

THOSE ISSUES AND MANAGEMENT ACCOUNTING PRINCIPLES IN THE ORGANIZATION ENTITIES MILK INDUSTRY

**GEORGETA-MIHAELA ZAHARIA (CRIVAC),
TATIANA UTA,
ADRIANA VASILESCU (GHEORGHITA) ***

ABSTRACT: *This paper aims to highlight the features of the entities in the dairy industry. At first, a brief description of the dairy industry in Romania, giving priority factors that contribute to the development of this market. As in any economic unit, organization of management accounting and cost calculation is particularly important activity managers are required to study all factors and exercise influence principles, their implications, and then, taking account of them to choose the most appropriate form of organization of management accounting and cost calculation. Were analyzed and described in the study, factors and principles that characterize the entities in the dairy industry and have an influence in the organization of management accounting, but also in determining costs.*

KEY WORDS: *factors; principles; cost; management accounting*

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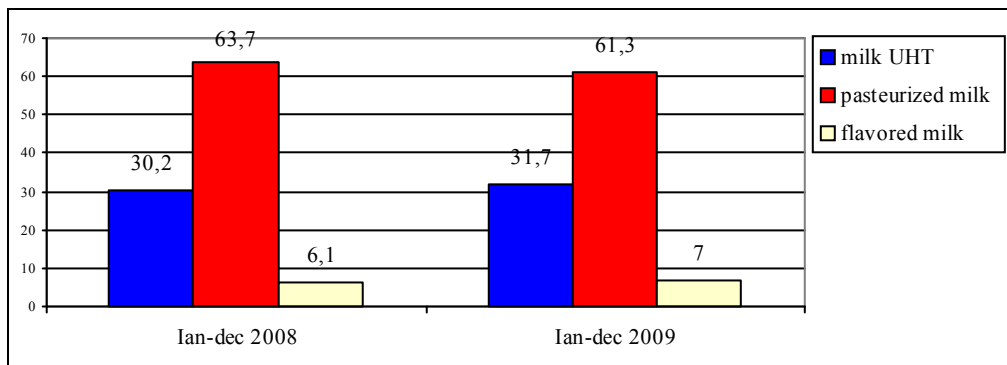
1. CHARACTERIZATION OF MILK INDUSTRY IN ROMANIA

Industry represents an important sector of economic activity, material production and the economy. It includes several branches and sub-branches. After the nature of production, the industry includes: manufacturing, mining, electricity, gas and water. The manufacturing part, milk industry, which converts raw materials into finished products (dairy products: milk, yoghurt, cream, cheese, etc.).

* *Ph.D. Student., "Valahia" University of Târgoviște, Romania, mihaelacrivac@yahoo.com
Ph.D. Student., "Valahia" University of Târgoviște, Romania, tatiana_uta@yahoo.com
Ph.D. Student., "Valahia" University of Târgoviște, Romania, vady29@yahoo.com*

In 2009, the dairy market reached 1.5 billion euro, according to data provided by the Dairy Industry Association of Romanian Employers (APRIL). The association promotes the exchange of technical and economic information between partners, supports collaboration between members on solving problems related to the collection of raw materials, production and marketing, promoting some negotiations with external partners for the purposes of mediation or collaboration and joint activities to achieve some import-export trade of goods, ensure the promotion of specific trade policy associations, advocates for combating unfair competition and to defend the specific interests of members and the industry in discussions with regulators. One of the important goals of the dairy industry employer novel is the elaboration of legislative proposals in the specific activity sector.

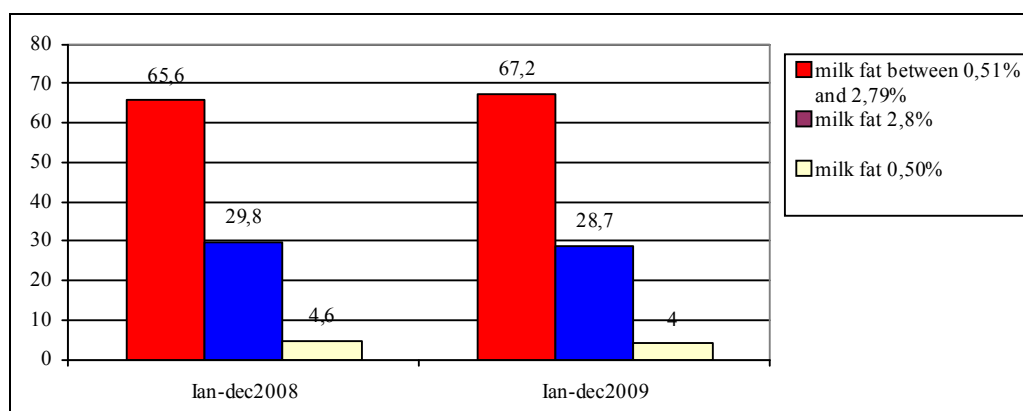
If drinking milk market last year was characterized by an evolution from every point of view, be it the quantity, value or offer, this year the economic situation will put its mark on the class busyness firms will be affected by factors such as unemployment rates, changes in consumer habits and exchange rate. According to data from research agency MEMRB (Cypriot company that provides information on retail sales for various categories of consumer products), pasteurized milk has claimed a 61.3% share of sales in value and 68.7% of sales volume. Secondary position is occupied by UHT milk sales by 35.2% from 29.1% of sales value and volume. In a ranking of gram, packaging sales supremacy has a litter at a rate of 96% of sales in value and 97% of the volume.



Source: www.APRIL.ro

Figure 1. Sales by type of milk in the years 2008 and 2009

The main factors contributing to the development priority is quality products, brand awareness and consumer education. Market development is primarily driven by product quality and attractive offer. Consumers are increasingly demanding and selective in their choices. Therefore, they prefer high quality products in convenient packaging and clear, at an affordable price. Attractive offer comes as a normal requirement of a modern society, are changing. Pasteurized milk, considered by consumers fresher because lower validity continues to be the most purchased Romanian. Act on the local market at around 260 active processors of various sizes. About 50 of them are part of APRIL. The economic crisis will leave its mark on those companies most affected will be small firms.



Source: *www.APRIL.ro*

Figure 2. After sales of milk fat in the years 2008 and 2009

In any economic unit, organization of management accounting and cost calculation to meet the information requirements of managers, require previous study of factors exercise influence and principles, their implications, as then, in light of these to choose the most appropriate form of organization of management accounting and cost calculation.

Study for the development work was performed at plant S.C. Lactag S.A., headquartered in Costesti, Str. Progresului, no.24, Arges, Romania, a privately owned company, the successor of the former icil arges, established in 1962, having as main activity the manufacture of dairy products and cheese. Costesti dairy factory was modernized and refurbished with sapard funds and was commissioned in 2005. In the modernization has been restored and replaced elements of construction, architecture, infrastructure, utilities and facilities. They acquired machinery and equipment production technology. In terms of the classification of milk processing companies in Romania, S.C. Lactag S.A., is the first category, having the number 1 126 authorization specifically for intra-community trade. This means that in addition to requirements for acquisition of machinery and equipment, construction and infrastructure, the company uses raw materials (raw milk) with a quality that meets european regulations in the field. S.C. Lactag S.A. is the first mid-sized company in the south that is approved for intra-community trade.

2. FACTORS OF THE ORGANIZATION OF MANAGEMENT ACCOUNTING ENTITIES MILK INDUSTRY

Management accounting, also called analytical accounting is an internal circuit, designed to highlight elements of costs and results are adjusted to provide confidential information managers at different organizational levels of the enterprise. Secrecy of information provided by the accounting system is a recognition decision-marking autonomy of enterprise in a competitive market economy. In other words, organization and leadership of management accounting economic units can not be imposed through binding rules developed

by national bodies with responsibilities in accounting. Therefore, companies have full autonomy in organization and management of records to provide information externally concealed character.

The role of management accounting and cost calculation is to study the analytic record assets, and how to determine the costs, revenues and analytical results become a handy tool for management unit grounding method for allocating resources and achieving income, aiming at achieving economic performance of product or service work. As management accounting is focused primarily on the study of management efficiency, cost and cost calculation study for the management process must start from the concept of management.

The organization of management accounting and costing jobs, regardless of the trader, undoubtedly depends on a number of factors. Most important factors influencing the organization of management accounting and cost calculation, the dairy industry are:

a) Size of enterprise is the general principle that determines the choice of organization and execution of the work of calculation. Thus, dairy units, which fall into the category of large enterprises, based on self-management, costing organized in accordance with the principle of centralization. This implies that all works are executed in the accounting department who works across the enterprise.

b) Structure of the dairy enterprise; If the administration and management apparatus which is the functional structure of the dairy units, the costs of pursuing its activity using functional calculation of the whole sector and not on each service and office part.

c) Functional structure is based on the number, composition and size of functional units and their internal organization, including functional connections that are established on line business management units in the dairy industry, this structure is ensured by the following services and offices (service Financial Accounting, Sales, compartment car, driver and compartment, material collection service and supply-production service).

d) Operational structure. The structure of production and design facilities in dairy production is considering splitting the body into sections and workshops of the company. The link between production of basic structural S.C. Lactag S.A. is the production department, which is a well established production unit administratively run in which either a product or a phase of technological process. In polling conducted commodity production is giving the company's production profile. The auxiliary stations produce products or services ancillary to the basic production helps to carry through commodities. Sections are equivalent to the flow of production and are set at the enterprise level as cost centres. Here are collected and distributed individual costs later on products made in that department. Structural link a company's production department, which is a well established production unit administratively run in which either a product, or a stage of technology.

Dependents ancillary on their role in manufacturing of products, sections include: basic auxiliary serving. The base stations are giving out commodity production profile of the company. In polling conducted ancillary products or services ancillary to the basic production helps to achieve smooth commodities. The annex

sections running works, services or activities necessary for basic and auxiliary departments (stores and warehouse company, domestic transport activities).

Factory in Costesti S.C. Lactag S.A. is divided into five basic sections (production) as follows (table 1).

Table 1. Department of S.C. Lactag S.A.

No.	Department	Products
1.	SPPR	products fresh
2.	SBPR	cheese
3.	STLM	cheese
4.	SUNT	untar
5	SLCS	milk consumption also derived

e) Type of production and organization of it is also a factor with profound implications for the organization of cost calculation. S.C. Lactag S.A. is a company with limited series production. Production is carried out at S.C. Lactag S.A. based on firm order, issued by the sales department. The products manufactured using this method because it can not be stored only for a short period of time.

f) production technology, seen as the successive operations are fully subject matter is raw milk in its passage through the various stages of processing (milk reception, filtering, weighing centrifugal milk normalization) to the finished product is, also a factor determining the organization of cost calculation. In terms of technology, production of a dairy business may fall, according to some features in complex production category. In terms of technology, production of industrial enterprise may fall, according to certain traits, either in single production category of complex production. Units fall within the dairy industry production simple.

S.C. Lactag S.A. production technology determines the priority at which the calculation of cost per product, this order is the same order they are produced and consumed productive intermediaries or material interposed between raw material and finished product. It should be noted that production technology makes the units of the dairy industry itself making equipment product cost calculations. Milk processing to achieve the classification of dairy production in the S.C. Lactag S.A. in modern. Technological lines are devoted to the types of products. Regarding the technical state of equipment flows, it can concluded that milk production is mechanized, making many operations automatically.

g) The degree of concentration, the profiling and specialization of business momentum caused by the industry also has implications for organization of cost calculation. S.C. Lactag S.A. is an economic unit specializing in the production of fresh milk, the degree of consolidation and organization of production is high. The production process is organized into production flows. Each sector has organized a cost centre for a group of similar products. These products bear the same process technology.

h) The degree of integration of the enterprise. One can appreciate that S.C. Lactag S.A. is an integrated enterprise, and the appropriate method of calculation adopted by the organization of production, implies the adoption of semi-variant.

Following the technological process of pasteurization to obtain preparations (different concentrations of milk fat, cream, integrated cheese). Share blanks, cream cheese and integrated to be the smallest. For company they represent a safety valve for surplus milk in certain periods of the years. For example summer weight of cream consumption is very low, so it is being turned into butter or sour cream in it with greater search summer compared with the cream. Cheese is also integrated summer kept maturing market opens up again and orders.

i) The degree of mechanization and automation of production is also a factor influencing the organization cost calculation dairy units to process complex mechanical or automated production. Automatic processes that take place in closed equipment advocates lowering the number of intermediate calculations required to determine the cost of the product. Milk processing technology to achieve milk production in the classification of S.C. Lactag S.A in modern. Machinery of the technological flows, are modern and milk production is mechanized, most operations being done automatically. Milk enters as raw material in each section and is then processed according to specific work industrialization flow technology products. S.C. Lactag S.A. production process is automated and mechanized, each section is organized as a production workflow technology product groups.

j) Whether the production process; S.C. Lactag S.A unit activity is permanent, but has specific characteristics, being influenced by milk production domestically. Spring material is more expensive, because milk production is lower in summer, production is much higher milk price is lower. In the unit S.C. Lactag S.A. actual unit cost is calculated at the end of each reporting period the full nomenclature of items that determine the structure calculation.

3. PRINCIPLES OF FINANCIAL ACCOUNTING ORGANIZATION IN UNITS OF THE DAIRY INDUSTRY

The two sides meet a company's accounts: global side and analytical side. These sides are of the same economic reality, the business. Therefore there must be a total convergence between the principles of management accounting and financial accounting. That is why it is necessary that the fundamental principles of assessment and calculation of costs and outcomes should be the same.

Calculation of costs is based on certain principles that provide real content and just the cost of production. Thus, as the exact calculation of the cost production must be made based on theoretical and methodological principles (Călin, et al., 2008): object and unit of calculation, the choice of costing method, demarcation of the remaining production costs relating to expenses that are incurred in operating activities, demarcation of the production costs on production of finished running, the delimitation of productive spending unproductive expenditure, while the demarcation of production expenses, demarcation production costs in space or spaces for expenses.

Within S.C. Lactag S.A., management accounting and calculation of costs is organized from a series of theoretical principles, so that they can provide the function of knowledge and resource management. The principle object calculation is imperative for the organization calculation cost because knowledge of the subject calculation

helps us to identify a product volume necessary expenses, work, work for which calculates the cost. The units of the dairy industry, the subject of calculation are the product. Calculate the cost of product which can be expressed by homogeneous units, which are called unit calculation. (Ex: yogurt, which can be of two types: light and classical, the cost is calculated on the box, depending on the gram, for cheese, the cost is calculated per kg for butter or package cost is calculated per kg, etc. Each product has a code section that is linked to produce and help collect the direct costs (eg 9PP0001 - Fresh Products).

Another principle that has particular implications in determining the content and accuracy of the indicators that constitute the method of calculation is the choice calculation method. According to the principle of distinction on types of activities of economic and financial indicators covered the cost calculation, data and accounting information must be defined and localized activity.

The units of the dairy industry data and information collected are limited and activities. Thus the production cost includes costs of manufacturing production itself, not including finance charges on this account, extraordinary expenses, those expenses not related to operating activities. This has presented great importance to calculate accurately the economic and financial indicators, the expenditure and income of the business results but also for monitoring and assessing the effectiveness of each activity.

Another principle with important implications on the assessment of activity of each period is the demarcation in time management of data and information on calculating the costs. In the S.C. Lactag S.A., according to this principle should be included in cost of products obtained in only a certain amount of management expenses relating to that period, regardless of when incurred.

The principle of boundary in space or places (centres) of expenditure data and information underlying the calculation of cost data on major causes delimitation appropriate processes of sectors of activity. This involves mapping and registration breakdown for each sector expenditure and income to determine the effectiveness of their activities, but also a control. Production sections of the unit are dedicated S.C. Lactag S.A technological lines for certain types of products. Achieving this requires substantiation rule calculation based on documentary evidence, both in terms of expected cost and the actual. Analyzing these documents is founds consumption of materials and value underlying production costs. Applying these principles, S.C. Lactag S.A uses cost calculation as a tool for forecasting and tracking of expenditure, so it becomes an effective tool for planning and tracking of expenditure component cost of dairy production units, the influence of time, reducing, the actions that is able to suggest.

4. CONCLUSIONS

The study conducted found that in any economic unit, organization of management accounting requires previous study of all factors and principles which have influence on business entities in the dairy industry, and later to take them into account and to choose the most appropriate form of organization of management accounting. Although prices for S.C. Lactag S.A. have a below average level,

correlated with the purchasing power of target market and comparable to the price level of competition and economic unit has an advantageous position compared with the relatively low prices due to competition, management accounting is necessary to organize the society taking into account the characteristics entities in the dairy industry.

Today, modern society that we go always requires companies to operate in a changing environment more complex. This causes businesses to improve their ability to respond to external factors. Given these circumstances, managers are involved early and called to assume responsibility for flexible pathways, but optimally calculated. The main guidance system, used successfully by managers, it is management accounting. Organization of management accounting is done differently from one enterprise to another, depending on the specifics of each activity.

In addition to the factors listed above, there are others, more or less objective and subjective, which make the organization of cost calculation. Knowledge and taking them into account must be aimed at creating conditions for the determination of unit costs as operative dairy establishments. Considering, in addition to the factors that influence the organization of management accounting and cost calculation and a set of principles that are found in the dairy units, costing will be used as a tool for forecasting and tracking expenditures.

In conclusion, the freedom to set prices is limited by these factors, the consumer is in a position to assess whether the product price is right by reporting the use value of the product. Therefore, the perception by the buyer price is particularly important for professionals in marketing, setting prices according to the strategy adopted within the firm. Thus, costing becomes an effective tool for planning and expenditure tracking that makes up the cost of dairy production units, the influence of time and reduces, the actions that are able to suggest.

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