# PARTICULARITIES OF MANAGEMENT ACCOUNTING IN ECONOMIC ENTITIES THAT OPERATE IN TRADE

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**Abstract**
*In today's globalised and competitive economy, the use of management accounting information in the management of economic entities is an urgent necessity, with cost control being a desideratum to be pursued by managers at all levels. This research is intended to contribute to the improvement of management accounting in economic entities that operate in trade. Starting from the current Romanian accounting rules regarding the organisation of management accounting, norms that focus mainly on the production activity, the objective of the paper is to develop a methodology for calculating and analyzing costs and results by responsibility centers, applicable in trade. Also, taking into account the standard model of management accounts in class 9 of the Romanian General Chart of Accounts and the specific nature of the activity of selling goods, the research continues with the proposal of a model of accounts adapted to this activity and with examples of accounting entries that can be used in the organisation of management accounting and that bring added value to economic entities operating in trade through the information provided in the decision-making process.*

**Key words:** *cost; management accounts; trade; turnover, result.*

**JEL Classification:** *M41*

## I. INTRODUCTION

The main component of the economic information system is accounting. In Romania, accounting is organised in two circuits: financial accounting and management accounting. For the organisation and management of financial accounting, some norms and laws are binding on all economic agents. Unlike financial accounting, management accounting organisations up to each company, depending on the specific nature of its business.

Management accounting is an accounting information system that contemplates helping managers and influences behaviours by modelling the relationships between consumed allocated resources and pursued ends (Bouquin, 2004). IMA (Institute of Management Accounting) defines managerial accounting as the set of procedures for defining, evaluating, calculating, and interpreting financial information that is used by management to plan, evaluate and control the inside of organisations, but also to guarantee and hold accountable the commitment of enterprise resources (Friédérich and Langlois, 2011, p.380). Regarding the role of management accounting, it can be considered that it can provide important information used in the process of making reports and internal research used by the company's management to make new decisions (Mihalciuc, 2022).

Management accounting is regulated in Romania by the Order of the Minister of Public Finance no. 1826/2003 "Details on certain measures relating to the organisation and conduct of management accounting". According to the order, management accounting is organised by the administrator of the legal entity, either by using specific accounts, by developing accounts from financial accounting, or with the help of their own technical-operational records. Even if Order 1826/2003 defines a lot of concepts and makes a lot of clarifications in the field of management accounting, there are still few regulations in this field, compared to financial accounting regulations. The model provided by the current Romanian accounting rules regarding the organisation of management accounting focuses on production and is non-operational in trade. It is from this limitation of the legislation that the chosen research topic was born. The main research question that has triggered reflection on the topic is: Does the management accounting of economic entities operating in trade meet the needs for information of the users of accounting information?

The use of cost-related information in the decision-making process and the implementation of efficient management accounting methods can lead to a rethinking of the information and decision-making system of economic entities. The objective of the research is to achieve a management accounting model in economic entities that operate in trade, which allows managers to track costs, revenue and results per responsibility centers.

To answer the established goal, we started with the following research hypothesis: The organisation of management accounting in trade by responsibility centers contributes to enhancing the actions of management control, in order to increase the performance of the economic entity.

## II.RESEARCH METHODS

The theoretical documentary research was essential for the scientific approach, involving the collection of information that was necessary to start the empirical research, from the study of literature and accounting legislation. Much of the information was obtained from the current accounting records of some economic entities operating in trade. Some information was obtained by interviewing the staff working in the accounting departments of enterprises that operate in trade, by interviewing the managers in order to find out the limitations and advantages of the current stock management of the activity.

The applied research complements the theoretical approach, a study on the calculation of costs and the analysis of profitability per responsibility centers of an economic entity that operates in the retail trade of fuels, car parts and accessories. We have thus built the scientific approach by combining theoretical research with empirical research, in order to find the opportunities to improve management accounting in economic entities operating in trade. We have formulated proposals that have been developed throughout the work.

## III.STAGES OF CALCULATING THE FULL COST IN TRADE

The first step in the organisation of management accounting is the establishment of cost objects. Depending on the needs for information of the users of accounting information, the cost objects in the sales units can be: commodities groups, districts, stock management, shops, and way of sale (wholesale, retail, online, physical).

The need to increase economic efficiency in trade, determined, among other things, by increasing responsibility for the costs incurred, requires the organisation of management accounting per centers of responsibility. A responsibility centre is defined as a group of organisational actors subordinated to a manager from whom they borrow the means and methods necessary to achieve their assigned objectives (Bâtcă-Dumitru, Sahlian et al., 2022, pp.19-29). In trade, responsibility centres can be real and functional. The real (or operational) responsibility centres are those that are directly related to the technological structure of the economic entity, with the object of activity of the entity. The actual responsibility centres can be, in turn, main centres (where the activities of selling the goods are carried out) and auxiliary centres which serve the activities of the main centres (maintenance and repair shop, transport section etc.). Functional (or structural) responsibility centres are not directly related to the technological structure of the enterprise, but the activity carried out within them is aimed at managing, organising, and directing the activity within the operational centres and at the level of the economic entity (the management and administration department of the entity).

Trade costs can be defined as the totality of costs incurred by an entity for the purpose of selling products/goods. Given that the object of activity of the entities under research is trade, the main categories of expenditure encountered, to be incorporated in costs, are: goods for resale represented by the cost of purchase of the goods sold, personnel salaries, including insurance contributions for labour, transport of goods, depreciation of fixed assets (depreciation relating to the degree of non-use of fixed assets - the cost of the sub-activity - is not included in costs), advertising and publicity expenditure (various advertisements made by press, radio, television, billboards and other similar actions), packaging, losses, perishable packaging within the limits of what is regarded as normal and other expenditure necessary for the conduct of the commercial activity (expenditure on services and work carried out by third parties, various consumables, other taxes, duties and similar expenses, non-stock materials, energy and water and various other operating expenses relating to the trade activity).

Except in rare cases where trade expenses are tracked in total (which is common in very small economic entities), in all other cases it is necessary to classify them according to a number of criteria, depending on the interests of the users. For managerial accounting, the classification by destination is of interest. It is identified as follows: 1) direct trade costs – can be identified by cost objects: stock management, commodities groups, districts; 2) indirect commercial costs – can not be identified by stock management, commodities groups, districts, but only by operating unit.

The separation of direct and indirect costs depends on the way in which the organisers of management accounting establish the boundary of the separation of costs in the two categories (Pop et al, 1997, p.126). Example: the consumption of materials can be a direct cost if it is allocated to the cost object, on the basis of specific consumption, thus determining the exact quantities consumed; it can be a simple indirect cost - when consumption is allocated to the lucrative facility (which includes several commodities groups, stock management, departments), and it can be a double indirect cost if consumption is carried out for the enterprise as a whole (Administrative overhead).

Once separated into direct and indirect, the question arises of the distribution of indirect costs over the cost objects. The first step is the primary allocation of costs. It consists of breaking down expenditure per each responsibility centre that incurred it. This is done on the basis of supporting documents which attest to the commitment of each item of expenditure and for which a causal link with the identified centre can be established.

Secondary cost allocation involves allocating the costs of the sub-responsibility centres to the main centres. After the secondary allocation operation, all the costs of the auxiliary centres shall be included in the costs of the analysis centres they have served.

From the level of the main centers (workshops/shops), the costs are further divided by cost objects (commodities groups, stock management). Also, within this stage, the allocation of the administrative and management sector costs over the cost objects is to be allocated. The allocation of indirect costs is usually made on the basis of an allocation key (absorption base). There must be a causal link between the chosen basis of allocation and the indirect costs to be allocated. This stage is called the final allocation of costs.

After the final allocation of costs, the full cost (FC) can be calculated by cost objects. In trade, the full cost comprises the totality of costs incurred in the circulation process, namely: the cost of goods sold (CGS) and other expenses. (Dumitrana, Jalbă et al, 2008, p.392).

The cost of sold goods corresponds to the purchase cost of the sold goods and is calculated by financial accounting. Other expenses related to distribution costs (DC) and Administrative overheads (AO).

FC = CGS+ DC + AO

in which:

FC — full cost;
CGS — cost of sold goods;
DC — distribution costs;
AO — Administrative overheads.

Starting from the calculation of the full cost, the result (R) for each stock management can be calculated:

R = T/O — FC

in which:

R — result;
T/O — turnover.

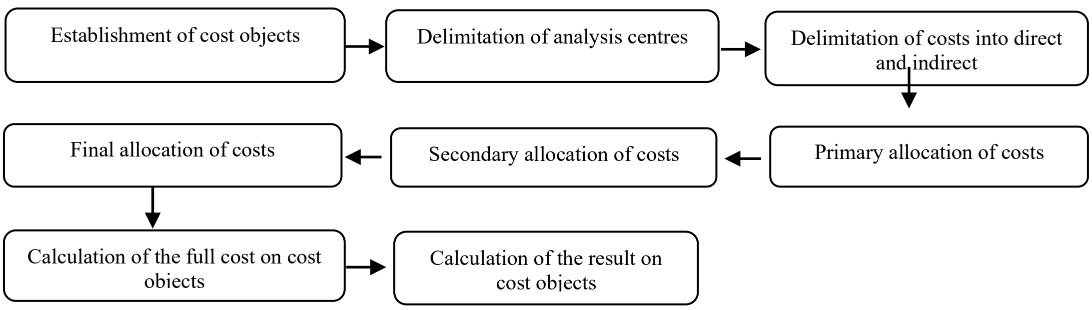


**Figure 1- Stages of calculating full cost and result in trade**
*Source: Own processing*

Managers are also interested in calculating the result in steps according to organisational levels and the possibilities of settling expenses. One model is based on the calculation of the trade margin by stock management, departments, and commodities groups (difference between turnover and cost of goods sold). Based on this analysis, decisions are taken to optimise sales, costs and business profitability.

TM = T/O - CGS

in which:

TM - trade margin;

T/O - turnover;

CGS - cost of sold goods.

If the other direct trade costs are set aside from the trade margin, the direct cost margin by stock management, departments, commodities groups is obtained:

DCM = TM - ODCC

in which:

DCM - direct cost margin;

ODCC - other direct commercial costs.

The size of the direct cost margin is very important as it must also cover the other additional costs of running the business, such as indirect trade costs and administrative overheads, and allow for profit.

R = DCM - IDC - AO

in which:

R - economic - financial result;

IDC - indirect distribution costs;

AO - administrative overheads.

## IV. ADAPTATION OF MANAGEMENT ACCOUNTS TO THE SPECIFICS OF TRADE

The standard organisational model of management accounting in Romania focuses on the cost information circuit in productive economic entities. For trade, we consider that the system of accounts presented in class 9 of the General Chart of Accounts must be adapted to the specifics of the activity. Management accounting can be organised with the help of accounts of class 9 “Management accounts”, customised for the accounting of the movement of goods in trade. This customisation also requires a change in the name of some accounts, and their accounting function, as shown in Table 1.

**Table 1. Management accounts in trade**

| Account symbol | Account name | Account functions |
|---|---|---|
| 901 | Internal transactions relating to expenses | It will take over in the management accounting, in credit, the expenses from the financial accounting, will be debited, at the end of the management period, with the revenue (account 931 “Obtained revenue”) and the results obtained (account 903 “Internal transactions relating to price differences”). |
| 902 | Internal transactions related to costs of conversion | In credit, during the management period, the revenue obtained on profit centers, taken from financial accounting (account 707 “Sale of goods purchased for resale)” will be recorded. The debit will record the costs related to the revenue obtained. The account will close in correspondence with account 902 “Internal transactions related to costs of conversion”. |
| 903 | Internal transactions relating to the results | It is a record account of the results calculated with the help of account 902. It will be debited with the results obtained in correspondence with the credit of account 902 “Internal transactions related to costs of conversion”, and will be credited, by the debit of account 901 “Internal transactions relating to expenses ”. |
| 921 | Costs related to the core business | The account will take in debit, from financial accounting, the cost of goods sold. Also in the debit will be distributed the shares of distribution costs and administrative overheads, for the purpose of calculating the full cost by objects of calculation. The account will be credited with the settlement of the expenses related to the activities carried out, by the debit of account 902 “Internal transactions related to costs of conversion”. |
| 922 | Costs related to auxiliary activities | It will take over, as a debit, the costs of the auxiliary centres and will be credited with their distribution to the beneficiary analysis centres. |
| 924 | Administrative overheads | It is an account to be used where the management and general administration function is separate from the business function. The account will take over, in debit, the administrative overheads, and will be credited with their distribution over the core activity,by the debit of 921. |
| 925.1 | Direct distribution costs | The account will be used to record, in debit, the direct distribution costs (identified at the time of their execution on cost objects (stock management, commodities groups, departments, etc.). Also in debit will take over the share of indirect distribution costs (account 925.3) allocated to the cost objects. It will be credited with the distribution of the distribution costs of the core business (account 921). |
| 925.3 | Indirect distribution costs | The account will be used to record, in debit, indirect distribution costs of goods. It will be credited with the distribution of these costs on the cost objects by the debit of account 925.1. |
| 931 | Obtained revenue. | The account will be used to record revenue from the sale of goods. It will be debited with the revenue obtained during the reporting period in correspondence with account 902 “Internal transactions related to costs of conversion”, and will be credited by the debit of account 901 “Internal transactions relating to expenses” at the end of the reporting period. |

*Source: Own processing*

In order to calculate the results by cost objects, it is necessary to break down the accounts by stock management/commodities groups/departments (921 "Costs related to the core business", 925.1 "Direct distribution costs", 931 "Obtained revenue", 902 "Internal transactions relating to revenue", 903 "Internal transactions relating to results)" and by work points (925.3 "Indirect distribution costs").

## V. RESEARCH RESULTS

The economic entity where the case study was carried out is active in the distribution of goods through two main outlets. The first outlet has two stock management (one where various food and non-food goods are sold, and another where fuel is sold). The second working point has two stock management in which car parts and accessories are sold. In addition to the four stock managements, the entity also has a transport section and a management and administration department.

**Table 2. Responsibility centres**

| | |
|---|---|
| Work point 1 | Stock management 1 (PECO commodities) |
| | Stock management 2 (Fuels) |
| Work point 2 | Stock management 3 (Car parts & accessories 1) |
| | Stock management 4 (Car parts and accessories 2) |
| Transport | |
| Management and administration department | |

*Source: information provided by the economic entity*

We have chosen for the economic entity under investigation the use of stock management as cost carriers. In doing so, we believe that this creates favourable conditions for compliance with the pre-determined level of distribution costs per stock management and provides managers with information that is necessary for effective leadership. A profit centre is a responsibility centre whose objective is to make a profit. A profit centre incurs costs and records revenue. The four stock management meet all the conditions to be classified as profit centres.

For the month chosen for exemplification (July 2023) the costs collected from financial accounting (primary breakdown of costs) are shown in Tables 3 and 4. Costs are taken into the management accounts by the credit of account 901 "Internal transactions relating to expenses".

**Table 3. Primary allocation – direct costs (lei)**

| Financial Accounting | | Direct costs | | | | Total |
|---|---|---|---|---|---|---|
| **Account symbol** | **Account name** | **Stock management 1** | **Stock management 2** | **Stock management 3** | **Stock management 4** | |
| 6028 | Other consumables | 125,52 | 205,19 | - | 635,05 | 965,76 |
| 607 | Goods for resale | 75.524,13 | 915.213,04 | 115.113,36 | 157.467,84 | 1.263.318,37 |
| | Total Direct costs | 75.649,65 | 915.418,23 | 115.113,36 | 158.102,89 | 1.264.284,13 |

*Source: information provided by the economic entity*

**Table 4. Primary allocation - indirect costs (lei)**

| Financial Accounting | | Costs related to auxiliary activities | Simple indirect costs | | Double indirect costs | Total |
|---|---|---|---|---|---|---|
| **Account symbol** | **Account name** | **Transport** | **Work point 1** | **Work point 2** | **Administrative overheads** | |
| 6022 | Fuel | 2.799,32 | 1.389,74 | 6.898,52 | 1.028,00 | 13.115,58 |
| 6024 | Spare parts | 6.745,12 | | | 16.321,84 | 22.066,96 |
| 6028 | Other consumables | 1.546,09 | 1.162,26 | 830,38 | 2.680,34 | 6.219,07 |
| 605 | Electricity, heating and water | | 614,06 | 1.809,24 | | 2.423,30 |
| 611 | Maintenance and repair expenses | 356,65 | 1.093,18 | | | 1.449,83 |
| 612 | Royalties, management places and rental expenses | | 14.000,00 | 11.000,00 | | 25.000,00 |
| 613 | Insurance expenses | 654,00 | | | 708,02 | 1.362,02 |
| 624 | Transport of goods and personnel | 513,78 | | | | 513,78 |
| 628 | Other third-party services | | 2.872,02 | 3.082,88 | 4.266,54 | 10.221,44 |
| 641 | Salaries | 5.635,00 | 9.296,00 | 62.092,00 | 47.848,00 | 124.871,00 |
| 6422 | Expenses with meal tickets granted to employees | 630 | 1.260,00 | 7.560,00 | 5.640,00 | 15.090,00 |
| 646 | Labour insurance contribution | 127,00 | 210,00 | 1.398,00 | 1.076,00 | 2.811,00 |
| 6588 | Other operating expenses | | 55,80 | | | 55,80 |
| 667 | Discounts granted | | 203,28 | | | 203,28 |
| 6811 | Depreciation of non-current assets | | 3.728,10 | 4.553,22 | 15.740,18 | 24.021,50 |
| | Total Indirect costs | 19.006,96 | 35.884,44 | 99.224,24 | 95.308,92 | 249.424,56 |

*Source: information provided by the economic entity*

The main component of the costs of an economic entity with trade activity is commodity costs. The amount is taken in the debit of account 921 “Costs related to the core business” from the debit of account 607 “Goods for resale” of financial accounting, an account in which the purchase cost of sold goods is recorded. Their collection in management accounting involves the following accounting formula:

| | | | |
|---|---|---|---|
| % | = | 901 | 1.263.318,37 |
| 921.1 | | | 75.524,13 |
| 921.2 | | | 915.213,04 |
| 921.3 | | | 115.113,36 |
| 921.4 | | | 157.467,84 |

We propose that the costs incurred for the sale of goods be registered through account 925 “Distribution costs”. Part of this expenditure may be direct in relation to the cost objects (in our case - to the stock management), and another part of this expenditure may be indirect (it cannot be identified by stock management, but only by working points). That is why we propose the breakdown of this account into two detail accounts:

925.1 “Direct distribution costs” - for costs identified by cost objects. It is further broken down into detail accounts for the four stock managements.

925.3 “Indirect distribution costs” - for simple indirect distribution costs (common to stock management). It is broken down into detail accounts related to the two work points.

It falls into the category of simple indirect costs and costs incurred by the transport section, which is in charge of the transportation of goods, the account used to collect them is 922 “Costs related to auxiliary activities”. Double indirect costs are those incurred by the management and administration department of the economic entity and are recorded through account 924 “Administrative overheads”.

The accounting formulas to collect these costs in managerial accounting are:

- collection of direct distribution costs:

| | | | |
|---|---|---|---|
| % | = | 901 | 965,76 |
| 925.1.1 | | | 125,52 |
| 925.1.2 | | | 205,19 |
| 925.1.4 | | | 635,05 |

- collection of transport costs:

| | | | |
|---|---|---|---|
| 922 | = | 901 | 19.006,96 |

- collection of indirect distribution costs and administrative overheads:

| | | | |
|---|---|---|---|
| % | = | 901 | 230.417,6 |
| 925.3.1 | | | 35.884,44 |
| 925.3.2 | | | 99.224,24 |
| 924 | | | 95.308,92 |

In trade, in management accounting, unlike productive economic entities, we recommend recording the obtained revenue. The account used for this purpose is account 931, with the name “Obtained revenue”. Based on the amounts taken from the financial accounting (from the credit of account 707 “Sale of goods purchased for resale”), account 931 will be debited and account 902 “Internal transactions related to costs of conversion” will be credited. The accounting formulas for recording revenue on stock management in managerial accounting, are:

| | | | |
|---|---|---|---|
| 931.1 | = | 902.1 | 106.546,25 |
| 931.2 | = | 902.2 | 1.056.564,12 |
| 931.3 | = | 902.3 | 165.256,34 |
| 931.4 | = | 902.4 | 247.822,87 |

Since the object of activity of the auxiliary section is the transport of goods, the costs of this section are divided into stock management of goods according to the cost of the goods sold.

**Table 5. Secondary allocation of costs**

| Indicators | Stock management 1 | Stock management 2 | Stock management 3 | Stock management 4 | Total |
|---|---|---|---|---|---|
| Cost of goods sold (lei) | 75.524,13 | 915.213,04 | 115.113,36 | 157.467,84 | 1.263.318,37 |
| Weight (%) | 5,97823 | 72,44516 | 9,11199 | 12,46462 | 100,00 |
| Allocation of costs of the Transport section (lei) | 1.136,28 | 13.769,62 | 1.731,91 | 2.369,15 | 19.006,96 |

*Source: own processing based on information provided by the economic entity*

It is the stage of secondary allocation of costs:

| | | | |
|---|---|---|---|
| % | = | 922 | 19.006,96 |
| 925.1.1 | | | 1.136,28 |
| 925.1.2 | | | 13.769,62 |
| 925.1.3 | | | 1.731,91 |
| 925.1.4 | | | 2.369,15 |

This is followed by the distribution of the indirect distribution costs of the work points on stock management. The method of allocation is the supplementation procedure. The allocation key (absorption base) chosen is the cost of the sold goods. For this purpose, the absorption rate (AR) is calculated separately on each work site, as the ratio between simple indirect costs and commodity costs of each working point (Table 6).

AR = Indirect distribution costs / Goods for resale

The share of the indirect costs payable to each management shall be determined by weighting the absorption rate against the commodity costs of each management:

Indirect distribution costs broken down by stock management = AR x Goods for resale related to stock management

**Table 6. Breakdown of indirect distribution costs by management**

| Work point / stock management | Expenditure on goods sold (lei) | Absorption rate | Indirect distribution costs (lei) |
|---|---|---|---|
| Work point 1 | 990.737,17 | 0,036220 | 35.884,44 |
| Stock management 1 | 75.524,13 | | 2.735,48 |
| Stock management 2 | 915.213,04 | | 33.148,96 |
| | | | |
| Work point 2 | 272.581,20 | 0,364017 | 99.224,24 |
| Stock management 3 | 115.113,36 | | 41.903,24 |
| Stock management 4 | 157.467,84 | | 57.321,00 |

*Source: own processing based on information provided by the economic entity*

| | | | |
|---|---|---|---|
| % | = | 925.3.1 | 35.884,44 |
| 925.1.1 | | | 2.735,48 |
| 925.1.2 | | | 33.148,96 |

| | | | |
|---|---|---|---|
| % | = | 925.3.2 | 99.224,24 |
| 925.1.3 | | | 41.903,24 |
| 925.1.4 | | | 57.321,00 |

After the allocation of the indirect distribution costs over the stock management, the total amount of the distribution costs over the five managements can be calculated as the sum of the direct distribution costs, the shares of transport costs allocated, and the shares of indirect distribution costs allocated to the management (Table 7).

**Table 7. Distribution costs on stock management (lei)**

| Stock management | Direct distribution costs | Costs related to the transportation of goods | Indirect distribution costs | Total distribution costs |
|---|---|---|---|---|
| Stock management 1 | 125,52 | 1.136,28 | 2.735,48 | 3.997,28 |
| Stock management 2 | 205,19 | 13.769,62 | 33.148,96 | 47.123,77 |
| Stock management 3 | - | 1.731,91 | 41.903,24 | 43.635,15 |
| Stock management 4 | 635,05 | 2.369,15 | 57.321,00 | 60.325,20 |
| Entity total | 965,76 | 19.006,96 | 135.108,68 | 155.081,40 |

*Source: own processing based on information provided by the economic entity*

This is the time to allocate these disposal costs to the core business in order to determine the full cost per management:

| | | | |
|---|---|---|---|
| 921.1 | = | 925.1.1 | 3.997,28 |
| 921.2 | = | 925.1.2 | 47.123,77 |
| 921.3 | = | 925.1.3 | 43.635,15 |
| 921.4 | = | 925.1.4 | 60.325,20 |

To calculate the full cost per management, it is also necessary to allocate the administrative overheads (AO) over the management. The allocation key (absorption base) chosen is the cost of the sold goods. For this purpose, the absorption rate ($AR_{AO}$) is calculated as the ratio between administrative overheads and commodity costs:

$AR_{AO}$ = Administrative overheads / Goods for resale

$AR_{AO}$ = 95.308,92 / 1.263.318,37 = 0,07544331

The share of administrative overheads to be assigned to each management shall be determined by weighting the absorption rate against the expenditure on the goods of each management (Table 8):

Administrative overheads allocated to management = $AR_{AO}$ x Expenditure on management goods

**Table 8. Distribution of administrative overheads by management (lei)**

| Stock management | Expenditure on goods sold (lei) | Absorption rate | Administrative overheads distributed (lei) |
|---|---|---|---|
| Total | 1.263.318,37 | 0,07544331 | 95.308,92 |
| Stock management 1 | 75.524,13 | | 5.697,79 |
| Stock management 2 | 915.213,04 | | 69.046,70 |
| Stock management 3 | 115.113,36 | | 8.684,53 |
| Stock management 4 | 157.467,84 | | 11.879,90 |

*Source: Own processing*

The accounting formula for the distribution of administrative overheads shall be:

| | | | |
|---|---|---|---|
| % | = | 924 | 95.308,92 |
| 921.1 | | | 5.697,79 |
| 921.2 | | | 69.046,70 |
| 921.3 | | | 8.684,53 |
| 921.4 | | | 11.879,90 |

After the allocation of administrative overheads, the debit of account 921 “Costs related to the core business” contains all costs incurred by the economic entity. The full cost of the management (sum of direct costs and shares of distributed indirect costs) is calculated in Table 9.

**Table 9. Full cost per management (lei)**

| No. crt. | Indicators | Stock management 1 | Stock management 2 | Stock management 3 | Stock management 4 | Total |
|---|---|---|---|---|---|---|
| 1 | Expenditure on goods | 75.524,13 | 915.213,04 | 115.113,36 | 157.467,84 | 1.263.318,37 |
| 2 | Direct distribution costs | 125,52 | 205,19 | - | 635,05 | 965,76 |
| 3 | Total direct costs (1+2) | 75.649,65 | 915.418,23 | 115.113,36 | 158.102,89 | 1.264.284,13 |
| 4 | Transportation costs | 1.136,28 | 13.769,62 | 1.731,91 | 2.369,15 | 19.006,96 |
| 5 | Indirect distribution costs | 2.735,48 | 33.148,96 | 41.903,24 | 57.321,00 | 135.108,68 |
| 6 | Total business costs (3+4+5) | 79.521,41 | 962.336,81 | 158.748,51 | 217.793,04 | 1.283.291,09 |
| 7 | Administrative overheads | 5.697,79 | 69.046,70 | 8.684,53 | 11.879,90 | 95.308,92 |
| 8 | Full cost (6+7) | 85.219,20 | 1.031.383,51 | 167.433,04 | 229.672,94 | 1.513.708,69 |

*Source: own processing*

The following is the transaction of the expenses related to the activities carried out, which implies the closing of the detail accounts of account 921 in correspondence with account 902 “Internal transactions related to costs of conversion”:

| | | | |
|---|---|---|---|
| 902.1 | = | 921.1 | 85.219,20 |
| 902.2 | = | 921.2 | 1.031.383,51 |
| 902.3 | = | 921.3 | 167.433,04 |
| 902.4 | = | 921.4 | 229.672,94 |

As a result of previous operations, the debit of account 902 “Internal transactions related to costs of conversion” contains the total management expenses, and the credit of the account contains the revenues of the stock management. The economic result of the management can be calculated through this account at the end of the month. If the account balance is a creditor, the stock management recorded a profit, if the account balance is debit, the stock management recorded a loss. The accounting formula for recording the results of stock management is:

| | | | |
|---|---|---|---|
| 903.1 | = | 902.1 | 21.327,05 |
| 903.2 | = | 902.2 | 25.180,61 |
| 903.3 | = | 902.3 | $\boxed{2.176,70}$ |
| 903.4 | = | 902.4 | 18.149,93 |

At the end of the reporting period, the accounts still open in the management accounts are 901 “Internal transactions relating to expenses”; 903 “Internal transactions relating to price differences”; and 931 “Obtained revenue”. They are closed by the following accounting formulas:

| | | | |
|---|---|---|---|
| 901 | = | % | 85.219,20 |
| | | 931.1 | 106.546,25 |
| | | 903.1 | 21.327,05 |
| 901 | = | % | 1.031.383,51 |
| | | 931.2 | 1.056.564,12 |
| | | 903.2 | 25.180,61 |
| 901 | = | % | 167.433,04 |
| | | 931.3 | 165.256,34 |
| | | 903.3 | $\boxed{2.176,70}$ |
| 901 | = | % | 229.672,94 |
| | | 931.4 | 247.822,87 |
| | | 903.4 | 18.149,93 |

Centralizing the information extracted from the case study on the organisation of management accounting in January 2023, we obtain the data from Table 10:

**Table 10. Result calculation (lei)**

| No. crt. | Indicators | Work point 1 | | | Work point 2 | | | Entity total |
|---|---|---|---|---|---|---|---|---|
| | | Stock management 1 | Stock management 2 | Working point 1 total | Stock management 3 | Stock management 4 | Working point 2 total | |
| 1 | Full cost | 85.219,20 | 1.031.383,51 | 1.116.602,71 | 167.433,04 | 229.672,94 | 397.105,98 | 1.513.708,69 |
| 2 | Revenue | 106.546,25 | 1.056.564,12 | 1.163.110,37 | 165.256,34 | 247.822,87 | 413.079,21 | 1.576.189,58 |
| 3 | Result (2-1) | 21.327,05 | 25.180,61 | 46.507,66 | -2.176,70 | 18.149,93 | 15.973,23 | 62.480,89 |

*Source: own processing based on information provided by the economic entity*

We found that in July 2023 the company registered a profit from the operating activity of 62,480.89 lei. The highest profit was recorded by Stock Management No. 2 Fuels: 25.180,61 lei. Stock Management 3 had a loss of 2.176.70 lei.

The negative result of management 3 is determined by calculations for the allocation of indirect costs. In order to eliminate the influence of the allocation calculations of such costs on the outcome of the management, different margins may be calculated depending on the possibilities for identifying the costs per management. Calculating the direct cost margin, we obtain the scenario in Table 11.

**Table 11. Calculation of the result in increments (lei)**

| No. crt. | Indicators | Work point 1 | | | Work point 2 | | | Total entity |
|---|---|---|---|---|---|---|---|---|
| | | Stock management 1 | Stock management 2 | Working point 1 total | Stock management 3 | Stock management 4 | Working point 2 total | |
| 1 | Revenue | 106.546,25 | 1.056.564,12 | 1.163.110,37 | 165.256,34 | 247.822,87 | 413.079,21 | 1.576.189,58 |
| 2 | Goods for resale | 75.524,13 | 915.213,04 | 990.737,17 | 115.113,36 | 157.467,84 | 272.581,20 | 1.263.318,37 |
| 3 | Trade Margin (2-1) | 31.022,12 | 141.351,08 | 172.373,20 | 50.142,98 | 90.355,03 | 140.498,01 | 312.871,21 |
| 4 | Other direct costs | 125,52 | 205,19 | 330,71 | 0 | 635,05 | 635,05 | 965,76 |
| 5 | Direct cost margin (3-4) | 30.896,60 | 141.145,89 | 172.042,49 | 50.142,98 | 89.719,98 | 139.862,96 | 311.905,45 |
| 6 | Indirect costs | 3.871,76 | 46.918,58 | 50.790,34 | 43.635,15 | 59.690,15 | 103.325,30 | 154.115,64 |
| 7 | Administrative overheads | 5.697,79 | 69.046,70 | 74.744,49 | 8.684,53 | 11.879,90 | 20.564,43 | 95.308,92 |
| 8 | Result (5-6-7) | 21.327,05 | 25.180,61 | 46.507,66 | -2.176,70 | 18.149,93 | 15.973,23 | 62.480,89 |

*Source: own processing based on information provided by the economic entity*

The trade margin is 312.871,21 lei, which remains at the level of the economic entity after the revenue has covered commodity costs. The amount is to be used to cover distribution costs, administrative overheads and to make profit. It becomes apparent that all management has a positive direct cost margin, which means that all management has covered their own expenses from the revenue obtained and contributes to covering the common expenses of the economic entity.

## VI. CONCLUSION

Economic entities operating in trade and wishing to organise and manage their own management accounting, due to the lack of regulations in force, are forced to develop their own studies and/or to resort to accounting specialists or accounting expertise companies in order to adopt and implement their own management accounting model.

In this paper, we wanted to highlight the importance of organising management accounting per responsibility centres in goods distribution companies. The establishment of management as cost objects in their capacity as responsibility centres must be based on a detailed study and efficient work organisation. When dividing the entity into responsibility centres of the nature of profit centres, consideration should be given to the possibility of establishing responsibility for costs incurred and revenue obtained within each centre. The organisation of management accounting per centre must ensure that the centres are separated and located as precisely as possible in order to enhance management control and the monitoring of costs and revenue.

The centers of responsibility should be seen as the most important basis for the settlement of the costs of the enterprise. The correct delimitation of each responsibility centre elevates the role of the human factor to a higher level, increasing the responsibilities of the employees who work in a particular centre and who have to show creativity and responsibility.

Through the advantages it offers in terms of cost tracking, calculation and analysis of cost and results by responsibility centres, we conclude that a management accounting organisation by responsibility centres in economic entities operating in trade helps to increase management control actions to increase the performance of the economic entity, thus validating the research hypothesis.

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