

THE SIGNIFICANCE OF THE VALUE CHARGES OR OF THE COSTS OF AN ECONOMIC ENTITY

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În strategia privind existența și continuitatea unei activități, consumațiunile de valori au fost și sunt percepute, de către orice entitate economică, cu sensul de cheltuieli, fiind transpuse, permanent, în costuri. Astfel, consumațiunile se referă la toate elementele (materiale și nemateriale exprimate valoric și, uneori, cantitativ), necesare unui proces de producție, unei activități economice sau lucrative și care se transformă, se modifică și se înlocuiesc mereu, într-o perioadă de timp. Cheltuielile reprezintă acele valori plătite sau de plătit pentru consumul de stocuri, lucrări executate și servicii prestate de care beneficiază unitățile, incluzând cheltuielile cu personalul, pentru executarea unor obligații legale sau contractuale, pierderile, ca reduceri ale profitului din exercițiul anterior, provizioanele, amortizările și ajustările pentru depreciere sau pierdere de valoare reflectate.

In the microeconomic theory the calculation of the production costs has as a starting point, the *charges* of concrete economic means, as goods with exchange value, required by realities, together with the purchased resources (funds), shortly called *expenses*. [1] The notion of *consumptions*, in its broad sense, refer to all elements (material and immaterial expressed in value and sometimes in quantity), necessary for a production process, economic and working activities and that always change, modify and replace each other, during a period of time. If we take into account the object that would generate the consumption (economic good, end product, production stage, organizational structure or service, execution of an order, a contract fulfillment etc) they can be ranked into: productive charges; neutral charges; accidental charges; special charges.

Productive charges are necessary in order to carry into effect those expenses in relation to the supply with raw materials and with the consumables, energy, fuel, their transport and stockage, expenses concerning the equipment maintenance and operation, amortizations, salaries, contributions concerning health insurance, unemployment wages, contributions for work accidents, current payments etc. Along with the additional expenses they will dominantly contribute to the determination of the production cost, necessary for the performance of an economic good, work performance, providing technical assistance, service etc. As for the structure, all the consumptions can be found in a larger or smaller extent, in the production costs and in the end product, as concerning both quantity and value.

The neutral charges are those that might occur in an economic entity caused by deficiencies in the current activity management that would also add in many cases the unproductive expenses. Moreover, their inclusion or exclusion, in the calculated costs, on organizational structures, and those in relation with the deficient organization, production and work will be also accepted. For their detailed knowledge, in the context of the market economy, we can add incentives for the employees, the occurrence of contingencies, as a result of a production process stoppage due to internal causes of the economic unit, but also due to some preferential contracts with internal and external partners. For some authors, these expenses that occur spontaneously cannot be considered in the category of productive charges, but their settlement, at certain intervals of time, is required by the practical reality.

The accidental charges, that consist in those extremely high values, determined by certain specific situations objectified in: damages caused by the development of unexpected events (natural calamities, some contract rescissions, illegal conventions or orders etc), the occurrence of some land refunds, in order to perform some environment works, as a result of the deficient implementation of the land estate law etc, that, according to the economic theory, cannot be included in most cases in the production costs.

Special charges consist in all the expenses necessary for the development of the normal activity of an economic entity and they include periodically health insurance and social security expenses, work accidents, expenses for medical units, sport, learning, library (short time courses – jobs – specializations, kindergartens - creches, canteen, etc.)

Value, material and immaterial charges of a company are seen as, those expenses needed for the effective determination of different cost categories [2]. In reality, they occur as periodical records of all costs gene-

rated by an activity, on production places, for their content, on products, service, with certain particularities. The economic companies have the obligation to permanently register the costs that are done, with reference to the destination and the importance of the developed activities. In their turn, the costs will be divided into: basic production (activity) in order to perform end products, goods, blank products etc on main production and cost places for their administration; **auxiliary production (or activity)** that provides the regular development of the entire activity (toll rooms, energetic, process steam – thermal energy, etc), that are performed on cost secondary positions or centers, with their management, respectively; **the additional production (activity)** that does not have any direct connection with the basic activity, but which covers certain social needs, recorded in secondary positions of expenses and management [3].

Only after the delineation and knowledge of a production functional structure, according to the stated objective of activity, at the Commercial Register (The Code of the Activity of the National Economy), the economic entity, **during a first stage**, can determine correctly the account implementation area and to record the sequence of the value charges performed on sections, workshops and production places. **During the next stage**, the calculation of costs will continue to intensify and identify (enter) the obtained products, the developed activities, the performed works or the services using the current accounts of expenses. The correct cost administration management, during **the final stage**, involves their retreatment on modern structures, with an apportionment (distribution of the indirect cost son coefficients) and adding the expenses, performed on the general activity of production administration and management (factories or basic, auxiliary or additional sections etc), for the entire economic entity together with the costs also generated by the specialized departments (boards, departments, services, offices, functional compartments, etc), aiming at function performance and fulfillment: research – development, production, trading, financial – accounting, human resources, security and prognosis, etc [4].

In modern economy, the economic entities outline charges as, those costs that represent the paid values of those to be paid for the stock consumption, work and service performance that the units benefit of, personnel costs, the performance of legal and contract obligations, losses, as profit reductions from the previous financial exercise, the reserves, redemption and adjustment for depreciation or reflected value loss.

In our opinion, a functional classification of costs (that is the direct connection between the value charges and the production cost, as the decision element of the offer), will take into account the implementation of the **following criteria**, starting from: their heterogeneous content, their nature and destination, their structure, the importance in an economic activity or their interdependence on the technological process, on their homogeneity extent, their occurrence moment, their way of performance on calculation objects, depending on the evolution of the production physical volume, by the participation at creating economic goods or service performance, of the pursued goal, etc.

The Romanian legislation, harmonized with the European Guidelines (Fourth and Seventh Guidelines of the European Economic Communities), identifies and accepts a modern classification of the production costs (stipulated in the Accounting Law 82/91 republished in 2005 and in the Order MFP, n 1752/2005, coming into force since January, 1st 2006) that will be detailed. Any economic entity will absolutely consider the structure as concerning *the types of costs*, but also taking into account *their nature*, divided into: a) **operation costs**; b) **financial costs**; c) **extraordinary costs** (that do not directly concern the normal activity) and **costs concerning redemption and adjustments for depreciation or value loss of the tangible and intangible assets; costs of the profit tax** etc. Then, *the nature of the consumed economic means and of the loaned and attracted resources* is considered and they can be structured into: a) **live work costs** (with work factor, that are determined by the employees' salaries, salary tax, contributions concerning social health and social security insurance, unemployment wages, the fund for the work accidents, etc); b) **materialized work costs** (on the capital, land factor, made up of raw materials and consumables, fuel, energy, capital redemption, etc).

Thirdly, *as concerning the inclusion way in the product cost*, the expenses are structured into: a) **direct costs** also called specific (individual), because they can be immediately included, on products, performed activity or service, etc(during their consumption, as direct raw materials, direct wages, redemption in a strict relation with the operation and performance activity of an economic good, etc). b) **indirect costs** also considered common of a section (that refers to the maintenance and working equipment operation costs, section, sub-office or factory general costs and costs generated by the entity management, etc). The inclusion of the indirect costs in the product cost is made, on the basis of the allocation coefficients, depending on the direct wages or raw materials and direct materials, etc.

Fourthly, *as concerning the cost homogeneity*, they can be divided into: a) **simple costs**, that present all the elements *that contribute* to the performance of a product or activity, or work, also called **monoelementary or primary costs** that are made up of cost elements that cannot be decomposed in other components (costs for the raw materials and materials, fuel, energy, redemption, wages, wage tax, contributions concerning health insurance, unemployment wages, interests, etc); b) **complex or polielementary costs**, made up for a product, work, etc. of simple costs (costs for equipment maintenance and operation, section general costs, administration general costs, trading costs, etc. [5].

Fifthly, the costs can be divided, *as concerning their dependence on the production physical volume* into: a) **variable or operational costs** are those costs whose extent changes, proportionally, as production physical volume increases or decreases, and their standard on product unit remain relatively constant (consumption of raw and direct materials, direct wages, contributions concerning insurance and social security, etc); b) **fixed or structure costs** whose standard is conventional – constant, indifferently if the production volume oscillates, their standard on product unit is smaller, as the production is bigger (general costs on the entity current maintenance, telephone, telex, office products and consumables, product trading and promotion, then the costs for the equipment maintenance and operation, etc). Sixthly, *in relation to their connection with the production process*, the costs can be structured into: **basic costs** due to the performance of the operation – production process, in order to get the end products, also called technological costs (costs concerning raw materials, the redemption of the equipment used during the current operation, the wages of the directly productive workers, etc) and **overhead costs** necessary for the production organization, administration and management, which are divided into: a) **basic process costs**; b) **auxiliary production costs**; c) **additional production costs** etc.

Finally, taking into account *the moment of their occurrence*, the expenses can be divided into: a) **current costs** that are produced and that are recorded during a determined period of time (administration period), especially the costs with reference to the consumption of raw materials and resources, fuel and energy, redemption, employees’ wages, the contributions concerning health and social security insurance, unemployment wages, work accidents, etc.; b) **preliminary and accounting costs**, that refer to the manner of calculation at certain periods of time, of the expenses needed for an activity, a product or a service, without providing any reserves etc and which does not take into account the effective consumptions; c) **anticipated costs** that will be calculated at the present moment and will be distributed for the future administration periods, concerning the places of production – activity (costs of the operating repairs, unexpected heavy repairs, technical revisions, tickets, rents, etc).

As a result, the correct record of the value consumption, within the production costs, will be made in relation to, the classification of the economic activities, on the production places and on the categories of costs produced, following the structures mentioned above. In other words, a classification of the production costs falling under certain criteria known and checked during the economic-judicial practice that is very important, in order to reach the two interdependent objectives pursued by any economic entity: a) to differentiate, the most exactly the effective costs to be distributed, on organizational structures and on every activity, product, performed work or service, etc.; b) concerning their entire recovery by means of current market price and the necessity of continuing the activity, with resuming the economic circuit, in order to obtain profitable – efficient products [6].

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Prezentat la 05.04.2007