

COST MANAGEMENT IN ROMANIAN SMALL AND MEDIUM ENTERPRISES

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Key words: costs, cost management, costs calculation,

Abstract: Within a competition environment the cost management play a decisive part in grounding the managerial decision being a tool that determines the administration of a business.

A real costs analysis means to treat in detail the weakness of current cost system, putting in evidence also improvement modalities of them, by using of some more relevant allocation bases for indirect expenses, using of sub-activity cost, applying the most modern calculation proceedings of costs calculation, through a performance cost management.

From the studies and observations made till now I have noticed that Romanian small and medium-sized enterprises from Maramures and Salaj, are not enough prepared to implement correctly costs sistem calculation and also administration account.

1. INTRODUCTION

From the studies and observations made till now I have noticed that Romanian small and medium enterprises are not enough prepared to implement correctly calculation systems of costs which will be then put in evidence in administration accounting. The correct and exact knowledge of costs is a necessity in growing the company proficiency and competitiveness. A real costs analysis means to treat in detail the weakness of current systems, putting in evidence also improvement modalities of them, by using of some more relevant allocation bases for indirect expenses, using of sub-activity cost, applying the most modern calculation proceedings of costs calculation, through a performance management of costs [2].

2. THE PRINCIPLES OF STRUCTURING THE CALCULATION OF THE COSTS

In structuring the calculation of the costs one must keep in mind the following principles:

- The principle of time delimitation the exploitation expenditures – every period of administration should be judged by the afferent expenditures of the activity for which the calculation of the costs is done;
- The principle of space delimitation of exploitation costs – delimitates the exploitation expenditures on branches of activities (manufacturing expenditures as such –both in the main sections and auxiliaries, administration expenditures and retail expenditures) and on production sections, workshops, technological lines, centers of responsibility, both in pre-calculation and in post-calculation.
- The principle of separating the expenditures means to separate the exploitation expenditures from the other expenditures (financial and exceptional). The financial expenditures (not including here the interests derived from loans of the units with a long cycle of manufacturing) and exceptional expenditures are not to be included in the cost of production and are not considered to be object of administration accountancy;

- The principle of delimitation of the sub activity cost – delimitates and evaluates the expenditures generated by the inferior production in comparison to the normal capacity of production. The cost of the sub activity, usually, is not included in the cost of the products, but is directly reflected in the result of the exercise.
- The principle of delimitation of the finite products expenditures and of those related to the current production– means establishing exactly the unfinished production in order to calculate correctly and exactly the effective costs of the finite products[3];

3. METHODOLOGICAL STAGES CONCERNING THE CALCULATION OF THE PRODUCTION COSTS

Achieving the calculation of the costs implies following these stages:

1. *Collecting the production costs.* This stage means collecting the direct expenditures on the carriers of costs (products, works, services, orders) as objects of calculation and the indirect expenditures on sections and sectors of activities. This is done by taking the exploitation expenditures from the financial accountancy and structuring them according to their destination in the administration accountancy by debiting from the accounts of calculation - group 92 and crediting to account 901 "Internal discounts concerning the expenditures".
2. *Discounts concerning the mutual shipping of the products, works and services between auxiliary activities, for their cost necessities.* Because it is very difficult to establish the effective cost of mutual services between auxiliary sections, this will be considered as a discount to the effective cost of a previous period or to a predictive cost of the current period or established by other means. Recording in accountancy the mutual discounts between auxiliary sections is done by means of account 922 "The expenditures of auxiliary activities" where analytics are opened for each and every auxiliary section. Thus it is debited from the accounts that represent the auxiliary sections which are consuming products, works and services it is credited to the analytical accounts corresponding to the auxiliary sections which provide the respective production.
3. *The calculation of the effective cost of auxiliary production and distributing the expenditures derived from the auxiliary production.*
Distributing the indirect expenditures of production on manufactured products within the main field of activity. The foundation of distributing the indirect expenditures can be: the expenditures with the raw materials and direct materials, expenditures with the direct salaries, processing expenditure, the number of running hours of the devices used, etc.
4. *The distribution of general expenditures of administration on the manufactured products, works accomplished and services delivered by the company.* If the distribution of indirect expenditures of production is done with the help of differentiated coefficients on sections and expenditures categories or with the help of selective coefficients, the distribution of general expenditures of administration is done according to the unique or global coefficient, coefficient that is calculated depending on a certain basis or criteria of distribution (direct expenditures, cost of production).

5. *The distribution of sale expenditures on manufactured products.* The criterion of distribution, when the identification of these expenditures on products is not possible, can be taken as the weight or volume of the products delivered.
6. *The quantitative and value determination of the current production.* The quantitative determination is done by registering at the work place, and the value determination of the current production is done by evaluating to the effective cost, taking into account the degree of technical finishing, that is the number of stages of fabrication achieved and the actual processing status. By subtracting the current production expenditures out of the whole production expenditures that are in the debit form the account 921 "The expenditures of the main activities" and 922 "The expenditures of auxiliary activities" we get the sum of effective expenditures derived from the finite production, which is the effective cost of finite production.
7. *The calculation of the effective cost on the product unit,* by relating the total effective expenditures of the finite production to the quantity of finite production achieved during the period to which the respective expenditures refer to[4].

4.COST MANAGEMENT

Cost management represents the process through which planning, accounting, control and analysis of costs are realised, through which decisions are made related to costs according to the general objectives of the enterprise.

Cost management helps to:

- Cost planning;
- Expense and cost controlling and monitoring, comparing planned indicators to the realised ones, identifying shortcomings and the taking of measures to improve the situation in the sense or correcting and removing shortcomings;
- Preparing information in order to take cost-related decisions;
- Realistic planning of resources;
- Realisation of an efficient enterprise control;
- Realisation of a competitive enterprise management [5];

5.CONCLUSIONS

In 2007 we conducted a survey in small and medium-sized enterprises in Maramures county and Salaj county, on the way in which these organise and accomplish their administration accountancy.

Through this study we wanted to answer the following question :

- how many small and medium sized enterprises in Maramures county and Salaj county, calculate the cost price of their products or services.

The research method adopted in order to gather data concerning the accomplishing the administration accountancy within small and medium-sized enterprises in Maramures county was the survey based on a questionnaire. Were questioned 392 small and medium-sized enterprises in Maramures county and Salaj county.

After assessing the gathered data the following conclusions were drawn :

- Out of the 392 small and medium-sized enterprises only 59,18% separate the expenditure in variable and fixed;
- Only 66,07% small and medium-sized enterprises (from 392), make the separation of the expenditures in: direct and indirect expenditures;

- Out of the questioned enterprises, only 68,62% calculate the cost price for their products and services.

The correct and exact knowledge of costs is a necessity in growing the company proficiency and competitiveness. A real costs analysis means to treat in detail the weakness of current systems, putting in evidence also improvement modalities of them, by using of some more relevant allocation bases for indirect expenses, using of sub-activity cost, applying the most modern calculation proceedings of costs calculation, through a performance management of costs.

I believe that a great percentage of the small and medium-sized enterprises in Maramures county and Salaj county that were interviewed, are exposed to the risk by not correctly knowing the costs with which their products and services are realised.

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