

DEVELOPMENTS REGARDING THE MANAGEMENT ACCOUNTING- WHERE ARE WE AND WHERE ARE WE HEADING TO IN THE CALCULATION OF THE COSTS?

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Starting from the reality according to which, from the objectives of the management accounting, for the model adopted in Romania, the objective regarding the stocks management lacks – this one being realized through the financial book-keeping – a main objective of the study is represented by the presentation of two models of book-keeping which allow the passage of the actual model based on the analytic calculation of the costs, to the model centered on the analytic calculation of the result, pattern oriented at the same time towards the stock management. Also, we appreciate that in the profit and loss account we must renounce to the conflict between the analysis of the expenses by nature and destination. The solution proposed – that of the passage from the results account by nature to the results account by functions – constitutes the second objective of the study and it is based upon the reclassification or the re-composition of the expenses depending on their function and destination.

Key-words: the analytic calculation of the costs, the analytic calculation of the result, monist conception versus dualist conception, nature-destination conflict.

The existence of a pattern centered on the analytic calculation of the result and oriented at the same time towards the stock management, has as motivation the need to insure, for now in the transition period, through a standardized and obligatory system, the evidence and the control of the stocks integrity. Of course such a variant can be discussed, practically being appreciated that the analytic evidence of the stocks cannot be standardized, the methods and the techniques used being details.

Being given the pattern adopted in Romania, regarding the management accounting, the problem will concern the calculation of the costs and the analytic results. Proceeding in this manner, we are in the same consensus with the fact that within the calculation process, the central problem is represented by that of the costs. By cost it is expressed the consumption having as destination the resources, and by this way we can find answers regarding the allocation of resources to maximize the profitability.

In what follows we present three solutions regarding the perfecting of the management accounting, this way:

1.The pattern proposed regarding the calculation of the analytic result

A variant which we submit to the attention is **that of the evidence and the calculation of the analytic result without the presence of the stocks accounts.**

The pattern proposed is based on the development of the 9th class “**Management accounts**” on the following structure:

90 Internal reimbursements: 901 Internal reimbursements regarding the expenses; 902 Internal reimbursements regarding the production obtained; 903 Internal reimbursements regarding the price differences; 904 Internal reimbursements regarding the internal circulation; 905 Internal reimbursements regarding the sales

92 Calculation accounts: 921 The expenses of the base activity; 922 The expenses of the auxiliary activities; 923 The indirect expenses of production; 924 General expenses of administration; 925 distribution expenses

93 The production cost: 931 The cost of the production obtained; 933 The cost of the production now being executed; 935 The cost of sold production

95 Accounts of analytical results: 951 *Analytical results*

The cycle of accounting registering is presented this way:

1. The taking over of the initial stocks of finite products (**931 = 902** and **902 = 901**)
2. The collection of the effective stocks: (**92x = 901**)
3. The gaining of finite products during the month, evaluated at the standard cost: (**931 = 902**)
4. The sale of the production registered at the sale price: (**905 = 951**)
5. The calculation and the reimbursement of the production costs:
 - 5.1. The effective cost of the unfinished production (**933 = 902**)
 - 5.2. The effective cost of production of the total production (finite and unfinished): (**902 = 92x**)
 - 5.3. The calculation and the registration of the price difference between the effective cost and the standard cost of the obtained production: (**903 = 902** and **931 = 903**)
 - 5.4. The reimbursement of the effective cost of production of the sold production: (**935 = 931**) and with the same value, (**951 = 905**)
 - 5.5. The reimbursement of the period cost:

$$\begin{array}{rcl}
 951 & = & 923 \\
 & & 924 \\
 & & 925
 \end{array}$$

6. The establishment and the registration of the analytic result and the closing of the account **951 “Analytical results”** through the account **905 “Internal reimbursements regarding sales”**: positive result (**951 = 905**) and negative result (**905 = 951**)

It can also be used the variant in which the account **903 “Internal reimbursements regarding the price differences”** is credited by the debit of the account **901 “Internal reimbursements regarding the expenses”**. In this way, in the accounts **931 “The cost of the obtained production”** and **935 “The cost of the sold production”**, the production is evaluated and registered at standard price. Altogether, when taking over the initial stock of finite products the registration takes place:

$$\begin{array}{rcl}
 931 & = & 902 \\
 903 & &
 \end{array}$$

7. The interface cost production-occasional costs

$$\begin{array}{rcl}
 901 & = & 905 \\
 & & 931 \\
 & & 933 \\
 & & 935
 \end{array}$$

2. Alternative – the developed pattern of the management accounting

The new system of accounting, adopted within the reform, circumscribes the management accounting only to the collection and the calculation of the costs of activities, sections, phases of fabrication and products, works and services. For now, it does not propose to keep the evidence of the stocks, the determination of

the analytical results, the foreseeing of the costs and incomes through the internal network of budgets, the costs and budget control through deviations. At the same time, the accounting settlements do not exclude, depending on the enterprises' option, the adoption of the developed variant, on the structures above, of organizing the internal management accounting.

In the spirit of those mentioned above, in what comes next it is presented the developed variant of analytic accounting which proposes as objectives: *the analytical evidence of the stocks and the analytical calculation of the costs and of the results on value carriers (products, works and services). The places of the delimited costs presented under the form of activities, sections, phases, of fabrication and of other structures of calculation are used only as intermediary steps in the delimitation and the calculation of the costs concerning different types of products, works and services.*

The adoption of the developed variant imposes the reconsideration of the actual class 9 “**INTERNAL MANAGEMENT ACCOUNTS**”, in the structure presented below:

90 Internal reimbursements: 901 Internal reimbursements – initial stocks; 903 Internal reimbursements – buying; 904 Internal reimbursements – expenses and donations; 906 Internal reimbursements – obtained production; 907 Internal reimbursements – sales; 908 Internal reimbursements – analytical results; 909 Internal reimbursements – collector account

92 Costs accounts: 921 The expenses of the base activity (9211 The expenses of the base activity – normalized costs and 9212 The expenses of the base activity – deviations); 922 The expenses of the auxiliary activities (9221 The expenses of the auxiliary activities – normalized costs and 9222 The expenses of the auxiliary activities – deviations); 923 Indirect expenses of production; 924 General expenses of administration; 925 Distribution expenses; 926 Circulation expenses.

94 Inventory accounts: 940 Inventory – commodities and materials (9400 Commodities, 9401 Consumable commodities and 9408 Price differences of the commodities and of the materials); 942 Inventory – inventory objects and compounds (9421 Inventory objects, 9422 The wear of the inventory objects, 9423 Compounds and 9428 price differences of the inventory objects); 943 Inventory - the production now being executed (9431 Products now being executed, 9432 Works and services now being executed and 9438 Price differences of the production now being executed); 944 Inventory – products (9441 Goods in process, 9445 Finite products, 9446 Residual products and 9448 products price difference); 945 Inventory – stocks hold by third parties (9451 Commodities and materials hold by third parties, 9452 Inventory objects hold by third parties, 9453 Products hold by third parties, 9456 Animals hold by third parties and 9457 Goods in custody or in junk shop hold by third parties); 946 Inventory – animals (9461 Animals and birds; 9468 Price differences at animals and birds) 947 Inventory – goods (9471 Goods and 9478 Price differences at goods);948 Inventory – packing (9481 Packing and 9488 Price differences at packing); 949 Adjustments – stocks and production now being executed (9490 Adjustments – commodities, 9491 Adjustments – consumable commodities, 9492 Adjustments – inventory objects, 9493 Adjustments – production now being executed, 9494 Adjustments – products, 9495 Adjustments – stocks hold by third parties,9496 Adjustments – animals, 9497 Adjustments – goods and 9498 Adjustments – packing).

97 Incorporation differences: 971 Non-incorporable differences and 972 Added differences (suppletives)

98 Analytical results: 981 Sales results; 982 Intermediary results; 983 Results obtained after renouncing at the assets; 984 Results obtained from the taking back of the provisions; 985 Results obtained from inventory differences; 989 Other analytical results.

From the comparative analysis of the 9th class of accounts – the actual variant and the proposed variant – can be noticed the introduction of three groups: **94 “Inventory accounts”**, used for the evidence and the analytic management of the stocks, **97 “Incorporation differences”**, for the delimitation and the accentuation of the non-incorporable and suppletive differences; **98 “Analytical results”**, for the calculation and the analytical evidence of the results. It hasn't been created a separate group for the evidence of the incomes, due to reasons of simplification. All incomes created by sales and other operations are accentuated directly, through the credit of the accounts from group **98 “Analytical results”**. Also, by creating the account group for the stocks accentuation, the accounts in the actual group **93 Accounts regarding the production cost** loose their content and accounting function. For the production obtained, their role and function are taken over by the accounts in group **94 “Inventory accounts”**.

For the definition of the function of the accounts in the 9th class “**Internal management accounts**” in the proposed variant, we present in what follows the cycle of accounting registrations for the base operations and significant operations.

The functioning of the accounts in group 97 “**Incorporation differences**” is inspired from a common principle: **It debits** when the internal management accounting registers fewer expenses and more incomes than the financial accounting; **It credits** in the opposite case; **It sells off** through the transfer to the account 98 “**Analytical results**”

In what concerns the adjustment accounts for depreciations regarding the stocks and the production now being executed, **it credits** through the debit of the cost accounts in the case of the increase of the adjustments calculated upon inventory at the closure of the exercise and **it debits** at the diminishing or resumption of the adjustments through the **credit** of the accounts 98 “**Analytical results.**” In what follows it is presented the cycle of accounting registrations:

1. The taking over of the initial stocks, at the effective cost, (**94x = 901**)

2. Buying of stocks at the price of acquisition (**94x = 903**)

3. The collection of the primary costs, the effective cost of the used production factors

92x = 94x • stocked consumptions, inclusively unfinished initial production

903 • non-stocked consumptions

904 • personnel expenses, amortize

4. Cost determined by the internal circulation, inclusively the distribution of the indirect costs of production (**92x – place of receiving costs = 92x – place of supplying costs**)

5. The production obtained at registration price, inclusively the unfinished production,

94x = 906

981

6. The production sale at sale price (**907 = 981**)

7. The reimbursement of the production costs regarding the obtained production (**906 = 92x**)

8. The establishment and the registration of the difference of price,

9438 = 906

9448

981

9. The reimbursement of the production costs regarding the sold production, the registration price plus the price differences

981 = 9445

9448

10. The reimbursement of the analytical result

– result-profit (**981 = 908**)

– result-loss (**908 = 981**)

11. The closure of the calculation accounts regarding the costs left outside the production costs

982 = 923 (the under activity cost)

924

925

12. The clearance of the account when closing the financial exercise

– for the accounts with debtor balance

901 = 909

903

904

908 (debtor balance)

$$\begin{array}{rcl}
 & - & \text{for the accounts with debtor balance} \\
 \mathbf{909} & & \\
 & = & \mathbf{94x} \\
 & & \mathbf{907} \\
 & & \mathbf{908} \text{ (debtor balance)}
 \end{array}$$

3. The solution of the passage from the results account by nature to the results account by Functions

The solution of the decomposition or the passage regarding the passing from the results account by nature to the results account by functions, even though it appeals to the principle of relativity of the information, it is generator of supplementary efforts. In order to surpass this situation, it can be adopted the solution of the modification of the Plan of the General Accounts respectively of the classes of accounts meant for the accentuation of the expenses which are able to allow the supply of information for the elaboration of the profit and loss account in both variants. The variant proposed is based on the reclassification or the re-composition of the expenses depending on their function or destination. In this way in class 6 "expenses account" is created a distinct group **69 "Cost accounts on destinations"**: *691 The base production costs; 692 The costs of the auxiliary activities; 693 The indirect costs of production; 694 The distribution costs; 695 The general costs of administration; 696 Other exploitation costs; 697 The production cost now being in process; 698 The sales cost.*

According to the above modifications, the registration types regarding the re-composition of the expenses, the permission and the sale of the production are:

1. The re-composition of the costs depending on the expenses destination (**69x = 60x, 61x, 62x, 63x, 64x, 65x**)
2. The production cost of the obtained products (**34 = 697**)
3. The production cost now being executed (**33 = 697**), and at the opening of the period: (**697 = 33**); and it can be effectuated the registration too (**691 = 33**) or (**692 = 33**)
4. The cost of the production and of the sold goods
 - 4.1. Sold products: (**698 = 34**)
 - 4.2. Sold works and services (**698 = 697**)
 - 4.3. The cost of the sold goods (**698 = 607**)
5. The collection at the closing of the period of the costs included in the production cost of the products and services:

$$\begin{array}{rcl}
 \mathbf{697} & = & \mathbf{691} \\
 & & \mathbf{692} \\
 & & \mathbf{693} \\
 & & \mathbf{694} \\
 & & \mathbf{695} \\
 & & \mathbf{696}
 \end{array}$$

The costs of the period unknown as the element of the product cost remain as debtor balance of the accounts above.

7. The recognition in the profit and loss account of the costs connected to incomes (**121 = 69x**)

For the debtor balance of the costs accounts, and for the account **67 "The production cost under way"** for the debtor or creditor balance, by the case.

The above mechanism regarding the bookkeeping of the expenses allows the creation of joint account of result, which represents a combination of the two, nature and functions, which has as center of reference the production sold which has the decomposition of the expenses on functions and within them on natures. The pattern of such profit and loss account is presented this way:

	20-X	20-1
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Incomes	X	X
Sales cost	(X)	(X)
Gross margin	X	X
Other exploitation incomes	X	X
Distribution costs	(X)	(X)
Administrative expenses	(X)	(X)
Other exploitation expenses	X	X
Exploitation profit	(X)	(X)
Financial costs	X	X
Incomes from partner enterprises	X	(X)
Profit before taxation	(X)	X
Expenses with taxation on profit	X	(X)
Profit after taxation	(X)	X
Interest pertaining to a minority	X	X
Net profit from current activities	X	X
Extraordinary elements		
Net profit of the period		

Table 1 The profit and loss account

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