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ACCOUNTING INFORMATION RELATED ON STOCKS IN THE LIGNITE EXTRACTION

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Abstract

To the lignite mining, stocks represent the main resource, with a major role in achieving a profitable business. Creation and management of them directly impact performance, production features, materials and information resources thus located the stocks in a position of “major criterion in taking decisions”.

The lignite mining stocks are recorded to book-keeping at entry, at acquisition cost, and for the subunits that are supplied by Supply Base and Assets Account is used also the price difference account, to which is recorded the share supply.

In order to the capitalization of stocks accounting information, managers can find new methods and models for ensuring the stock, whom volume and structure ensure the normal course of business, with an effort to work as small.

Stocks are quantities of material resources or products accumulated in storage entity in a given volume and structure for a period of time, for further use. Inventories are included in current assets¹ : held for sale in the ordinary course of business, under production in progress for sale in the ordinary course of business, or as raw materials and other supplies to be used in the production or supply of services.

In the extraction of lignite, stocks are the main resource, with a major role in achieving a profitable business. Setting up and their managing directly influence performance, production materials features and information resources located on stocks in a position “major criterion in taking decisions”.

Stock management complexity has a broad scope, including management, dimensioning, optimization training, placement and distribution of goods stored, track and control their use.

Major role of stocks is evidenced by the fact that they provide certainty and guarantee uninterrupted supply of production and exploitation of regularity in its results. In other words, the process of storage appears as a regulator of the supply rate of production and the stock is that “inevitable buffer”; that provides synchronization for consumer applications with times of supply the material resources.

Synthetic accounting organization of material components of current assets and then the elements that make up their registration price, so the most affordable price for a fair

¹ Order M.F.P. no. 3055 / 2009 for approval of accounting regulations with European directives, Official Gazette 766 bis/10.11.2009.

summary records, compatible with the analytical, is a complex issue. Many accounts are involved, many connections between them, but have clear rules of operation, the self, control and regulate real value of stocks at any time to influence the outcome correctly.

Taking into account only the acquisition value of the material circulating assets, appear in the accounts record several variants, depending on the value that will be used, so the acquisition cost, or at predetermined price or billing price. In these circumstances, accounts for price differences provide different information in each variant.

Practical work has shown that a profitable management relies on the ability to synthesize and understanding of accounting data translated into reality. In terms of information, a determination is essential to the possibility of analysis and another “language” than accounting for internal users. Hence the need, in our opinion, the election reflect the proper accounting of the value the organization of the entity's information circuit, through the detailed structures used for calculating the costs of acquiring relevant to managers.

The option of using acquisition cost, the idea of the principles of stock assessment in the cost accounting, stock accounts (Group 30) record directly to all elements of the composite (purchase price, duties, freight, commissions etc .), but to apply in practice this option is necessary to establish the unit cost of procurement of goods entered for each batch. Only so can make entries in accounting and analytical tools can check compliance with accounting data from synthetic stocks.

This calculation method includes identifying the analytical calculation of various document, those expenses are allocated to each article of the same means of transport supplied. Work for calculating the unit cost of acquisition, although it appears that management accounting, are works of their accounting and operations involve laborious, which raises many problems and increase the cost of information on stocks.

The variant to record cost of acquisition on the two sets of accounts, the stock price and standard price difference calculation simplifies the practical work and recording, providing relevant information as to whether:

- purchase price for each item can easily identify the underlying bill and track record in analytical and synthetic stocks, without being required to purchase the unit cost calculation;
- other elements of structure acquisition costs are recorded in accounts synthetic overall price differences and then are distributed proportionally on the accounts of acquiring stock consumption or output.

I found some reluctance, largely justified in using the standard entry price of the goods stored in the management of lignite extraction due to high mobility of these assets, increasing prices charged by suppliers, the large number of entries in management a given period and how to make mining supply, so the Supply Base and Assets Leverage (S.B.A.L). In these circumstances, reconsideration of the standard price would be required every time too short to not create disparities between amounts recorded in the two categories of accounts, otherwise the information provided is easy to obtain but loses its significance.

Accounts for price differences, while reflecting difference between predetermined price or price billing and actual purchase price, can occur depending on the final balance as active accounts, if only stock accounts record billing price.

In the debt of flow accounts for price differences remain as accumulated other elements of acquisition cost, the proportional distribution of elements being made obsolete stock on credit.

Thus, the final balance can be only debtor, accounting for freight costs, customs duties and other charges deductible for stocks remaining.

When using the standard price may happen situations that it is higher than the actual acquisition cost, imposing the recording, to input, credit on account of price differences of these differences "good" in terms of the entity.

The final balance of these difference accounts may be in these conditions on credit, printing their double character.

To the extraction of lignite, goods for the normal production process are supplied by Supply Base and Assets Leverage. Thus, supply plan shall be prepared by that division of S.N.L Oltenia, after approval of the revenue and expenditure budget for the supply of mining and lignite mining for its own activity to realize the fixed assets and recovery of assets.

Contracting stocks is based on public procurement legislation. By provision of the S.N.L. Oltenia General Director establish contracting divisions, namely: SBAL Rovinari, SBAL Motru and SNL Oltenia. For stocks that have been allocated, the contracting entity has jurisdiction for the full amount required at SNL Oltenia.

Depending on the amount to be contracted for each item, by SNL Oltenia must be established procurement procedures, namely: open, restricted, competitive dialogue, negotiation with the publication of a notice, negotiation without prior publication of a notice, call for tenders and solutions contest.

For stocks with high value has been made framework contracts followed in each year by subsequent contracts (ie, rubber carpets, electrical wiring, bucket teeth, etc.).

For the remaining stocks contracts end year, with extending options until completion of new supply plan.

The main operations of supply from suppliers are reflected in the SBAL accounts, as follows:

- a) SBAL Rovinari has supplied from suppliers, according to the invoice, with the following items:
- Rubber band steel heart, code 07001002011NOU, 984 square meters, unit price 344,24 lei/square meters, value 338.732,16 ron;
 - Mixed synthetic blend oil type 1, code 07006010011NOU, 3 kilo, unit price 37,81 ron/kilo, value 113,43 ron;
 - Piston collar shrink, code 14007001053NOU, 3 units, unit price 6.175,96 ron/piece, value 18.527 ron;
 - Strand cutting shears, code 05007032126NOU, 2 units, unit price 820 ron/piece, value 1.640 ron;

%	= 401Suppliers	427.224,98 ron
3021 Auxiliary materials		338.732,16 ron
3022 Fuel		113,43 ron
3024 Spare parts		18.527,00 ron
303 Materials in the form of small inventories		1.640,00 ron
4426 Input VAT		62.212,39 l ron

b) SBAL Rovinari buys 28 pieces V belts, code 0701 3001065 NEW, to a unit price of 4,03 ron/piece, value 112,84 ron, from suppliers, with transport notice. According to the note receiving and finding differences are registered thus:

%	= 408 Suppliers –invoices	134,28 ron
3021 Auxiliary materials	to be received	112,84 ron

4428 VAT under settlement	21,44 ron
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c) After that, it received the invoice from supplier with value of 112,84 ron and VAT 19%, with following recordings:

408 Suppliers – invoices to be received	=	%	134,28 ron
		401 Suppliers	112,84 ron
		4428 VAT under settlement	21,44 ron

and:

4426 VAT under settlement	=	401 Suppliers	21,44 ron
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d) SBAL Rovinari sends, materials and small inventory objects, to E.M. Roşia – storage base, thus:

- Rubber band steel heart, 600 square meters., value 206.544 ron;
- Toner Cartridge LEXMARK, 2 pieces., value 2.124 ron;
- V belt, 45 pieces, value 290,70 ron;
- Mixed synthetic blend oil type 1, 3 kilo, value 113,43 ron;
- Car Battery 12V, 10 pieces, value 12.020 ron;
- Strand cutting shears, 2 pieces, value 1.640 ron;
- Crimping lugs part kits, 2 pieces, value 2.600 ron.

482 Settlement between subunits	=	%	225.332,13 ron
		3021 Auxiliary materials	208.958,70 ron
		3022 Fuel	113,43 ron
		3024 Spare parts	12.020,00 ron
		303 Materials in the form of small inventories	4.240,00 ron

e) SBAL communicates to mining units, which it supplies with stocks, with debit-credit note (NDC) to the month end, share supply 8% percentage of the value of supplies, thus:

482 Settlement between subunits	=	701 Sales of finished goods	18.026,57 ron
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f) In order to avoid turnovers distort accounts of raw materials, consumables and materials of inventory nature items, to the SBAL make in red, the following records:

3021 Auxiliary materials	=	3021 Auxiliary materials	208.958,70 ron
3022 Fuel	=	3022 Fuel	113,43 ron
3024 Spare parts	=	3024 Spare parts	12.020,00 ron

303 Materials in the form of small inventories	=	303 Materials in the form of small inventories	4.240,00 ron
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Mining extracting pools (EM) are supplying from SBAL the necessary stocks to normal course of the production process, thus:

a) E.M. Roşia –central warehouse supplies from SBAL Rovinari as delivery note with the following materials:

- Rubber band steel heart, code 07001001015NOU, 452 square meters, preţ unit price 307,50 ron/square meters, value 138.990 ron;
- Mixed synthetic blend oil type STIHL, code 07006010010NOU, 13 kilo, unit price 15,50 ron/kilo, value 201,50 ron;
- Electrical engine ASFM 4 KW, code 06004001241NOU, 1 unit, unit price 1.999 ron/piece, value 1.999 ron;
- Bearing 3022, code 05004009022NOU, 4 units, unit price 173,35 ron/unit, value 693,40 ron;
- Premium Unleaded Gasoline, code 07005002005NOU, 200 kilo, unit price 3,90 ron/kilo, value 780 ron.

%	=	482 Transactions between sub- units	152.485,74 ron
3021 Auxiliary materials			138.990,00 ron
3022 Fuel			201,50 ron
3024 Spare parts			1.999,00 ron
308 Price differences on raw materials and consumables			11.295,24 ron

b) E.M. Rosia supplies from another mining in the frame of SNL Oltenia, E.M. BERBESTI respectively, accordingly of transport note and NDC, with 1 piece shafts Z18 required for repairs to excavators, whereas SBAL Rovinari not have in stock this item:

- Supplies with Z18 shafts, code 14001004051NOU, 1 unit, unit price 13.010 ron/piece, value 13.010 ron. The supply quote taken by E.M. Berbesti is 8%:

%	=	482 Transactions between sub- units	14.050,80 ron
3024 Spare parts			13.010,00 ron
308 Price differences on raw materials and consumables			1.040,80 ron

- To EMC Berbeşti is made the book-keeping note:

482 Transactions between sub- units	=	%	14.050,80 ron
		3024 Spare parts	13.010,00 ron
		308 Price differences on raw materials and consumables	1.040,80 ron

c) The E.M. Rosia central warehouse receives the delivery note from S.N.L Oltenia -

headquarters, 20 A4 cards bills/invoices, 13004002005NOU code, unit price 7.15 euro / piece, worth 143 ron. According to NDC issued by SNL Oltenia - the headquarter is made to EMC Rosia registration:

%	=	48111 Transactions between unit and sub-units	154,44 ron
3021 Auxiliary materials			143,00 ron
308 Price differences on raw materials and consumables			11,44 ron

- To SNL Oltenia is made the following recording :

48111 Transactions between unit and sub-units	=	%	154,44 ron
		3021 Auxiliary materials	143,00 ron
		308 Price differences on raw materials and consumables	11,44 ron

In all cases mentioned at the month end, the division which has made supply realizes a summary of all stock supplied and issue Debit – Credit note (NDC) by the beneficiary, in our case E.M. Rosia.

Modern managerial activities require detailed knowledge of the structure and size of permanent facilities and resources in action. Therefore the accounting information has a key role in decision making process.

Production process development from units and subunits of lignite mining sector in good condition and increasing efficiency of their work requires provision of material stocks and their rational use.

In conclusion, making use of accounting information for stocks, managers can find new methods and models for ensuring a stock with volume and structure in order to ensure the normal course of business, with an effort to work as small.

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