Comparative Aspect of Cost Management and Accounting Cost

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Abstract

The article shows a comparative analysis between cost management and accounting cost. To begin with, tools for evaluating the performance of an entity are studied, as well as the methods of improving the accounting systems used in the production system, taking into account resources. The study includes a detailed analysis of the management cost and a detailed analysis of the accounting cost. The purpose of the article is to highlight the strengths and weaknesses of managerial costs as well as accounting costs. Finally, the authors' conclusions are analyzed.

Key words: cost, performance, management, accounting.
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1. Introduction

The article presents a detailed study on managerial accounting, performance evaluation methods, as well as a comparative analysis between cost management and accounting cost. For the beginning, the definition of managerial accounting according to the specialized literature is described. Many researchers provide us with essential data about managerial accounting, which studies the internal activity as well as the external activity on the entities. In order to carry out these activities, we need a detailed study on the resources that provide us with information from the financial accounting, both current and future, necessary in making the essential decisions in the smooth running of the entities' activity.

The article also examines the tools for evaluating the performance of an entity, as well as the methods of improving the accounting systems used in the production system, taking into account resources. The study includes a detailed analysis of the management cost and a detailed analysis of the accounting cost. The purpose of the article is to highlight the strengths and weaknesses of managerial costs as well as accounting costs. Finally, the authors' conclusions are analyzed.

2. Literature review

In the specialized literature are reached different forms of managerial accounting. Managerial accounting uses both external resources that require entity-level information provided by financial accounting and internal resources that include cost accounting information in order to provide the data needed for planning, control and decision making. It should be noted that the information provided by management accounting must be both present and future information used in the management of the entities.(Contabilitateafin.ro/ 2017)

Managerial accounting can be defined as a set of procedures for identifying, quantifying, collecting, analyzing and reporting accounting information on operations, activities, processes, works and services performed by economic entities in order to substantiate the decisions taken. (Managerial Accounting, 2013-2014)

Managerial accounting "is a broader concept involving knowledge and professional skill in training and especially in presenting the information necessary for management at different hierarchical levels. The source of such information is financial accounting and management cost accounting". (Caraiani C., Dumitrana M. – Accounting and management control, 2004.)

Natacha Dabija in her work "Managerial Accounting" defines managerial accounting as a "distinct field within the accounting records, having as main objective the measurement, collection, processing and transmission of information", necessary in the preparation of internal reports.

The calculation of costs is an important part of managerial accounting, based on determining the expected costs, the time of integration in production accounting, execution of works, determining the actual cost on each activity center.

The literature assigns managerial accounting to different forms, namely: management accounting or analytical accounting. Management accounting is different from managerial accounting by the purpose of accounting information, based on the decision-making act of the entities. Analytical accounting is an integral part of managerial accounting by allocating the structure of active financial statements, debts, equity, income, expenses.

3. Research methodology

Accounting companies that apply accounting systems from the production process to the finished product, face major problems with cost accounts, because the continuous improvement of technology, moving equipment, waste disposal is done during working hours and this prevents accurate determination. of cost. This process is performed every time an improvement of the manufacturing technology is made. A category of accountants places more importance on determining cost management rather than cost accounting.

Experienced managers and accountants can evaluate this, but wonder why the cost of production needs to be known, most likely it will be considered an individual product or service used to determine the price, reduce costs and inventory value. It should be specified that the market is the one that sets the price and not the accountant. To reduce costs, it is necessary for any business to focus on reducing costs for the whole company and not for individual products. Finally, every company tries to use its resources profitably to offer customers products or services that are competitive in terms of cost, quality and delivery. In his book Kaizen Masaaki Imai tells us that "The ultimate goal of a company is to make a profit, assuming that this is self-evident, the next on the company's goals should be quality, cost and programming (quantity and norm)" . Without achieving these objectives, the competition left behind by competition due to lower quality will face erroneous profits, which will lead to delayed delivery of products. Therefore, we should consider all other management costs and operate according to the three mentioned objectives.

4. Results. A performance appraisal tool - Balanced Scorecard

Balanced Scorecard communicates an organization's strategy through a series of causal links. The Balanced Scorecard is particularly powerful because it relies on both financial and non-financial measures to communicate to managers how specific business processes lead to results. Using both types of measures can give a company a more complete picture of its progress towards meeting its strategies and objectives.

Balanced Scorecard measurement has several common indicators that companies use to measure performance across each of the four balanced score dimensions.

Evaluation of financial performance

Company managers frequently evaluate the financial performance of their enterprises according to three standards: the actual past performance of their enterprise, the budgeted performance of the enterprise, and the performance of the enterprise customer group. Two of the most common financial measures used to evaluate performance are sales and profitability.

Table no. 1: Balanced Scorecard measurement

Size	**Examples of measures**
Financial results	Sales and profitability Cash flow from operations Dividends paid Debt levels
Customer satisfaction	Market share The average value of the transaction Satisfaction assessment Number of new customers Number of products returned
Production process	Percentage of deliveries on time Marketing time for new products. Number of defective products Number of accidents Production stagnation time (production downtime)
Learning and development	The value of employees Employee satisfaction assessment Number of training courses completed Employee awards

Source: Developed by the author based on data provided by SC Selprod SRL

Evaluation of non-financial performance

A performance measurement system must provide managers with a well-functioning, favorable feedback and value of the entities in the operating process. It enables managers to make decisions about the company's operations and requires adjustments that help the company thrive, taking into account the company's value chain processes. Financial performance measures that are derived from structured financial statements and standards, non-financial measures are often tailored to a company's single operations. The performance measures used by a company may not be appropriate because the strategic objectives are different. Therefore, managers study the company's objectives and the production process to adopt non-financial measures that will help them in evaluating the company's objectives. To be useful in strategic planning and evaluation, performance measurement systems must report an operating time of at least five dimensions:

1. Input information. Examples: raw material usage reports and product cost reports;
2. Information about the process that creates customer value. Examples: entity turnover, employee training and production costs;
3. Information on efficiency or productivity. An example is the client's account processing time;
4. Information about results. Examples: customer sales data, sales reports and market share;
5. Information on the evaluation of the quality of products and services. Examples: number of defects and market share data.

Cost Management. In traditional data collection systems, the cost elements of a product can be defined as the sum of the material cost, the allocated processing or conversion cost, and the allocated cost of the product price on the materials invoice and the company's records for purchase prices. However, non-conformities considered as waste or waste should not be added and should be eliminated, the degree of processing is created. In fact, you may get to a point where direct costs can be allocated because the product is more than the occupancy costs allocated to the product. Many companies have found that ABC encourages larger batches to move the cost to more units, thus "reducing the cost per unit in low-priced products."

Accounting Cost. The determination of costs depends on the chosen method. The cost is not absolute, but only an estimate. Management understands the profitability of a portfolio of own products. Apparently low-margin products, which complete the line, will become acceptable if they offer a competitive advantage to the customer's eyes, and the whole product line generates an acceptable profit. The traditional accountant tells us that the detailed costs of the product must be

maintained, and the argument is that numbers are necessary to satisfy auditors who want to know the values of the inventory, but look at the standard "clean petite" that auditors give. These standards require that we plan and perform an audit to obtain reasonable assurance. An audit examines on a test basis, evidence that supports financial documents and information in the financial statements. An audit also takes into account the accounting principles used and significant made by management, as well as the assessment of the general presentation of the financial statements.

The financial statements referred to are presented correctly. In our opinion, valuations are based on estimates, including inventory valuation, and that the financial statements are accurate in all material respects, providing recognition of the principle of materiality. If a company restores its inventory two or three times, which is not unusual for a company, it is a significant item in the balance sheet and a small valuation error can have a significant effect on reported revenue. Therefore, the audit devotes a considerable amount of time testing to the methods used to allocate costs to inventory, in addition to which are net realizable value tests. On the other hand, it is not uncommon for a good company in time to turn its work into finished products. In other words, these companies would only have one or two weeks of inventory. It is relatively easy to calculate, at macro level, one or two weeks of work and overpressure and to capitalize this amount by recording in the accounting journal by the end of each month. The argument that unity is needed to value inventory is valid in a poor environmental experience.

5. Conclusions

This article includes the conceptual dimensions of managerial accounting which describes general notions of managerial accounting, information on managerial decisions made at the entity level, notions of the information system needed to make important decisions and the fundamentals of business strategy and strategic planning. Managerial accounting is necessary to meet the interests of customers, owners and other stakeholders in the business. This article includes the description of a performance appraisal tool implemented in entities, as considered a method of managerial accounting and an analysis of managerial costs as well as the accounting cost that is of interest to each entity.

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