

FINANCIAL ACCOUNTING AND MANAGEMENT ACCOUNTING SUPPLIERS OF INFORMATION ABOUT COSTS IN COMPANY'S MANAGEMENT FROM ROMANIA

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Resume: Now, according to the Romanian law, the companies stipulated in the law must organize and lead their own accountancy, financial accountancy according to the Accounting Law and the management accountancy adapted to the specific of the company.

The differences between the financial accountancy and management accountancy generate a double classification of the expenditures:

in the financial accountancy according to the criterion of the economic-financial condition (exploitation, financial and extraordinary expenditures)

in the management accountancy according to the criterion of expenditures destination (the expenditures of the main activity, the expenditures of the auxiliary activity, indirect production expenditures, general management expenditures and sale expenditures).

Key words: Production costs, profit brute increase with partial costs, variable costs, fixed cost, cost of period, direct expenditures, indirect expenditures.

In present time, in Romania “ Companies, national companies, government –owned corporations, national institutes for research and development, co-operative companies, and others legal entities have the obligation to organize and manage their own accounting , financial accounting , according with accounting law, and management accounting adapted to the specify of the activity”.

Financial accounting is” the activity specialized in measuring, evaluating, knowledge, management and control of the assets, debts, and own capital, also of obtained results from the activity of legal entity and natural person” authorized. Accounting “must assure chronological registering and systematic, processing, publishing, and keeping information about financial position, financial performances and cash flows, also for internal tasks, and in relation with investors present and potential, financial and commercial creditors, clients, public institutions, and others users”.

Management accounting is destiny, mainly, for registration of the operation about collecting and distribution of the expenses on destinations, respective, on activities, departments, fabrication phases, deduction of the production and calculus of the production costs for the products, executed works, performed services, including production in execution. Why we use production cost?

First of all, production cost, use as base for grounding of selling price. It is understood that selling price is establish by the market. But less theoretical must be a Base, according to relation:

$$P_V = C_P + M_{BP} \quad (1)$$

We have “Selling price”(P_V),”Production cost”(C_P) and” Gross Margin of the Profit”(M_{BP}) We noticed that selling price is higher than production cost and the company is recovering production(operating) expenses and get profit, in invert situation , the expenses are not recovered and the company is pointing to bankrupt.

Second of all is useful for evaluation and recording of the inventories of finished products, in financial accounting (getting in financial administration): $345=711\dots(C_P)$. Finished products could be recorded

also to the recording price: $345=711\dots(P_i)$ when production cost is unknown. Anyway this should be calculated in the moment when we know all its components and must establish and recorded the

differences of price (D_p) or deviation between "Production cost" (C_p) and "Recording price" (P_i) $345=711...(D_p)$, in black or red depending the differences positive or negative.

Coming back to the accounting record $345=711$, at the first impression it influenced results account by the incomes from the account "711 – Variation in stocks". In reality the things are a little bit different because the company for producing make consumptions recorded as expenses, such: raw materials, and outside services, electric energy, fuel and water, salaries of personnel. All that expenses will contra balance, in profit and loss account, incomes in variation in stock which is recorded at production cost. If we are referring strictly to those recode, results account will be affected in situation in which the production cost is identify with incomes from the stoked production don't incorporate strictly the expenses that where done foe realization of those products. In that case the results will suffer temporally lack of poise, more or less significant, thing that we will present in the following:

Even more, inverse accounting formula: $711=345...$ at (C_p) or (P_i) which is used in unloading the financial administration, doesn't present importance because the sale take place in the period of calculus and income tax. Our approach is based on the difficulty of effectuation of an exact calculus of the production cost; otherwise there are no nets sure for finding them. The difficulty of the calculus results, mainly, in identification of same categories of production costs, common for produced manufactured and conventional relocation of those costs.

Production cost (C_p) represent, as we are mentioned before, the totality of operating expenses occasioned by the producing of a product, service, (calculation object –P, L, S): $C_{P(L,S)} = \sum CH_i$ (2)

The notion of cost was extended in specialized literature concerning those partial costs, as: variable cost (totality of expenses that are modified with the volume of the production), fix cost (totality of expenses that rest constant with variation of the volume of production), period cost (totality of costs for a period), the cost of a costs sector, which are used mostly in profitability analyses than in accounting records.

If at the production cost we are adding the general expenses for administration and distribution we have complete cost or commercial of those.

Operating expenses are recorded by there nature in the accounts from the 6-th class in the financial accounting and will regrouped for calculation of the costs by destinations in the accounts from the 9-th class in the management accounting. For the calculus of the production costs are used different procedures specify for every situation

The relation between financial accounting and management accounting is illustrated in the following table:

Tabel nr.2.2	
FINANCIAL ACCOUNTING	MANAGEMENT ACCOUNTING
FLOW OF EXPENSES (ALOCATED RESOURCES)	
I. OPERATING EXPENSES	DESTINATIONS
GROUP 60 "Expenses with raw materials and goods ": account 607	I. Account 901 "Internal Discounts about expenses" II. GROUP 92 "Calculation Accounts" Accounts : 921 - Base Activty Expenses 922 -Auxiliary Activities Expenses 923 - Indirect Production Expenses
GROUP 61 "Expenses with works and services executed with externals ": accounts 611 to 614	
GROUP 63 "Expenses with taxes": accounts 631 to 635	
GROUP 64 "Personnel Expenses ": Accounts 641 and 645	
GROUP 65 "Others Operating Expenses": Accounts 654 and 658	

II. FINANCIAL EXPENSES	924 - General Administration Expenses
Account 666 "Expenses about interests"	925 - Distribution Expenses
III. EXPENSES WITH DEPRECIATION AND PROVISIONS	
Account 681 "Operating Expenses about depreciation and provisions"	
FLOW OF THE GETTING PRODUCTS	
GROUP 20 "Intangible assets"	Account 902 "Internal Discounts about internal production about getting production " GOUP 93 "Cost of getting production"
GROUP 21 "Tangible assets"	
GROUP 23 "In course assets "	
GROUP 33 "Production in execution "	
GROUP 34 "Goods"	
GROUP 36 "Animals"	
FLUXUL ABATERILOR DE PRODUCȚIE (PROGRAME)	
Contul 348 "Price differences at products"	Account 903 "Internal Discounts about price differences"
Contul 368 "Price differences at animals and goods "	

The difference between financial accounting and management accounting generate a double classification of the expenses:

- In financial accounting the criteria is economico-financial nature (operating expenses, financial and extraordinary);
- In management accounting the criteria is the destination of expenses (base activity expenses, auxiliary activity expenses, indirect production expenses, general administration expenses and distribution expenses)

In conclusion there are two independent circuits of accounting, every circuit realising a pointed pre-lucration on objectives.

On the other hand are two forms of application of the same technique that supply different information.

The start for management accounting is taking from financial accounting of the operating expenses that will be analysed together with operating incomes, why management accounting is called internal accounting, analytic, or management.

By management accounting legal entities can get information that assure an efficient administration of the assets, respectively:

- information about costs of goods, works, services, for legal entities that have production activities, services, and the cost of the sales goods for legal entities on trade;
- Information that stay on base of budgeting and control of the operating activities;
- Necessary information for the financial analysis pointing the fundamentation of the management strategies about internal management;
- Others information required of a performance management.

Informational system of management accounting could be defined by its functions:

- *Function of measure of the consumptions destined for production and trade;*

This function includes others functions of the organization, (production function, personnel function, trade function) in a certain structure technico-organisational. The importance of this function is given by its capacity to measure the report cost/ efficiency.

– *Function of prediction for the two components: planning and prognose.*

Plannig is referring to the short and medium periods of time and regarde especially microeconomic sector, while the *prognose* is referring to the long periods of time beeing utilised in macroeconomic sector.

– *Function of optimization*

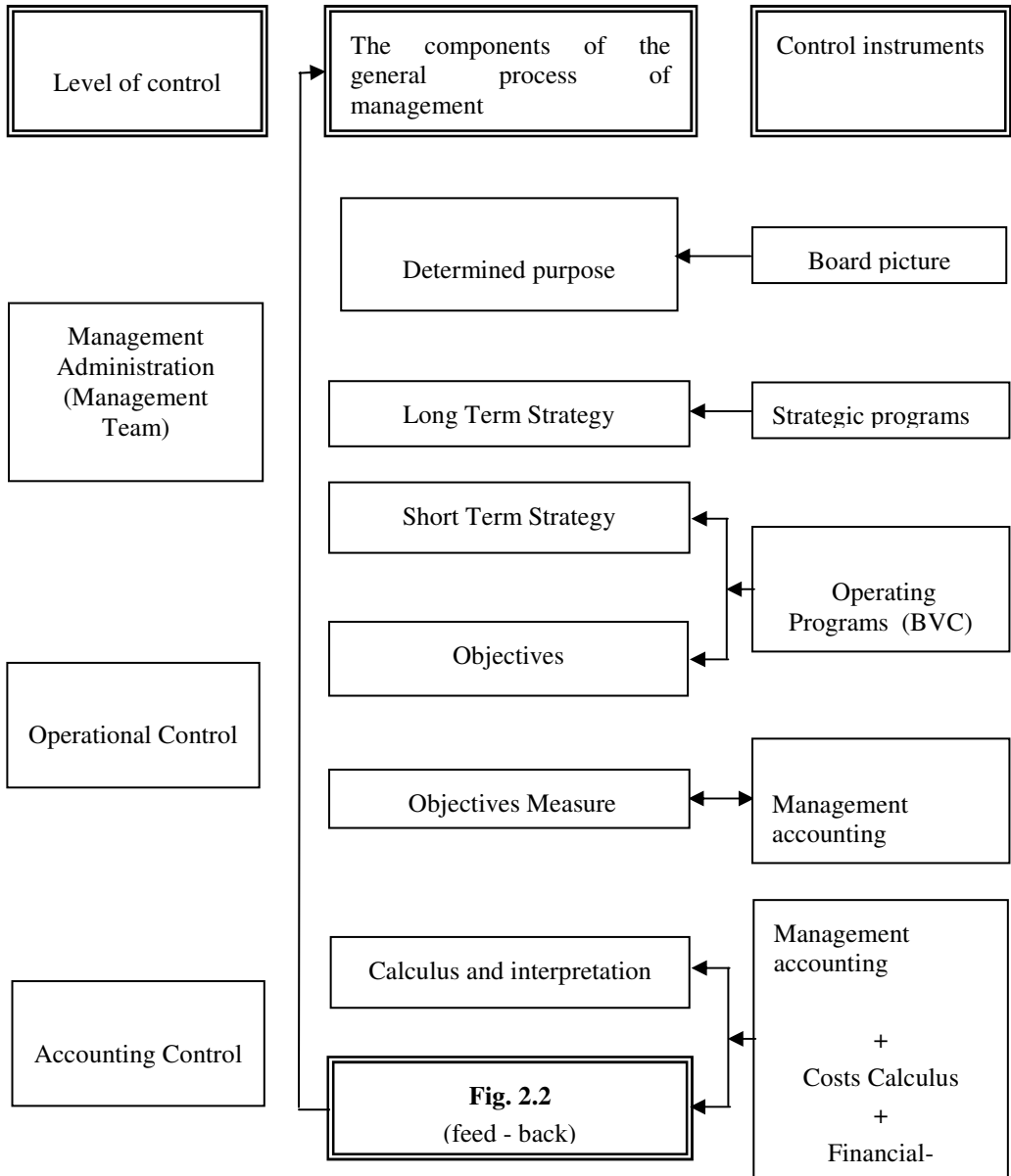
This function is refeerin to the alocation of the limited resources according with existing priorities. Optimisation is related with foreseeing founction and is realised by mathematical methods.

– *Function of folowing, control and regulation.*

Its role is to explain the differences between planed levels and realised levels, based on income and expenses budgets.

In the following scheme is represented the place and the instruments of action of accounting as component part of the general process of administration.

The place of management accounting in general management process



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