activity of an enterprise is. For the case study we chose companies from the pharmaceutical industry, listed on Bucharest Stock Exchange (BSE) and the investigated period was 2018-2020. The selection of pharmaceutical companies listed on BSE was made according to the trading of shares regardless of the classification of companies on BSE (Dănescu and Popa, 2020) (BSE) and the level of turnover in recent years. We eliminated Medlife company because it mainly obtains revenues from medical services and thus the analysed sample was composed of the following companies: Antibiotice, Biofarm, Farmaceutica Remedia, Ropharma and Zentiva.

Data collection

The study was conducted on a sample of five Romanian private listed companies from pharmaceuticals industry. Farmaceutica Remedia and Ropharma companies are from the trade sector, and Antibiotice, Biofarm and Zentiva are from the manufacturing industry. To analyze the value relevance of accounting information related to net result and comprehensive income we used the data available for the above mentioned companies on the website of BSE and the websites of the entities. Data was collected from the statement of income, statement of comprehensive income and the explanatory notes included in the financial statements and the annual reports of the pharmaceutical companies for each financial year, 2018, 2019 and 2020. Table 1 summarizes the data collected for the selected companies and the period investigated.

Table no.1. Summary of data collected

FARMACEUTICA REMEDIA S.A.			
Indicatori / An	2018	2019	2020
Net income	3.032.873	2.441.116	37.771.574
Comprehensive income	3.032.873	2.441.116	37.771.574
Profit margin rate	0,65%	0,55%	8,56%
Return on equity - ROE	0,07%	0,05%	0,47%
ROPHARMA S.A.			
Net income	7.828.958	6.418.647	6.766.140
Comprehensive income	10.055.416	9.953.251	14.952.934
Profit margin rate	1,76%	1,16%	1,37%
Return on equity - ROE	0,05%	0,04%	0,04%
ANTIBIOTICE S.A.			
Net income	34.303.788	30.823.278	26.388.049
Comprehensive income	73.675.244	30.823.278	121.075.545
Profit margin rate	9,39%	7,89%	7,74%

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Return on equity - ROE	0,07%	0,06%	0,46%
BIOFARM S.A.			
Net income	38.424.940	50.881.819	54.264.580
Comprehensive income	38.919.110	50.881.819	54.264.580
Profit margin rate	20,61%	25,24%	24,70%
Return on equity - ROE	17,05%	19,78%	18,61%
ZENTIVA S.A.			
Net income	262.620.976	43.750.672	65.635.440
Comprehensive income	262.620.976	43.750.672	83.364.157
Profit margin rate	56,92%	7,83%	11,76%
Return on equity - ROE	0,42%	0,06%	0,08%

Source: author's processing

Descriptive statistics

The results of descriptive statistics revealed that over the analysed period in the case of Farmaceutica Remedia (RMAH), Antibiotice (ATB) and Zentiva (SCD) companies significant changes in the overall result were reported. Thus, as we can see in the charts below (Figure 2), in the case of Farmaceutica Remedia and Zentiva companies, the evolution of the comprehensive income and the net income is the same, in the case of Antibiotice significant differences between net income and comprehensive income are reported for 2018 and 2020. We sought to find out the causes of these differences in the financial statements of the company.

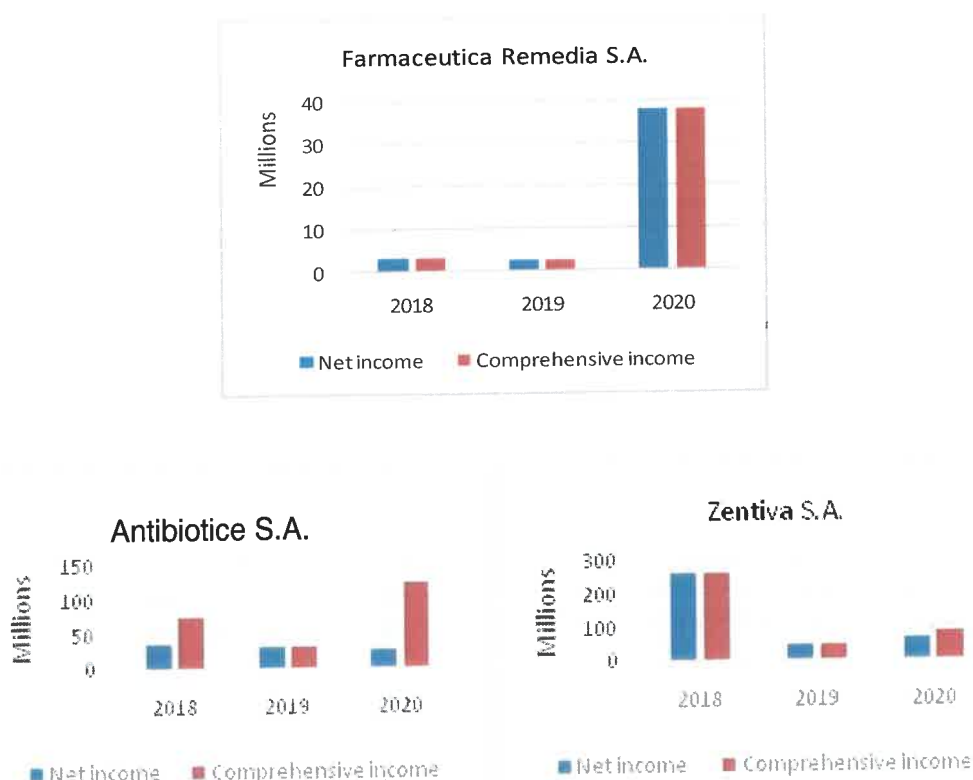


Fig. no.2. Evolution of net income and comprehensive income (ATB, RMAH, SCD) during the period

Analyzing the content of statement of comprehensive income we found that the differences come from other items of comprehensive income which contain gains from revaluation of tangible fixed assets and profit tax on other comprehensive income items. In the case of Ropharma (RPH) company the difference between the reported value of comprehensive income indicated a slight increase from 2019 to 2020 compared to the increase in net income (see Figure 3).

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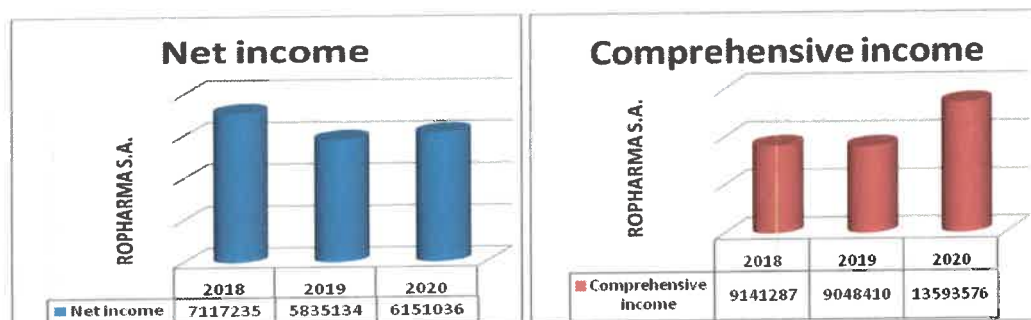


Fig. no.3. Evolution of net income and comprehensive income (RPH) during the period

The net income reported by Biofarm (BIO) differs from the comprehensive income, for the financial year 2018 through the revaluation of property, plant and equipment component, but at the level of financial reports for 2019 and 2020 there are no differences (see figure 4).

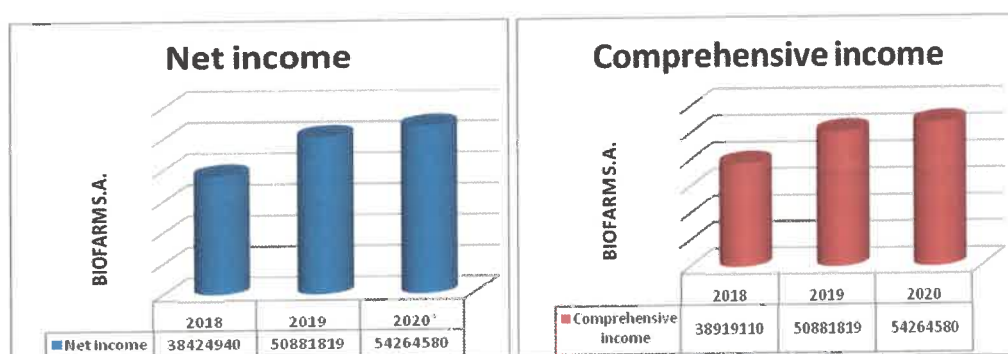


Fig. no 4. Evolution of net income and comprehensive income (BIO) during the period

Discussion of results

Considering the descriptive statistics and the content analysis in the following we point out some relevant aspects. Antibiotice in 2019 recorded an increase in sales revenues by 7%, but due to increased expenses with staff, depreciation and impairment of assets, as well as other operating expenses, the net income was lower than in the previous year. In the first quarter of 2020, the export of medicines decreased drastically compared to the previous period, due to the fact that the implications of the COVID-19 pandemic appeared, such as: the adoption of the emergency regulations regarding the prohibition of exports of medicines manufactured in Romania, increasing transport prices, and last but not least, delays in the supply of raw materials, however the company registered an upward trend in revenues by September 2020. Regarding the profit margin rate, we noted that it is a stable one because it is in the range of 1% -15%, as follows: 9.39% in 2018, 7.89% in 2019 and 7.74% in 2020. Biofarm Company in 2019 registered an ascending trend regarding the net income with a percentage of 31% compared to 2018. The financial year 2020 ended with a 7% increase in net profit compared to the previous year. We observed that given the health crisis, this company has not had a significant increase of the net income in 2020 due to the fact that the business activities are mainly focused on food supplements. The profit margin rate indicates a volatile dynamics because the percentage of 15% is exceeded, 20.61% in 2018, 25.24% in 2019 and 24.70% in 2020.

In the case of Zentiva Company, although the turnover increased in 2019 compared to 2018, the net income and the comprehensive income are lower due to the records of the indicator other operating income and expenses, which are the consequence of the separation from Sanofi Company. The year 2020 ranks on an upward trend compared to 2019 in terms of net income, but by 50%, the reported turnover was slightly lower than the previous year. The decrease in turnover can be explained by the fact that the product mix has changed by significantly decreasing the share of products for hospitals and chronic diseases, an aspect that is based on the health crisis generated by COVID-19. We observe that the profit margin rate is oscillating, based mainly on a volatile dynamics, regarding the three years analyzed, as follows: 56.92% in 2018, 7.83% in 2019 and 11.76% in 2020. Farmaceutica Remedia SA in 2019 recorded an increase in sales on average 5.4%. In 2020, this company had a spectacular

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evolution due to the sale of licenses, and last but not least, the allocation of goods mainly by distribution sectors and in hospital units. Compared to the other investigated pharmaceuticals companies, the entity has not reported preliminary data compared to the previous years. From the perspective of COVID-19 influence, we can see that it had a substantial positive impact, according to the financial statement prepared at the end of 2020. The profit margin rate was not spectacular, in the first two years it was below 1%, showing an unstable situation, but in the last year analyzed it increased considerably, 0.65% in 2018, 0.55% in 2019 and 8.56% in 2020. In the case of Ropharma, the net sales in 2019 increased by 24% compared to 2018, but, due to the major investments made, the net income was lower than in the previous year. In 2020, net sales decreased by 10.7% compared to the previous year, but instead, revenues from affiliates portfolio increased by 36%. Compared to other companies, the effects of the COVID-19 were felt in a negative sense. The profit margin rate tends towards instability, even if it maintains a linear trend, as we observe: 0.046% (2018), 0.036% (2019), 0.035% (2020). Regarding the return on equity (ROE) indicator, we noted that in the case of companies Antibiotice (ATB), Farmaceutica Remedia (RMAH), it shows an upward trend (see Figure 5).

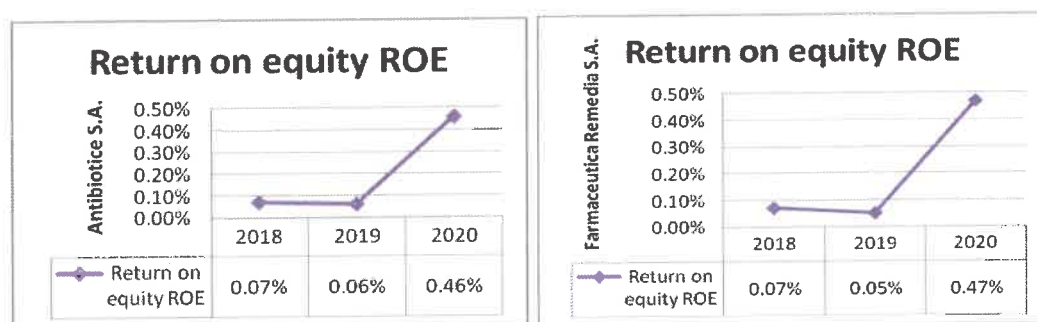


Fig. no.5. The evolution of ROE for ATB and RMAH during the analysed period

Conclusion, limits and future research

The Romanian pharmaceutical market had an increase of 14.7% in 2019 (products with and without a prescription), compared to 2018, according to the market research company IQVIA analysis, the market study being conducted in December 2019. At the same time, the consumption of generic drugs in Romania had an upward trend of 18.6%. According to the same research source, in 2020, the Romanian market of products with and without prescription increased by 3% compared to the previous year, and the market of generic drugs increased by 3.1%. Examining these results we can say that the COVID-19 pandemic had a considerable contribution. Through the analysis performed in this paper, we observe from examined financial statements, the fact that those reported for the financial year 2020 are affected by the COVID-19 due to several factors. One of the factors is the change in the structure of drug use, for instance antivirals, another factor is the increase in demand for drugs used in hospitals for the treatment of COVID-19 and, last but not least, the decrease in other categories required in pharmacies, such as nutritional supplements.

Compared to the study conducted in this paper, we can say that the information disclosed through other comprehensive income is relevant to users because in a dynamic analysis from one financial year to another, the emergence of new elements influences the value of comprehensive income and therefore the interpretations of financial performance measured in terms of profitability, also. Thus, the results of the content analysis showed that other elements of comprehensive income, as the reported gain or loss for the revaluation of fixed assets may influence the overall analysis of companies' financial performance, measured by profitability metrics. From this perspective we consider that further research would be necessary to test the correlations between the elements of the comprehensive income and the return on equity indicator, between comprehensive income and the return on assets and the link or association between comprehensive income and market price of stocks. The main limits of the study are found in the sample selection, data collected and research tools. Although the results of the performed analysis are in line with those from the investigated literature, for a proper measurement of the value relevance influence of other comprehensive income items on the financial and global performance of companies, additional in-depth approaches are needed.

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Participare la conferință internațională desfășurată în afara României

Denumire conferință: Financial Reporting and Auditing Challenges and Opportunities created by the COVID-19 Pandemic - Krakow University of Economics, Poland, **Foltean, Natalia Ioana**, Bogdan, Victoria (2021) „Classification Framework of Value Relevance Studies on Comprehensive Income – an Integrated Global Approach”, Polonia, Cracovia, 9 Decembrie 2021, Link On-line: <https://krf-new.uek.krakow.pl/news/>.



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Financial Reporting and Auditing

CHALLENGES AND OPPORTUNITIES CREATED
BY THE COVID-19 PANDEMIC

KRACOW UNIVERSITY OF ECONOMICS
Department of Financial Accounting

Conference Programme | December 9, 2021

10:00-10:45 WELCOME ADDRESS

Prof. UEK dr hab. Mariusz Andrzejewski, Head of the Department of Financial Accounting

Prof. UEK dr hab. Stanisław Mazur, Rector of the Cracow University of Economics

Barbara Misterska-Dragan, President of the National Council of Statutory Auditors, Polish Chamber of Statutory Auditors

Paweł Krupa, Comarch SA

10:45-12:15 PARALLEL SESSIONS A B

SESSION A 10:45-12:15	Chair	FINANCIAL AUDIT
	Bartosz Kurek, Andreea Claudia Crucean	
	Marta Nowak	The role of Key Audit Matters in identifying audit risks and improving the financial audit quality Behavioral paradigm in auditing: auditors' self-perception and their view on accountant-auditor relation
	Tina Vuko, Željana Aljinović Barać, Slavko Šodan	Is auditors' conservatism deteriorating financial reporting quality? Insights from matched pre-audit/audited financial statements
	Paweł Zieniuk, Mariola Mamcarczyk	Key audit matters in statutory auditors' reports - practical aspects in a pandemic period
SESSION B 10:45-12:15	Chair	ESG: REPORTING AND RISK
	Silvia Panfilo Diogenis Baboukardos	
	Łukasz Matuszak, Ewa Różańska	Fighting climate change: The role of Integrated Reporting on firms' carbon performance Corporate environmental disclosure under the stakeholder pressure: the role of Directive 2014/95/EU
	Salvatore Principale, Simone Pizzi, Andrea Venturelli, Fabio Caputo	Defining the concept of "risk": A bibliometric review

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12:15 – 12:30 COFFEE BREAK

12:30 – 14:00 PARALLEL SESSIONS C D

SESSION C 12:30-14:00	Chair Tetiana Paientko Madalina Dumitru, Voicu D. Dragomir	REPORTING 1 Factors and correlates of integrated reporting: A meta-analysis
	Jan-Hendrik Meier, Niklas Upkorn Ana Florinda, Kátia Lemos, Sónia Monteiro, Verónica Ribeiro	Corporate performance in times of the Covid pandemic – Are ESG-strong companies more crisis-resilient Derivative instruments of emission allowances: Factors influencing the disclosure in Portuguese companies
SESSION D 12:30-14:00	Chair Korsten Elsensmidt Natalia Ioana Foltean	REPORTING 2 Classification framework of value relevance studies on comprehensive income - an integrated global approach
	Karol Marek Klimczak, Jan Makary Fryczak, Dominika Hadro, Justyna Fijałkowska Konrad Grabiński, Piotr Wójtowicz, Jerzy Należy	Cross-language sentiment analysis in financial reporting: mapping English to French with WordNet Reported earnings, or earnings forecasts. Which is more informative in CEE countries? A research design

14:00 – 15:00 LUNCH

15:00-16:30 KEYNOTE ADDRESS AND FOLLOW-UP PANEL

KEYNOTE ADDRESS

Charles H. Cho, Schulich School of Business | York University
“COVID-19, Sustainability and Social Responsibility: Illusions and Realities”

KEYNOTE FOLLOW-UP PANEL

Panelists:

Catalin Albu, Bucharest University of Economic Studies
Sheila Kilian, Kemmy Business School | University of Limerick
Satoshi Sugahara, Kwansei Gakuin University

Moderator:

Erica Pimentel, Smith School of Business | Queen's University

16:30-16:45 CLOSING REMARKS DAY ONE

Katarzyna Świątka, Department of Financial Accounting

Conference Programme | December 10, 2021

10:00-10:40 POSTER SESSION AND STUDENTS' POSTERS SESSION

10:40-11:00 THE ANNOUNCEMENT OF THE RESULTS OF THE COMPETITION FOR THE BEST STUDENTS' POSTER

10:40-11:00 CLOSING REMARKS DAY TWO

Konrad Grabiński, Department of Financial Accounting

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Classification Framework of Value Relevance Studies on Comprehensive Income – an Integrated Global Approach

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ABSTRACT

Objective: Taking into account the relevant theories studied in the literature, this paper analyzes the classification framework of studies of the relevance of value in terms of comprehensive income.

Research Design & Methods: Research methods used or based on the study of the literature through a set of techniques and methods characteristic of economic methodology such as observation, data analysis and collection of qualitative information. The collection of qualitative information had a substantial weight in this paper due to the fact that the relevance of the value of the comprehensive income compared to the studied literature was followed.

Findings: The results of our research led to highlighting the relevance of studies on the value of comprehensive income.

Implications/Recommendations:

Contribution: The study on the relevance of comprehensive income can be considered the gates (aport la literatura de specialitate) literature in the field.

Article type: original article

Keywords: relevance, comprehensive income,

JEL Classification: M40, (P 47 – Performance and Prospects (P4-other Economic Systems))

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