DIRECTIONS FOR IMPROVEMENT OF THE MANAGERIAL ACCOUNTING

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Abstract

This paper presents the actual accountancy methodology and costs calculation in a single circuit which considers the collecting and distribution of them related to their destination – on calculating articles - does not allow the distinguished reflection of the expenses depending on the economic nature. We are presenting some consideration for general organization of the accountancy and the production expenses especially in two circuits, one depending on the economic nature in the general or financial accountancy, on their destination, in the managerial accountancy. In the second part of the paper we present directions for improving the costs calculation that respond better to the companies' management.

Keywords: *managerial accounting, cost calculation, direct costing, cost analysis, cost calculation methods*

Introduction

The current methodology for accounting and production costing in one circuit (Călin, 2003), which is considering the collection and their distribution as their destination - the calculating articles, does not allow reflecting the distinct economic costs by nature. This makes it harder to identify ways to reduce costs and particularly materials costs of production which in our economy have a fairly significant percentage, setting the smooth efficiency indicators of economic activity based on unit production costs, calculate the efficiency of the final results of the company, setting the assets situation and timely preparation and presentation of current financial statements (balance sheet, profit and loss, etc..) which are required to be published. Here are a few reasons for which some authors have decided to organize general accountancy and managerial accountancy in particular in two circuits, one depending on the economic nature or financial accountancy and second, in the managerial accountancy.

Proposal for improvement of the Class 9 "Management accounts"

About the way how managerial accounting or management organization chart of accounts in general is designed and the operation of accounts in Class 9 "Management accounts" of this plan can be a series of proposals for improving the methodology of calculation of the cost on calculating objects (Călin, 2007).

Thus, to specify the operation of each account referred to in this class, bear in mind that the ultimate aim of registration with their expenses is not just "venting" them in order to determine the

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total by destination on types of activities, but calculating the actual cost of on calculating objects and deviations from the predetermined costs in the same structure. It implies, first, that the expenditure of financial accounts to be grouped collected and distributed in managerial accounting, regarding their use and sequencing of strict calculation of the unit cost of product. It is this latter issue that is not respect and we think that can be achieved by operating the following concept of functioning of the accounts in Class 9 (see diagram 1).

Diagram 1.
Operation of accounts in Class 9 "Management accounts"

D 901	"Internal settlement regarding expenses"	**C**
Real cost of the finite products (account:**931**) Actual cost of the production in progress (account:**933**)		Production costs taken from financial accounts which are registered by their economic nature and management accounts recorded by destination (account:**921,922,923,924,925**)

D 902	"Internal settlement regarding the obtained production"	**C**
Actual cost of finished products obtained (account:**921**) Actual cost of production in progress (account:**933**)		Standard cost of finished products obtained (account:**931**) Price differences related to finished products obtained (account:**903**)

D 903	"Internal settlement of price differences "	**C**
Price differences related to finished products obtained (account:**902**)		Price differences related finished products produced, distributed (account:**931**)

D 921	"Basic business expenses "	**C**
Direct costs of core business (account:**901**) Costs of auxiliary activities (account:**922**) Indirect costs of production (account:**923**) Administrative overheads (account:**924**) Sales Expenses (account:**925**) Actual cost of finished products and production in progress		Actual cost of production in progress (account:**933**) Actual cost of finished products obtained (account:**902**)

D 922	"Costs of auxiliary activities"	**C**
Collected expenditure (account: **901**) Mutual settlements (account: **922** in analytical)		Mutual settlements (account: **922** in analytical) Breakdown of expenditure on consumer sites (account:**921,923,924,925**) Actual cost of production in progress (account: **933**) Actual cost of production goods (account:**902**)

D 923	"Indirect costs of production"	**C**
Indirect costs of the main production sections (account:**901**) Costs of auxiliary activities (account:**922**)		The share of indirect costs of the main production sections distributed by calculation objects (account:**921**)

D 924	"Administrative overheads"	**C**
General administrative overheads (account:**901**) Costs of auxiliary activities (account:**922**)	Administrative overheads share distributed by calculating objects (account:**921,922**)	

D 925	"Sales expenses"	**C**
Sales expenses (account:**901**) Costs of auxiliary activities (account:**922**)	The share of expenditure allocated by calculating objects (account:**921, 922**)	

D 931	"The cost of the obtained"	**C**
Standard cost of finished products obtained (account:**902**) Price differences related to finished products obtained (account:**903**)	Actual cost of finished products obtained (account:**901**)	

D 933	"Cost of production in progress"	**C**
Actual cost of production in progress (account:**921**)	Actual cost of production in progress settled on account of expenses incurred (account:**901**)	

Applying this concept, although the results in cost calculation on computer objects to determine the actual deviations from the predefined costs, and other variants based on the concept shown depending on the method of calculation used, are nevertheless a number of limitations (Călin, 2008). Thus, we believe that the main limit is given that accounting is organized in double circuit leading to a large volume of work, which will cause many businesses to waive the second circuit - managerial accounting and cost calculation - as a result overall activity may be established on the basis of financial accounting, bookkeeping and making settlement that allows the tax line and the preparation and timely submission of annual financial statements. This leads to lack of information necessary for decisions of the managers, and, above all, to drive the production process. The lack of such information actually leads to ignorance of the economic cost, the unit cost of output, the expected cost (i.e. preset cost on calculating objects and cost budgets), the deviations of actual costs from the preset costs - and budget control for the budget for development cost of the analytical results produced and the internal structure of the company, the real bases for assessing stocks of finished goods and production in progress, etc., strictly necessary information for internal business analysis of operating decisions on short and medium term, the definition of development strategy and trade policy of the company, etc.

Removing those limits and determine the companies to organize together with financial accounting the managerial accounting and cost calculation, so that it can meet all the requirements of internal and external management of business, including timely preparation and submission of statements financial, can be achieved by applying an integrated model of financial accounting and management of costs and their calculation.

The proposed model envisages a merger between Class 6 accounts “Expenditure accounts” and those in class 9 "Management accounts" of the general plan of accounts in compliance with grouping of the financial accounting on the three categories - operating expenses, financial expenses and extraordinary expenses-, monthly costs settlement through the profit and loss accounts for the outcome in the global financial accountancy, but with the possibility of establishing analytical results in managerial accountancy.

Under this concept, calculating accounts in Class 9 in which the spending will be registered by purpose will be included in class 6 to reflect the operating costs by destination and by nature, maintaining accounts and financial costs of extraordinary expenses, and at the end of the period of all management accounts will be closed through profit and loss account to enable comparison of costs with revenues and determine the final outcome.

To do this improvement, accounting information system for collecting operating costs and costing of production can be organized in two variants, namely:

a) the usage in the whole system costs and costing calculation registration, the cost structure elements (nature of expenditure) grouped by function and the direct and indirect costs using calculating accounts in Group 92 of the general chart of accounts, which means that the process of collecting expenses from all structures which generate costs to consider destination and in doing so, the nature of expenditure. Monthly, expenditure outlined in this vision can settle on revenue for the outcome, but it and can be calculated and allocated to determine the actual cost of a given product, orders or semi-product which in its initial phase will receive expenses directness, also ordered by the economic nature;

b) maintaining the registration system of operating expenses - which form the basis of production costs - the structure of the calculating articles, but its inclusion in a largest possible number of items of expenditure that is a based by economic nature, that correspond to the primary elements and complex expenditure ratio, and in particular indirect substantial decrease in cost of the products. In this case, indirect costs should be budgeted and followed by identifying types and their distribution in the cost of the products and must consider both the destination, places that they rise and economic structure by nature, so that they occur after the product cost structure together with other direct costs.

Proposals to improve methods of costs calculation

Operative and future management of any business and hence, of any economic unit requires improving the methods and procedures used for this purpose and, within them, costing methods have an important place. This improving should cover both the need to obtain essential information to include data on cost of production and traceability pre-operative compliance with the expenditure budgets and the determination of reasonable estimates, to allow optimization of the relationship of the workload, cost of production and profit (Călin, 2005).

So, ultimately, improved costing methods aimed at providing information leading to the development of science-based decisions, fast and efficient ones to intervene actively and fully in the organization and management of the production process.

Costing methods should become effective management tools to business managers, active tools of analysis, control and forecasting.

Traditional methods of cost calculation based on actual production costs, which are currently used in our country (global approach, phases method and orders methods) only allow for a control of compliance with the level of postoperative costs. They doesn't make possible the operational knowledge of deviations from normal conditions of production deployment considered when budgeting or spending standardization in detail, on types, causes, places of production, etc.. As a result, the information provided does not allow knowing at the right time the noneconomical expenses, the difficulties occurred in the normal course of business, they did not consider the issues of optimizing the activity and minimize the costs. All these aspects burdensome substantiation of the management decisions to be taken in relation to costs, with the results.

To overcome all these shortcomings, which manifest itself in information on production costs, it must *improve accounting methods of production costs and costing* so that new methods

make it possible to provide current or future change effects and to determine the cost with satisfactory accuracy. This can be done several ways.

A first way is the improvement of traditional methods, which can be achieved by using the calculation of projected prices or already computed as is the standard or budgeted cost; they would become recorded prices. During the course of business it will be able to determine the actual cost by monitoring and recording operational deviations of actual expenditure from these prices. On this basis it can be created conditions to calculate the actual cost efficiency and to analyze deviations from the original provisions for short periods of time in order to understand the degree of compliance with budget production costs, the causes for such deviations and the adoption of most appropriate decision for their removal or mitigation. Effectiveness of such methods of calculation depend on the degree of reliance on scientific information on production costs, the budget forecast production costs and standards of expenditure (consumption of materials and labor).

Such conditions creates the possibility of applying the principle of management by exception, which is currently the most rational choice conception and providing useful information to beneficiaries at different levels of the enterprise and providing possibilities for upper-wide information system . As is known, the knowledge of the anomaly (deviation) is more important for management decisions than the whole mass of records.

By applying this method of management the foresight aspect of the information is developing, which leads to ease of analysis, decision, and actions to improve business.

So, tracking production costs is done at the level of the production process, signaling all deviations from normal.

Another way is to study possibilities for experimentation, adaptation and generalization of modern calculation methods used in some advanced countries, or elements of them; for this purpose, a critical analysis of their features is required, taken in light of actual conditions in which economic activity takes place in our country and only then decide what methods can be adopted or what items may be taken depending on the opportunity to provide information on costs of decision making.

In this respect, we believe that the management at various levels of business activity can pay attention to *monitoring and calculating the cost of production expenses on places as it is called in the literature on cost centers or business centers*. These may include a production department, a workshop, a group of machines, installation, functional service etc. Monitoring activity and calculating cost on locations expenses aim is to tighten the responsibility of each employee in economical expenditure of material and financial resources that were provided to achieve a certain volume of activity. This method contributes to strengthening economic management, namely to increase the economic efficiency of business.

It is necessary that the information about the cost of production to show that expenditures are considered normal under certain operating conditions, as a certain level of appropriate standard activity and, therefore, to be incorporated in production cost; however, to reveal which unforeseen expenses arise in the normal operations of the company accidentally and it should not be incorporates in the cost of production. In some developed countries these costs are passed directly to final results, because they calculate the total cost. This would you have a great importance because the management know the degree to which work activities and the undertaking of fixed costs should not be incorporated in production cost due to a lower activity level than that normally found in forecast calculations, i.e. the loss of subtasks (improper activity) which reduce the overall outcome. In our country, in the current cost accounting system the cost of subtasks is also determined which usually is not included in cost of products, but is reflected directly in profit or loss. In the subtasks costs the costs of scrap and losses caused by technical failure of the production are included.

Such a costing method, known as the "rational imputation", provides information to the leadership to watch if the business falls within the normal, to examine carefully the two major categories costs, variable and fixed and determine the level of activity influence the cost of production.

We consider preparation of various cost budgets for various sectors of business (production, sales, administration, etc.) of particular importance for effective management of business, each of them having a certain amount of activity. Based on these types of budgets the general budget is drawn up for the entire enterprise and one can determine the forecast results of each activity. Respective budgets can be developed in the production departments, workshops, groups of machines, functional services etc., so at the level of costs places as activity centers and at the same time responsibility places.

Such a way of management information enhances and deepens the expected character of information on production costs and facilitates the control of production costs in relation to the achieved level of activity, as the basis for decisions regarding the level of activity that the company should reach to achieve efficiency.

An important role is also played by the knowledge of the information on variable and operational costs, fixed and costs structure costs. Based on the information on variable costs of a particular period the management may provide direction for any amount of their activity level, since these costs vary with the volume of activity and volume production capacity and their related costs, i.e. fixed, remain unchanged. This allows short-term decisions. Not like this stand the problem with the costs structure, which are generally fixed for a certain volume of activity for a certain period of time in which the activity fluctuates around an average. Information about these costs are important for management because they remain fixed, increased or decreased level of activity compared to the average leads to a change in the opposite direction of the production cost, which requires particular attention in future decisions as a result of difficulties providing an optimal activity level, considered normal. On the basis of such information is taken long-term decisions such as those related to investments that result in changes in production capacity. But as problems for short term decisions are different, and have the largest share, the information on variable costs have the largest share of information about the costs of production that serve to substantiate decisions.

Also as a method of analysis and operational information on the economic activities, which enables operational decisions for short period, is the *Direct-Costing method or variable cost approach*. This method is also based on dividing the costs of production and sales in variable and fixed, which facilitates decision making due to the fact that make out more operative relations between costs, prices and volume activity. Based on information supplied to it, management can easily solve some fundamental problems for decisions such as the unit cost of production (of course only form of variable costs), total fixed costs, the products to be manufactured to achieve a more profitable variety, quantity of products to be sold to achieve a profit, production volume to be made to maintain the same level of profit if the selling price should be decreased or the selling expenses should be increased, the amount with which the profit increase by dropping the unprofitable products and customers, the case when the management can accept a sales at a price below the variable cost. Also, based on information provided by this method, the management knows how to increase production volume to meet a certain increase in the number of employees, a situation that can produce a product whose sale price does not cover the costs (i.e. when the sale of unprofitable products contribute to the highly profitable sale items), boosting profits at the expense of lower sales of those products whose contribution to cover fixed costs is low, boosting profits at the expense of production and sale of products whose retail price is greater than unit variable cost, even if the total cost is greater than or equal to him to cover all fixed costs, such sales should be as wide and as the

need to increase the overall volume of sales to make a number of products unprofitable to profitable products, which are products and markets that carry the highest profit, etc.

Of course, in the current calculations of costs prevailing in our country, involving, in general, a total cost (full), this method does not finds application, since it determines only a partial cost that would distort the analysis results and could not be used as a basis for determining the selling price and fixed costs are not demarcated in time to the production activity that has given rise mostly, but depending on the activity of selling. Some corrective actions such as the distribution of fixed costs in proportion to the variable ones, or gross profit contribution, this method could lead to a full cost and then it would serve both the production cost calculation and the determining the final results and analysis by product and by product types, thus providing the management information base on which can take decisions to ensure maximum return on entire business.

Given the constancy of variable costs per unit of product and fixed costs over time and to a certain volume of activity, this method can be applied to business forecasting and management, enabling the calculation of the unit cost, total variable and fixed costs, profits and profitability, etc. corresponding to the workload of the future periods.

Direct-costing method provides additional information if one apply within the business departments, sites or activity centers expenditure (cost) in combination with standard cost method, i.e. following a series of separate products costs and using standard costs and flexible cost budgets, which enables the detailed analysis of deviations on places, types, causes and responsibilities.

Due to mechanization and automation of production processes, information about the costs of maintenance and operation of equipment, those on intensive and extensive use of surface capacity and production, on costs during breaks, on the profitability of each machine or production center, is becoming increasingly necessary for management. All this information is obtained by the management by applying the MHR method (Machine-Hour Rate). By the information provided, this method allows the exercise of operational control over the use of production capacity not only on the whole company, but on each division, group of machines (production facility) and even on each machine, which reinforces the responsibility of employees to efficient use of each machine or machine group. This method also provides information about the deviations of the actual material expenditure from the standard ones and the end of the period provides information about the deviations of actual expenditure from the standard ones of the production centers as places of expenditure, on types of costs and causes, which contributes to strengthening the responsibility of employees.

Decisions for the rational use of materials and financial resources and cost optimization are facilitated by PERT-COST method. This method is both providing management information about the forecast lead times, production costs, unit cost of a particular goal (product, work, service) and an operative method by which to determine and pursue infringements on time and phase. By the continual updating of projections based on actual data, replacing original data with the real objectives during the execution, the PERT-COST method gives management the opportunity to continuously monitor the developments and to intervene with corrective measures when there are disturbances and deviations the original provisions. So, it is a way to provision and control of execution time and cost.

All these methods presented here can be adopted only as regards their nature and their greater power of operational analysis and information; the fact that their technique can not give a full charge (in full) which must incorporate all actual expenses requires some improvements that are to be implemented successfully.

Improvements of the costing methods is necessary because in terms of today's technical progress, when most production costs are direct costs and the share of direct and indirect costs is changing with a bias for the direct. In such circumstances, information on the nomenclature and share of the items or items of expenditure in the cost structure of production is of key importance

for managerial work, not only for understanding the directions in which it should act mainly to detect and mobilize internal reserves, continuous and systematic reduction of costs and, on the basis of economic efficiency but also to know the accurate cost of production. The latter is necessary to achieve, whereas, as indirect costs have a higher share in total production costs, the production cost is less accurate and therefore in such cases, management needs to know the costing methods and the criteria for allocating indirect costs to be taken to determine the actual cost of products as much as possible. This is required, especially since the conditions of technical progress creates the possibility of adopting operational costing methods such as standard cost method, the direct-costing method, PERT-COST method, MHR method, ABC method, etc., and criteria for allocating indirect costs in product cost such as the number of machines, operating hours of machines (given that the largest share of indirect costs is due to machinery maintenance and operation costs), differential allocation criteria on each item of expenditure, etc.

We appreciate that from this point of view, *the standard cost method in standard single cost variant* is the best method for costing because it allows calculation with efficiency of the costs of deviations from the pre-effective costs and therefore the usage of the exception management method, cost analysis for determining subtasks costs, inspection of the budget and the separation of variable and fixed costs in order to determine the stiffness of the company, as well as it provide other indicators for the management by the direct-costing method, such as yield or equilibrium point threshold, the threshold for optimal activity or optimal point, coverage factor, safety factor and period etc.

The information given by the value analysis method are very important for the company's management, which aims to identify unnecessary costs, which have no influence on function, quality or service life of products. Based on information provided by this method, it can be determined an optimal ratio between the usage value, product function and manufacturing costs. This allows the company to achieve high profitability, especially the reduction in production costs and increase product quality and their functions that make them competitive on the market, even if the selling price increases.

This method seeks to optimize production costs from product design phase, based on thorough analysis and provide technical and economic solutions to manufacturing processes of each product under conditions that ensure minimum costs. The cost of the product should be optimal variant of the reunion of information on the costs of design, those with the consumption of materials and workmanship and to those caused by manufacturing technology, under the optimal performance of its functions and usefulness to consumers end.

So, the basis of the value analysis method is information on production costs. Therefore, the basic source for providing information necessary to decide on production costs is management accounting and cost calculation and, therefore, improving existing costing methods and careful study of the possibilities of adopting new methods or elements of these are issues that need to stay permanently in the management's attention.

Based on information on production costs one can take decisions about the price of products on ensuring economic efficiency of activity centers and on the organization and conduct of the production process. Therefore, information on production costs are strictly necessary elements for management work because it provides control based for economic activities, and on their basis the decisions for future work can be achieved and provides a control method of decisions.

To achieve all these objectives, relevant information must meet several requirements: to be of sufficient quality, real, accurate and contain data strictly necessary, to be operational, i.e. to reach the soon as possible, moving through the direct channels, to prove timely opportunity.

Given the nature of expenses to does not identify on the product (CIFU, CGS, GBC), it means that never information about the cost of production will be absolutely accurate, but they must be as close as possible to reality to serve in good condition to making the decision.

As regards their contents, information on production costs must contain exactly the data strictly necessary for deciding a particular issue, both in relation to actual costs and expenses in connection with standard total expenditure, on items and articles on places of expenditure, on products, etc.

Only under such conditions may be optimal decisions adopted - whether on short or long term - that contribute to raising economic efficiency, as incorrect information, insufficient or late, is tantamount to lack of information, whose effects are most negative for decision making activity and, therefore, for enterprise efficiency.

It can be shown therefore that the multiple implications that knowledge of information have on production costs in the management of economic units should increase to improve the economic information system of enterprise management and accounting so that its main source of data.

From the results presented it results that the managerial accounting contributes to providing information regarding the composition of costs and outcomes, which is of particular interest to managers. To achieve these goals is important to obtain and use operative information to enable decisions scientifically. Obtaining this information requires considerable financial efforts to create its own economic and development information systems, characterized by resilience, flexibility, precision and efficiency in which an important place is occupied by general accounting and managerial accounting mainly.

Managerial accounting information are confidential and are for internal use of the managers at different levels of economic organization. Only with such information is possible to take timely decisions for all types of unit to allow adaptability to competitive market conditions, to counter the disruptive exogenous and endogenous factors of each economic unit. To know the cost and profitability it must penetrate within the economic entity making use of managerial accounting. The need of information is fully supported by the developed market economy countries, where the provision of confidential information on costs and outcomes is the main attribute and stated purpose of managerial accounting.

So, the management work in contemporary stage of scientific and technical progress is inconceivable without comprehensive information, timely and accurate, that is the rationale underlying the decision. Both theory and practice demonstrates that, regardless of the economic system of which the company, its management, in order to achieve good results it has to know accurately, completely and timely the cost of the production.

The cost of the production is therefore of vital information by business entities in any industry.

The management by costs serves for modeling the entity's business processes in all its phases, from purchasing activity and ending with the sale and collection of product value.

Modern enterprise requires continuous knowledge of production expenses and on this basis, the cost of production. Thus, it can realize the economic efficiency of its work in order to determine the responsibilities and grant on a fair basis of material incentives to the employees.

Measures taken on line of improving national economic management, organization of production and work in industrial enterprises, require a substantial improvement in the calculation, record and analyze of production costs. This is because the cost is a synthetic indicator of the most important of the economic information system of enterprise seeking attainment of the principles of economic management. Information about the production costs show how material and financial resources of the enterprise are managed at every stage and operation of the technological process, at each expense or cost center, within each business or activities for each product, work or service which can be obtained in this activity, shows the conditions for the conduct of all activities of production and sale of the company. Therefore, the major goal of collecting, processing, transmission and systematic analysis of information regarding the level of production costs is the pursuit of economic efficiency of production as a result of the organization and management of this business and ultimately as a result of how it performs its duties as part of each employee.

However, information about the size of the cost of production is of great importance to the management of the company because it offers the possibility to know how much of the product

value is the value of inputs consumed in producing and selling the product and how much is the new value created.

Strict determination of the different kinds of expenses necessarily requires the application of the appropriate methods and techniques of accounting and costing, able to provide information necessary to monitor the process, "on the fly" and the operative deviations from standard costs; based on the analysis of the causes that led to those violations, the management of the company can adopt the most appropriate decisions on the future of business. The effectiveness of these methods depends also the efficiency with which they provide information needed by the management to take timely decisions.

That is why a different direction to improve the managerial accounting and cost calculation is to move away from the monthly calculation of final cost carriers, which requires a large amount of work. This operation will be performed at longer intervals of time, quarterly or annually, for calculation of expenditure on places of work or cost centers. This lead to the strengthening of the responsability for expenditure and hence the efficiency of the business.

Since those costs are reflected throughout the enterprise, managerial accounting should be seen as a basic management information system. The importance of managerial accounting for each level lies in the fact that:

• managerial accounting is the only way to explain the effectiveness of economic and reaching or departing from the purpose;

• the information provided by managerial accounting is management information for all costs generating sites;

• liability for the level of the costs regards all the hierarchical levels of management within the enterprise;

• each manager is responsible for the costs of the department which he leads.

The production cost is the most synthetic indicator of business activity characterization, which is why the permanent control of costs can track the quality level of the activity. Without permanent monitoring of costs it is not possible to ensure a rational management of the company. Control on costs, constitute a central problem of management for observing the management of materials and use of means of employment and business efficiency. This inspection is based on managerial accounting, the only one able to provide all the necessary knowledge of the costs, deviations from standard costs and the causes which generated them. It is clearly seen how the information relating the costs are the basis of the business control.

With modern management of the enterprise the managerial accounting information is taken into account in the analysis and control of the activity.

Thus, in the stage of production scheduling based on information provided by the calculation of costs the measures and the limits under the production costs will have to evolve are established. During the course of the production process the cost items are collected by some criteria, and periodically - or simultaneously - there is actual calculation of the cost of production. For knowledge or deviations from budgeted costs, per seat, influence factors and responsibilities are carried out comparative calculations of deviations. The results of the deviation analysis serve as a basis for substantiating the budgeted or standard costs for the next period. This method of tracking, analysis and production control is part of a cyclic circuit based on information provided by managerial accounting, known in literature as cyclic control specifically for cost management, control that is exercised:

• before the occurrence of costs, namely cost budgeting phase;

• concurrently with the development of costs, by pursuing usingit advanced accounting methods and calculation;

• after developing the costs based on effective calculation, performed using the methods of calculation.

Of these, the most important and effective cost control is performed before the onset of it and the least efficient, cost control after emergence, which can influence not last. It remains

necessary both for showing weaknesses and take necessary measures to eliminate them, and to consider the budgeting of the production costs of next periods. Hence as the cyclic control ends with no follow-up cycle of production, but it is resumed in the next cycle. Thus, in Romanian manufacturing industry the business cycle in terms of production cost control is generally a period of a month. In the cycle set, each manager, regardless of the hierarchical stage, is responsible for monitoring, control and adjust, based on information on costs, of the business sector or department within its responsibility.

Conlusions

Located at the enterprise level, and thus improve the economic information system of record production costs and cost calculation is necessary since the enlargement of functional autonomy is accompanied by the creation of conditions to exercise a higher level management functions.

Managerial accounting should not be viewed as an end in itself but as an important source for providing information related to costs, and act decisively to ensure a modern business leadership.

Hence, in the economic information system a central place is occupied by the information related to costs. Given this role, managerial accounting has become an important issue in an enterprise.

Regardless of the costing method used, in order to provide all necessary information decision system, a special attention should be paid to a more rational organization of the collection, storage, processing and transmitting of the information to all levels of decision. Computing techniques has produced major changes in how to do these activities contributing to achieving an effective system of cost control.

The cost information as part of the economic information system comprises a set of information from the cost and means of collecting, storing, processing and transmitting them to the decision-making system.

The process of data collection is particularly important to obtain quality information. To achieve rapid and accurate collection of data it is necessary to perform it at the places generating the costs.

Information on consumption factors are obtained by processing data on costs and pragmatic analyzing of the results. Information on costs of production must be made available to decision-making system as soon as possible, accurate and with real economic significance. To avoid unsignificant information to block channels of information and hinder the work of the leadership they should filtered. For this purpose, for each place of decision, his hierarchical level, the importance of items or cost categories considered representative, and the degree of variation in the level of costs of some products specifically pursued are envisaged.

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