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Journal of Applied Economic Sciences

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DOUBLE TAXATION CONVENTIONS AND THEIR IMPLEMENTATION IN ROMANIA

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Abstract:

The need to conclude bilateral agreements on avoidance of double taxation is determined by the fact that national tax regulations differ from state to state. In the same time unilateral tax measures adopted by national law to avoid double taxation don't correspond to tax legislation of all countries with which Romania has economic relations. To avoid double taxation, our country uses both the national rules and conventions for the avoidance of double taxation concluded with partner countries. Although not a member of the Organization for Economic Cooperation and Development, Romania implemented the law provisions of the OECD Model Convention. Thus, national legislation on taxation of income obtained from Romania by non-residents and those obtained by Romanian residents abroad is constantly improved, showing the permanent concern of the authorities to harmonize and update national legislation in line with international economic realities.

Romania has concluded so far double taxation conventions with more than 80 countries, using the general rules, solutions and methods of avoiding double taxation from the OECD Model Convention, because its attention is focused on the conclusion of agreements especially with OECD members and their close states.

Keywords: resident, convention, avoidance, double taxation, tax, Romania

JEL Classification: F53, H20, K34

1. Introduction:

Given the new global economic circumstances, namely the development of international economic relations and hence the labor mobility in recent years, there was question of which tax authority is able to tax income generated by it. In this context, situations may arise where the States use their fiscal sovereignty, by assuming the exclusive power to tax income earned on its territory, on the one hand, or income of its residents, on the other. Peculiarities of each state fiscal policies and use of taxes as tools to stimulate or limit the economic activity led to international double taxation, whose effects can only be negative. Thus, international double taxation becomes an obstacle to the development of foreign trade and economic cooperation, as long as the necessary tools by which States ensure equitable taxation of such income are not created.

At the same time taxpayers are tempted to abuse the tax laws of a State by exploiting the differences between laws of different countries. Such attempts may be thwarted by provisions or rules of law part of the national law of that country. However, national tax regulations differ from state to state, and most often unilateral fiscal measures adopted by a state to avoid double taxation have no counterpart in the tax laws of other countries with which it has economic relations, prompting the conclusion of double taxation conventions. It results that the elimination of international double taxation is a necessity in order to ensure the development of international economic activities.

2. Double taxation avoidance in national law

In the context of international economic relations, there is always concern for the improvement of the Romanian state tax laws, taking into account the need to protect, namely increase the revenues, but also to comply with the provisions of double taxation conventions and European directives.

In order to avoid double taxation there may be used unilateral legislative measures, such as transposing the provisions of the OECD Model Convention Comments in national law. The risk that can occur by using such unilateral measures to avoid double taxation is that they would not correspond with the laws of the countries with which Romania maintains trade relations and economic cooperation as legal regulations vary from state to state. Thus, situations may arise where the

Romanian legislation provides for the avoidance international double taxation, while the other partner countries law is missing similar or equivalent legal measures.

A first step made by the Romanian legislature is the recognition of the priority of the application of double taxation conventions over domestic legislation through the tax code:"If any provision of this Code contravenes a provision of a treaty to which Romania is part, the provision of that treaty is applied."[1]

However, if a taxpayer is a resident of a country with which Romania has concluded a double taxation agreement, the tax rate applicable to taxable income of that taxpayer in Romania cannot exceed the tax rate applicable under the Convention on that income. "In the case there are different tax rates in national law or double taxation conventions, there would be applied the more favorable tax rates."[2]

Regarding the definition of residence, in the Romanian legislation there are transposed the OECD Model Convention provisions on the definition of residence, both in terms of residence and period in of actual presence in Romania of a natural person. The importance of residence occurs especially where double taxation applies as a consequence of dual residence. In the Romanian legislation, the concept of resident is „any Romanian legal person, any foreign legal person who carries out the effective management in Romania, any legal person with its registered office in Romania, established under European legislation and any resident natural person”[3].

According to the Tax Code, a resident natural person is "any natural person who meets at least one of the following conditions:

a) resides in Romania;

b) the centre of the vital interests of the person is located in Romania;

c) is present in Romania for a period or more periods exceeding in aggregate 183 days, during any period of 12 consecutive months, which ends in the aimed calendar year;

d) is a Romanian citizen working abroad, as official or employee of Romania in a foreign state.

Non-resident individuals, who have fulfilled the conditions of residence in a year, will be subject to income tax for income obtained from all sources, both from Romania and from abroad, starting the next year.

As in the case of residence, the definition of permanent establishment in national law is transposing the OECD Model Convention: *"[...] the permanent establishment is a place that takes place wholly or partly the work of a resident, either directly or through a dependent agent. A permanent establishment includes a place of management, branch, office, factory, shop, workshop and a mine, an oil or gas well, a quarry or other place of extraction of natural resources and also the place in which continues to be carried out an activity with the assets and liabilities of a Romanian legal person that enters into a process of reorganization [...].*

A permanent establishment includes a construction site, a construction, assembly or installation project or supervisory activities related to it, but only if the site, project or activities last more than six months."[4]

In terms of residence, natural persons and legal persons resident are subject to income tax for the income obtained both at home and abroad. Regarding the legal persons, they are obliged to pay profit tax, both Romanian legal persons and foreign legal persons carrying out activities through a permanent establishment in Romania.

In order to avoid double taxation for incomes obtained from abroad fiscal credit is granted.

Romanian legal persons who obtain income from a foreign country through a permanent establishment or income subject to withholding tax may be in a situation where income is taxed both in Romania and in the foreign state. In this case, the tax paid by the foreign state, shall be deducted

[1] Art. no 1 Paragraph. (4) from Law 571/2003 regarding the Fiscal Code, with the changes and ulterior completions, Official Monitor no 927/23.12.2003

[2] Art. no 118 Paragraph. (1) from Law 571/2003 regarding the Fiscal Code, with the changes and ulterior completions, Official Monitor no 927/23.12.2003

[3] Point 6 from G.E.O. no.109/07.10.2009 for amending and supplementing the Law no. 571/2003 on the Tax Code, Official Gazette no. 689/13.10.2009 (provision in force starting with 01.01.2010)

[4] Art. 8, paragraph. (2), (3) from Law 571/2003 regarding the Fiscal Code, with the changes and ulterior completions, Official Monitor no 927/23.12.2003

from tax due under national law. Deduction for taxes paid to a foreign state in a fiscal year may not exceed the income tax calculated by applying the tax rate under national law to obtain the taxable income or to the income obtained from the foreign State.

"*A paid foreign tax is deducted, if the provisions of the Convention for the avoidance of double taxation concluded between Romania and the foreign state are applied and if the Romanian legal person shall submit appropriate documentation as required by law, showing that the tax was paid to the foreign state*."[5]

Romanian natural persons are subject to taxation in Romania for income from obtained from all sources, both from Romania and abroad. The exceptions are the income from dependent activities carried out abroad and paid by a non-resident employer.

Resident natural persons that are subject to taxation for the same income and during the same period both in Romania and abroad are entitled to the deduction from the income tax paid in Romania of the tax paid abroad, namely the foreign tax credit, within the limits of law.

As a method of avoiding double taxation under the OECD Double Taxation Model Convention in our country it is used the common credit method, respectively granting foreign tax credit to incomes obtained from abroad, which are subject to taxation both in the source state and the State of residence. By this method, the tax due in the State of residence shall be deducted from the tax paid in the source state, under certain conditions. The amount deducted from income tax in Romania is called the foreign tax credit.

National law provides granting the foreign tax credit limitated to the tax paid for the income obtained from abroad, without exceeding the income tax payable in Romania for that income obtained from abroad. In case the taxpayer shall earn abroad in several countries, foreign tax credit is allowed to be deducted from tax payable in Romania and will be calculated according to the above procedure for each country and each kind of income.

Resident natural persons that obtain income which, according to the Convention for the avoidance of double taxation concluded by Romania with another State may be taxed in that other State, and that the Convention provides as a means of avoiding double taxation "exemption method", that income will be exempt from tax in Romania. This income is declared in Romania, but is exempt from tax if there is attached supporting document s from the competent authority of the foreign state, showing the tax paid abroad.

In conclusion, the taxation of income from abroad, it will be determined first whether the beneficiary of the income is a Romanian resident , according to the criteria for residence under national law, combined with the provisions of the double taxation conventions. After declaring their income, there will be imposed, taking into account the foreign tax credit granted depending on the nature of the incomes obtained from abroad and the documents proving the paying of the tax abroad.

In terms of sources of income, taxation law provides that the incomes of resident individuals and legal entities non-resident in Romania are subjects to taxation on income obtained in Romania, whether the revenues are received in Romania or abroad.

Non-residents who obtain taxable income from Romania are required to pay the tax. If the taxpayer is a resident of a country with which Romania has concluded a double taxation agreement, the tax rate applicable to taxable income of that taxpayer in Romania cannot exceed the tax rate applicable under the Convention on that income. Where there are different tax rates provided either by national law or double taxation conventions, it will apply the more favourable tax rates.

For the application of double taxation convention the non-resident is required to submit certificate issued by competent authority of his State of residence to the payer of income at the time when the income is obtained, otherwise it will be subject to the provisions of the national law. When the certificate of fiscal residence is submitted the provisions of the double taxation convention applies and the tax adjustment is made within the statutory period of limitation. If part of the tax was paid and that exceed the rates provided by the double taxation conventions, the amount of tax withheld may be refunded in addition at the income beneficiary's request, namely non-residents, based on a refund.

[5] Art. No 31, Alin. (3) from Law 571/2003 regarding the Fiscal Code, with the changes and ulterior completions, Official Monitor no 927/23.12.2003

2.1. Double Taxation Conventions

Romania has so far concluded 82 conventions on avoiding double taxation and preventing fiscal evasion with respect to income and capital taxes, using as rule the OECD Model Convention or the UN (United Nations) Model. The first double taxation convention was concluded by Romania in 1973 by Decree no. 625 for the ratification of the convention for double taxation avoidance on income and wealth between the Socialist Republic of Romania and the Federal Republic of Germany.

In terms of structure, the OECD Model Convention contains seven chapters, namely Chapter I - Scope of the Convention, Chapter II - Definitions, Chapter III - The taxation of income, Chapter IV - The taxation of capital, Chapter V - Methods of elimination of double taxation Chapter VI - special provisions, and Chapter VII – Final provisions.

In the first two chapters an identification of taxable persons is made, persons which are subject to the provisions of the Convention concluded by Romania with other countries and the taxes that will be covered under these provisions. Thus, under separate articles there are defined a series of concepts such as "Contracting State", "national", "residence", "permanent establishment" and the taxes covered by the Convention.

In Chapter III, under Articles 6-21, there are described the rules for taxing different categories of income. For certain categories of income the source state is granted the right to levy taxes, for other categories of income the state of residence is granted this right and on certain categories of income (dividends, interest, commissions, royalties) the right of taxation is not granted exclusively to one of the signatory States, but is divided between the two countries.

In Chapter IV is devoted to capital income (Article 22) that is taxed according to the nature of capital, in the State of residence or in the source state.

Chapter V is devoted to methods of avoiding double taxation, presented by Art. 23: the exemption method and the method of crediting.

In Chapters VI and VII of the Convention Model, there are made special provisions relating to non-discrimination (Article 24), the amicable settlement (art. 25), exchange of information (art. 26), assistance in collection of taxes (Article 27), income obtained by the members of diplomatic missions and consular posts (art. 28), territorial expansion (Article 29) and final provisions regarding the entry into force and repealing of the conventions (art. 30 and 31).

The percentages applied in the tax conventions concluded by Romania that are used to tax dividends, interest, fees and royalties in the source state, vary between 0 and 45% (Greece).

Tax on dividends:

- 15% in the agreements concluded with Russia, Ecuador, Israel, Turkey, South Africa, etc.
- 10% in conventions concluded with the Czech Republic, China, Egypt, Switzerland, Japan, USA, Italy, etc..;
- 10% if the effective beneficiary is a company which holds directly at least 25% of the capital of the company that is paying the dividends and 15% in the other cases, as in conventions concluded with the United Kingdom, Spain, Bulgaria, Denmark, etc.

There are conventions (Greece) in which different tax rates are applied depending on the company that distributes them:

a) 45 percent of the gross amount of the dividends if the company that distributes them is a resident of Greece, and
b) 25 percent of the gross amount of the dividends if the company that distributes them is a resident of Romania.

Tax on interest:

- 15% in conventions concluded with Egypt, Russia, Malaysia, Hungary, etc;
- 12.5% in conventions concluded with Indonesia, Nigeria and Jordan, etc.
- 10% in conventions concluded with the U.S., China, Italy, Belgium, Switzerland, United Kingdom, Japan and others:
- 7% of an agreement concluded with the Czech Republic;
- 5% in Malta and agreements concluded with Lebanon;
- 3% in conventions concluded with the United Arab Emirates and the Netherlands;
- 1% of an agreement concluded with Kuwait.

Tax on commission:

- 15% in conventions concluded with Egypt, Armenia, Jordan, etc.
- 12.5% of an agreement concluded with the United Kingdom of Great Britain;
- 10% in conventions concluded with South Korea, Poland, Sweden, etc..;
- 5% in conventions concluded with Belgium, Cyprus, India, Italy, Spain, Hungary, etc.;
- 4% in conventions concluded with Denmark, Norway, Tunisia, etc.;
- 3% of an agreement concluded with the UAE.

Tax on royalties

- 20% of an agreement concluded with Kuwait;
- 15% in conventions concluded with South Africa, Vietnam, Zambia, etc.
- 12.5% in conventions concluded with Nigeria, Pakistan, etc.;
- 12% in conventions concluded with Malaysia, Tunisia, etc.;
- 10% in conventions concluded with Italy, Czech Republic, Switzerland, France, Turkey;
- 7% of an agreement concluded with China;
- 5% in conventions concluded with Belgium, Cyprus, Malta, etc.;
- 3% in conventions concluded with Austria, Holland, etc.

In other tax convention, as is done with the U.S. the share of the royalties that may be retained by the source country is split as follows:

- 10% of the gross amount of royalties, for cultural royalties
- 15% of the gross industrial royalties.

2.2. Methods of double taxation

Article 23 applies to the situation when a resident of a Contracting State obtains income or owns capital in the other Contracting State and that income under the Convention may be taxed in the latter state.

Exemption method is used in tax conventions in two versions:

- Total exemption method (full exemption) - by this method, the income beneficiary's residence will not be taken into account in determining taxable income, taxable income of a resident or in the source state, the income obtained through a permanent establishment or a fixed base situated in the source state. By this method the income obtained by the resident in the source state are effectively ignored.
- Progressive exemption method (progressive exemption) - by this method, the income obtained by the resident in the source state is not taxed in the State of residence, but is taken into account when the remaining income is subject to taxation.

Unlike the exemption method, the crediting method involves taking into account all revenue of the resident in the residence state but when determining the total taxable income, the tax paid in the source state will be deducted (in full or in part)

Credit method is used in tax conventions in two versions:

- full credit method - in this way, the residence state deducts from the tax calculated on all income of the taxpayer (both in the State of residence and in the source), the tax paid in the source state entirely.
- common credit method - deduction of tax is calculated on all income of the taxpayer (both in the State of residence and in the source state), an amount which may be equal to or less than that actually sum paid as tax in the source state. As shown, the common credit method leads to a partial avoidance of double taxation.

I am going to show below schematically the main categories of income mentioned in the double taxation conventions, and where taxation is carried out:

Table 1. The right of taxation for the main categories of income mentioned in the double taxation conventions

Item no	Category of income	Right of taxation	
		Country of residence	Country source of income
6	Income from the operation of real estate (e.g. rents, rental), income from agriculture and forestry, exploitation or mineral deposits, springs and other natural resources	-	Location place
7	Profit from Business	Residence	permanent headquarters
8	Income from international transport If the place of effective management is aboard a ship, then it is considered to be located in the state where the port of the ship is, or if there is no such port, in the State where the ship operator is resident	Place of operation	
10	Dividends, unless the beneficiary of the dividends activates in the source State through a permanent establishment or fixed base (in which case the rules on taxation of such profits, respectively income from independent professions)	Residence	Source
11	Interest, unless the beneficiary of the interest activates in the source State through a permanent establishment or fixed base (in which case the rules on taxation of such profits, respectively income from independent professions)	Residence	Source
	Fees**,** unless the beneficiary of the Fees activates in the source State through a permanent establishment or fixed base (in which case the rules on taxation of such profits, respectively income from independent professions)	Residence	Source
12	Royalties**,** unless the beneficiary of the royalties activates in the source State through a permanent establishment or fixed base (in which case the rules on taxation of such profits, respectively income from independent professions)	Residence	Source
13	Income from capital gains		
	- Alienation of immovable property	-	Location place
	- Alienation of movable property - assets related to a permanent establishment or fixed base	-	permanent headquarters
	- Selling of ships, aircraft, rail and road vehicles operated in international traffic	Place of operation	
	- Other properties	Residence	-
14	Income from independent professions	Residence	Fixed base
15	Income from dependent professions, with exceptions**:**	-	Place of the activity
	- the employee is not present in the source state 183 days and wages are paid by a person which is not a resident of the source State, or does not have a permanent establishment or fixed base in the source State	Residence	-
	- Salaries paid to board a ship, aircraft, railway or road vehicle operated in international traffic	Place of operation	
16	Function supplements	-	Source
17	Income obtained by artists and athletes	-	Place of the activity
18	Income from pensions and other similar remuneration	Residence	-
19	Income from the exercise of a public function	Residence	Source
20	Income obtained by students	Residence	-
	Income obtained by professors and researchers	Residence	Source
21	Other income except:	Residence	-
	- Income from business through a permanent base	-	permanent headquarters
	- Income from independent profession with a fixed basis	-	Fixed base
22	The imposition of capital		

	- Capital represented by immovable property (building tax, land tax)	-	Location place
	- Capital represented by movable property part of a permanent base (tax on vehicles)	-	permanent headquarters
	- Capital represented by ships, aircraft, rail and road vehicles operated in international traffic	Place of operation	
	- Other capital items	Residence	-

Source: Antonescu, M., Țuculină, Ș. 2001. *Double taxation avoidance – Applying the Conventions concluded by Romania with other countries*. Aius Publishing House, Craiova.

3. Conclusion

Among the causes that are leading to situations of international double taxation, we can mention the following:

- The application of different criteria for taxation, meaning that some countries apply the criterion of territoriality, meaning the imposition of all income from that country, while other states are considering residency criterion, namely the imposition in the country of residence of all income obtained from that country and from abroad by a resident;
- The existence of inconsistencies in the rules determining the income source, which can lead to a situation where several states to consider themselves the source of income;
- The existence of inconsistencies in the rules determining residence, where the double residence results in double taxation.

The conclusion of double taxation conventions is meant to establish the authority entitled to levy taxes on income obtained by another state resident within its territory. Conventions are also an effective tool to encourage foreign investors to invest in our country, and to increase the number of attracted investments, attempting to create a fair tax environment, conducive and attractive for residents of countries with which agreements have been concluded. In these circumstances, the system of double taxation conventions concluded by Romania was extended, and some of them were modified and adapted to the current economic environment.

Beside the role of eliminating international double taxation the conventions are aimed at: promoting the exchange of goods and services, promoting the movement of capital and persons; preventing optimization and tax evasion, equitable distribution of imposing tax law between the contracting states, prevention of fiscal discrimination.

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[3] ***The OECD Model of the Convention for the avoidance of double taxation and the Commentaries to the Model, Edition 2008.

[2] ***Decree Nr. 238 of December 23, 1974 to ratify the Convention between the Socialist Republic of Romania and the United States of America for the avoidance of double taxation and prevent tax evasion on income, signed at Washington on December 4, 1973, Official Gazette no. 168/28 December 1974.

[3] ***Government Emergency Resolution no. 109 of October 13th, 2009 for the amendment and supplementation of the Law no. regarding the Fiscal Code, Official Gazette no. 689/13.10.2009.

[4] ***Government Resolution no. 30 of September 2nd, 2011 for the amendment and supplementation of the Law no. 571/2003 regarding the Fiscal Code, and the regulation of financial and fiscal measures, Official Gazette no. 627/02.09.2011.

[5] ***Government Resolution no. 44/2004 for the approval of the Methodological Rules for the Application of Law no. 571/2003 regarding the Fiscal Code, with the subsequent amendments and supplementations published in the Official Gazette no. 112/06.02.2004.

[6] ***Government Resolution no.of December 29th, 2009 for the amendment and supplementation of the Methodological Rules for the Application of Law no.regarding the Fiscal Code, approved by Government Resolution no. 44/2004, Official Gazette no. 927/31.12.2009.

[7] ***Law no. 571/2003 regarding the Fiscal Code, with the subsequent amendments and supplementations, published in the Official Gazette no. 927/23.12.2003.

THE MANAGEMENT APROACH IN ECONOMIC CRISIS

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Abstract:

The answer to the question:"What we must change first in an organization?" is the one that differentiates the theories about change, and it can be determined by technological structure or by the individuals.

Organizational change stimulates multiple changes: transformation of constitutive nature (type of activity, status, type of ownership), reconfigurations of tasks and activities (products, services, retail markets, suppliers, customers), transformations of the structures and managerial processes, technological implants (organization, procedures of traffic decision–making information, of exercising the control), cultural and behavioral changes, related to the organizational performance (the relationship of the organization with the environment and the ability to achieve the mission, financial–economic and social performances);

Keywords: change within the organization, design of change; change through crisis and adaptation, Japanese management type "amae"

JEL Classification: M12

1. Introduction

The change is one of the most important elements of a manager's activity, for the organization to survive and adjust to the evolution of the society events. One can find it in the main interest themes of the social sciences: economy, sociology, political, psychology, management. The answer to the question: "What do we have to change first in an organization"is the one which differentiates the theories about the change, and it can be determined by the technological structure or by individuals?

The groups develop and mature under the influence of inside and outside changes. The organizations must spread their activity over two periods: the today one and the tomorrow one. At times of change, the managers must organize both present with its fundamental problems and the future as a sequel of the present (Drucker 1980).

2. Necessity of change

We will try to identify a few factors that influence the prognosis decisively and determine major modifications within an organization:

- the value fluctuation of the main convertible currency, energy, agricultural produces and metals;
- the development of a very tough competition between all branches of economic activities;
- the political influences of the international trade with the rearrangement of the influential spheres;
- the impact of the new technologies on the production, distribution and definiteness of the products;
- the tastes change of customers/consumers.

As a result some organizations changed their orientation from economies of large scale to economies of reaction.

The change is important for us, but when implicated directly is often difficult; the employees are against it the managers have to double their volume of activity. But the things are not only annoying for change, because has the chance to offer a real creativity if the organization's members involve in it, since the design phase. *"Taking the design change is the most important part of managerial work and can be even enjoyable provided they understand that there are many ways of approach."*[6]

Management efficient leader is the person able to recognize the moment when change is desirable or inevitable, and who can make everyone involved feel they are partners in this initiative, which will get together on her tracks. The staff generally believes that there is only an internal pressure of change, but most of the time change is required from outside the organization, the existing system is inefficient and not adapted to the market in changing the quality of the product costs.

There are pressures for change from inside the organization also, such as the pressure from the group management who wants to do something different.

Regarding the external pressures for change, they may come from a variety of sources.

Table 1. Sources on the necessity of change required externally

	Source of change	Examples
1	Market request	Increasing demand for certain products/services (flat screen TVs)
2	Market offer	The merger of companies with retail outlets
2.1	Economic	Crisis companies retail outlets, changing exchange rates
2.2	Social	Changing consumer tastes, increasing interest in the products involved in the preservation of health
2.3	Technological	Increasing the availability of new technologies of production and information systems
2.4	Political	Change of local or governmental management
2.5	Ecological	Changing the mentality of food demand, changing demands on the environment for the production of certain products
3	Natural calamities	Major climate changes in many areas , including our country

3. Analysis of a sector which has required major changes

In the construction sector – installations had major changes, according to the criteria specified in the Table 2.

Table 2. Sources of change

No.	Source of change	Examples
1	Market request	Increasing demand for buildings, homes, offices
2	Market offer	Merger of some companies of building–assembling, a request for an offer on the raise, salary increase for staff of specialized construction–assembly, in terms of a shortage of skilled labor
2.1	Economic	Crisis of firms not have adapted to changing market (relatively cheap materials, multifunctional), changing currency exchange rates, the depreciation rate of "leu" against U.S. dollars and Euros
2.2	Social	Options changing for constructions with good thermal insulation, the interest towards the products involved in the preservation of health(ecological construction materials)
2.3	Technological	Increasing the availability of new technologies for construction materials,
2.4	Political	Change of local and governmental management with the change of local and national strategies
2.5	Ecological	Change of mentality on the demand of green/ecological products in construction, using unconventional sources of energy, changing the requirements for protection of environment when producing certain preconstruction materials
3	Natural calamities	Major climate changes in many areas, including our country. Development of the technologies for the thermal insulation of constructions, the provision for buildings of an independent source of water, such as wells of great depth

[6] George Moldoveanu - Analiza organizațională - Editura Economică 2000, pag29, 30, *in Romanian*.

4. Analysis of changing situations

Most managers complain that they cannot keep up with the latest developments in their field, with the sense that change has been out of control (Toffler 1970). This can take place at different levels: group level, especially regarding the working methods, organizational level, if the company wants to survive in a fierce competition with other companies, and the macro level, with changes on the European social politics.

We have to analyze the forces that can achieve the change, and also the forces that are against it; to analyze the meaning of the word "change" for our company in terms of impact on individuals, groups and organizations.

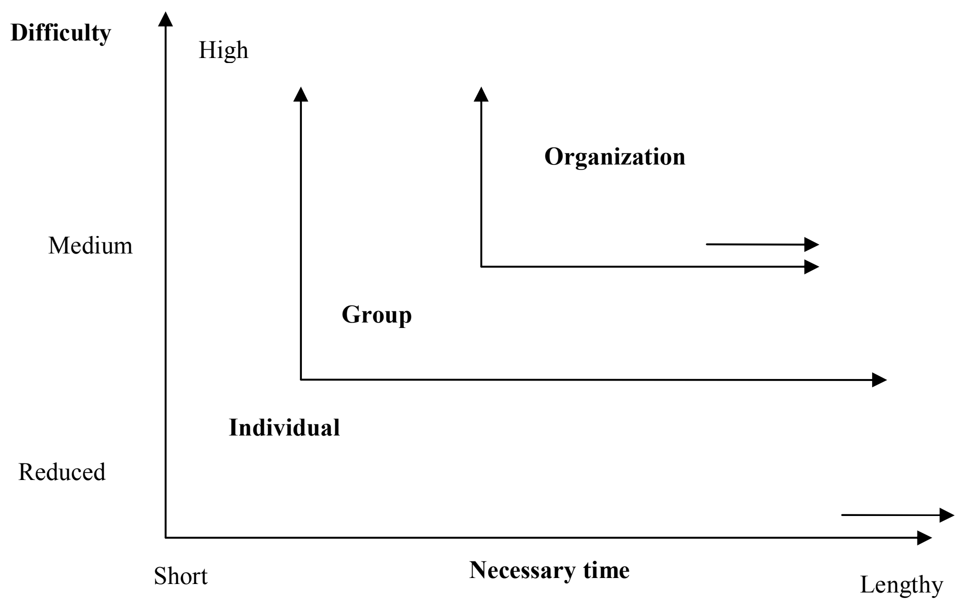

Figure 1. Levels of change

The above figure provides a simplified form of the time required and the degree of difficulty involved in changing, depending on its level. A change on individual level implies a reduced difficulty degree and a shorter time than a change in the organization. Within the organization manifest forces for change and against change. Certain forces for change are of endogenous or exogenous nature. The question within an organization is "*What is the priority we should change?*".

Some authors plead for change in the structure; others plead for technological or individuals change. We consider that any change must have individuals in the center, they are tied to their profession, place of work, and they can leave organization any time. (Stanciu, Ionescu 2005, 89). We believe that the complexity of the change needs to be done in "global diagnostic", an organizational diagnosis, resulted in an analysis of values, norms and groups performance. The process of change must be gradual to avoid large pressure on the investment level.

The organization being open system, the external constraints to change due to the need to maintain competitiveness of globalization of economies, inflation of more advanced and subtle technologies, and also "*the spirit of drier and pettier business*". On the other hand, interferences in the internal environment are essential in the case: low productivity, outdated technology, absenteeism, turnover of staff. Levels at which changes are made are numerous and delicate.

5. Strategies for change

We will deal first with "radical strategy of change"; to conduct such a strategy, turbulent and confusing in certain stages, involves going through the following successive stages:

- *Changing the mental framework of the organization*, which is the private going of individuals who have lived and worked in the same social environment for a long time, resulting from the specific culture and structure of the organization.

Their mental framework defines the real and the potential, is the paradigm that governs individuals and orientates them to solving their problems.

Managers are those who must make the diagnosis on the overall situation of the organization. Being on the same structure prevailing mental framework, it is often difficult for them to assess the situation and to challenge the principles that until that moment seemed invincible. Bringing a new manager can be a risk to the organization; he comes with his own experience and recipes gained during a career that may be in disagreement with the state of the organization.

▪*Defining the target of the radical strategy depending on the desired culture and structure*

This stage establishes the necessary of resources, skills and technologies the organization should invests in to assure its future. Members of the organization must understand the need of participation in defining strategies, the operating systems to be installed and also the mentalities and values to be promoted to achieve the objectives.

In this stage should be established an external strategy with a large symbolic potential, to answer the needs of survival, and to be a convincing argument on the future successes, with a strong ideological character. Also in this period has to agree on the appropriate type of organization, and must define its culture and structure.

▪ *Choosing a strategy for radical change*. In this stage we have to answer the following questions:

- What theory of change is appropriate?
- What links can be established between the existing cultural and structural arrangements and those covered by the radical change?
- Can return to the old symbols and structures that were abandoned for subjective reasons?

The leader must define measures and processes needed to change the culture and structure, often being necessary intermediate steps in obtaining change. The beginning is the destruction of existing symbols and beliefs that have become harmful to the organization. During this period the symbolic management has a vital importance during this complex changes, leading to the change of mental framework of the members of the organization.

▪ *Running the radical strategy*. The leader is obliged to present the new strategy in front of members of the organization, concerning the need of this change. It also presents the diagnosis established by the experts' team, to justify the need for changing for the organization's survival. Implementing the new strategy is needed to attract the majority of individuals through a policy of information and efficiency of enterprise activity. The objective of any radical change is major shifts regarding the orientation of the strategy, of structural changes, of management systems so the organization could face the challenges from outside (competition, internal and external market, streamlining the costs for the company's efficacy).

The stake of any radical strategy is transforming the culture of the organization, changing the mentality of the individuals within the organization in accordance with the strategy imposed.

Organizational culture involves complex aspects of the members' mentalities, the way of doing the professional tasks, the knowledge system and the methods to solve problems, some models of information transmission, taboos, customs, and attitudes. Change is not a synchronous process, but any change goes through three stages:

- defrosting, which involves the idea of change;
- production of change (dealing with the organization's individuals on the need of change and convincing them);
- change- integration (monitoring it and preparing for the next phase shift).

An important role in challenging the change is the conflict in the organization, the groups that are in conflict are fighting for further chances, building alternative solutions that can be adapted and adjusted.

6. Economical crisis and the management of change within the organization

In the case of economic crisis of 2009, in a company, the role of internal communication is vital to avoiding the tensions and internal conflicts. In conditions of economical crisis, in the economic organization, there are plentiful rumors, the employees are unsure of the future of the company, including their own. Motivation and confidence decrease and productivity is directly affected.

Therefore, everything constructed by culture and communication is eroding in those key moments.In order all the activities within the company to go well, all team members must act in the same direction, employees must know the strategies for development and stabilization of the company and their role in this direction; their role in this case being more efficient.

We try to prefigure 10 essential steps required to be done by the company's managers on improving communication within the company.

a) During the crisis we consider essential the presentation of direction for development year. The company must know what development plans exist, the involvement of stuff in the development and how the company will evolve in the new business conditions. Depending on the type, structure, size of company, it must organize information sessions for the first two levels of organization that receive the necessary training tools to forward the information.
b) Training the managers for these meetings. These presentations must be clear and concise. Managers must be prepared for tough and direct questions, to convince the organization of the company's management intention of personnel policy in this sensitive period. Training leaders must find the possible direct questions and suggest possible answers for the company, and also for the employees of the company. In these trainings has not to be forgotten the logical structure of information: Who, what, where, when, how, why?
c) Opening all channels of direct communication: internet, call center, or a system of collecting questions asked by employees, company's collaborators, physical or legal persons, finding clear and rapid responses to stop the function of alarmist voices/gossips.
d) In case there are internal information materials (magazines, info board) should be included in the summary the themes of utmost concern: job security, the evolution of incomes. One must never forget that for an employee first thing which matters are his fate and his position in the company.
e) The dialogue with trade unions should not be neglected, to deal prematurely with unsubstantial rumors regarding the fate of the employees, but not to be limited to communicating through the union.
f) It is necessary the permanent collection of feedback through surveys or questionnaires completed easily and easy to interpret; in the same time should be provided information on clients and their evolution.
g) Periodically important decisions must be presented, the strategies in accordance with the market, the development of the company and the expectations of the management team. Permanently should be preserved a balance between the information presented and the ones collected from the market and organization.
h) In crisis conditions, internal subjects can reach the blog or the first page of a newspaper. In these conditions it is necessary to be, as a leader, very well prepared with the necessary information, especially in terms when the topics exceed the boundaries of the organization.
i) Given that the organization is, through the specific concerns, of a particular industry that influence the economic situation of the area, it is necessary to resort to political actors to promote through economic measures the preservation of outlet market and the required capital. These taken measures should be notified to the members of the organization.
j) We consider important in this time of crisis, the transfer, even partially of the Japanese behavior and management, so–called "amae", which designates a specific state of dependence and mutual aid that exists in each organization. Relations based on "amae" imply a certain emotional attachment; the addicted person has a specific behavior, avoiding taking responsibilities individually, waiting for the boss to take initiatives and protect him. (Nicolescu 1998, 204)

On this waiting of the members from the organization's leaders, they can only have a paternal position to protect the interests of the organization and its members, especially in situations of economic crisis.

In case the management of organization does not operate under these principles, is most likely to split because of the members' position, who see their group and individual interests threatened; in many situations, the members of the organization prefer partial pecuniary sacrifices (decreasing their wages or the hours of work) than major sacrifices regarding the number of employees.

Explaining periodically the policy of the organization, testing the existing spirit within the organization's members, explaining the necessity of taking some measures of sacrifice, after consulting representatives of the organization, the application of some principles of Japanese management, "amae", in conditions of economic crisis, must be a minimum of rules for the survival of the organization and its members.

7. Case study on the change to S.C. TEHNOROB S.A.

Forces and pressures for change within the company

- the presence on the market–installations of service providers with lower costs;
- the overall decline in market installations and constructions;
- old buildings and equipments;
- outdated labor and aged employees;
- the execution of special operations within the company, which can be externally (the financial – accounting function, the staff function);
- lack of monthly, weekly, daily programs, correlated with the efferent wages expenses, correlated with straight analyses and objective resolution of the obstructions.
- overdrawing the costs of works in both materials and direct and indirect labor;
- existence of a state of negligence and distrust within the organization;
- lack of profitable offers on the market of Dolj county wide regarding the facilities for which the company was authorized.

In these conditions, some changes have taken place, which we consider essential, with immediate effects on the company efficiency.

Changes suggested by the management team

- the acquisition of new machines to run welds in polyethylene for the networks of gas and water;
- the employment and the licensing of a few graduates of installations profile high schools for the execution of works with the new equipment purchased, under the leadership of the authorized former workers;
- on the basis of contracts in progress establishing monthly weekly programs, which condition, but not limited the monthly wages;
- close following the execution of the authorized operations, with clear evidences written and sign by the person/persons who makes the work, according to the approved procedures and taking measures of reducing the salary, even the dissolution of the work contract, for the experienced staff who perform poor quality work;
- periodical verification of these works by the quality compartment, criteria which condition the monthly earnings of the specialty staff/personnel;
- expansion into other counties and in Bucharest until unblocking works in the area of Oltenia;
- closing strategic contracts with large construction companies involved in far–reaching investments;
- external activity of the accounting and personnel;
- weekly analyses of the established programs, and informing all the staff interested in their status;
- close following of the monthly costs, before determining the wages, especially at the level of the head of work.
- Following these measures, it was a monthly increase of productivity with 20%;
- increasing the percentage of poorly executed works and acceleration of preparation of the documents of reception the works under execution;
- lower the costs of materials and labor within the company;
- integration in the time limits set by the general contractor and the received payment for the executed production, including the release of a few warranty parts for works of a good quality.

Further we want to apply a program of strategic and operational leadership as "Dashboard of the management and of the strategy".

8. Conclusions

Any change has two sides for the members of the organization:

- a difficult one, with disposals, re–trainings, lowering the incomes in the first phase, changes of mentality, stress;
- the beautiful face of the things towards the mobilization of the members left, intense training of the production, research of new markets, the installation of a new mentality on organizational culture, forming an united group around the manager, in which the organization's success is the success of all, raising the faith and spirit in the organization, including trust in the face of new dangers.

At the same time is necessary remodeling the existing management type, willing to sacrifice his own interest in certain limited situations, explaining periodically the policy of the organization, the necessity of taking a few measures of sacrifice after consulting the representatives of the organization, the application of some principles of Japanese management, "amae", and in conditions of economic crisis must have a minimum of rules for the survival of the organization and its members.

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PLACE AND ROLE OF MANAGEMENT ACCOUNTING AND COST CALCULATION IN FOOD INDUSTRY OF MANUFACTURING DAIRY PRODUCTS

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Abstract:

Any company, regardless of its size should prove permanent operating power, adaptability, and to face competition, even if the economic and social transformation is in full. Or, this requires recognition at all levels of the role of accounting in its complexity, that financial accounting and management accounting.If the general ledger provides information processed unit, making contact with the enterprise environment, decision-making at managerial level is only possible after receipt of the information they need, or these information are provided by the management accounting, that receives, records and analyse the internal accounting dates.

Management accounting organization is not subject to uniform rules, but its organization is required, because management accounting must have an unitary character to facilitate the control of management and effective use of heritage unit.

In food industry of manufacturing dairy products analytical record of production costs is very important for cost calculation. Determining these costs on carriers and areas of expenditure, based on documentary evidence, strengthens the position of current analytical record of production costs, and calculating and determining their volume, allows the elaboration of concrete measures on factories, departments and workplaces, by training teams of research and planning, forecasting, organization and tracking of production, labor productivity, supply-dissolution in financial accounting, as well as in other business departments.

Keywords: *cost calculation, management accounting, forecasting, financial accounting.*

1. Introduction

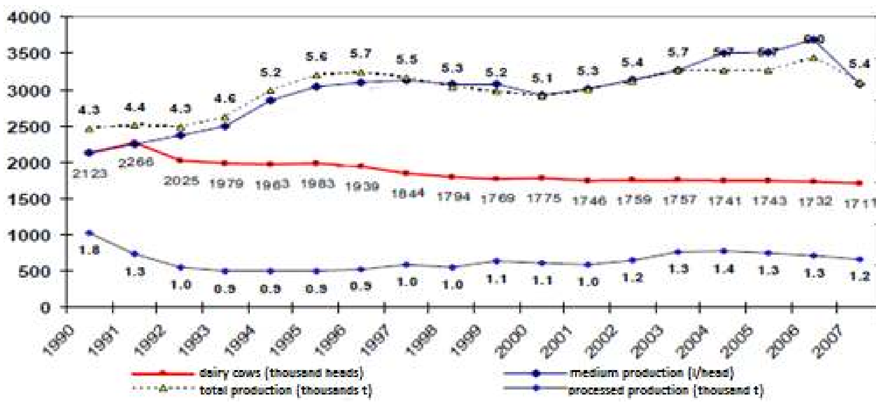
Costs play a major role in grounding decisions on choosing the optimal regime of production and adjusting the volume in any competitive economic environment, which is a great tool that makes management of the enterprise as a whole and to each internal subdivision. To compare the cost of production of a product cost of the same product or similar products manufactured by the same group or trust company, organization of cost calculation is necessary for the entire production, especially for individual products. The information provided by management accounting and cost accounting allows managers to assess the viability of alternative business strategies, to choose between alternative decisions and evaluate the results of business segments.

2. The evolution of dairy market

European and global market developments dairy and changing consumer preferences in the context of socio-economic development and diversification of production through the introduction of new technologies, the influence of related sectors that have suffered deep reforms of political instruments to facilitate the actors connection on that dies to actual market signals will affect increasingly more milk production and processing sector which is supported by policy instruments that no longer fit the current economic context. Thus, the need for radical reform of policy in this sector has become increasingly obvious and urgent.

During the transition to a market economy, there were major changes in the food sector and implicitly in the production and milk processing. In the first three years after 1989 there was a sharp decrease in the number of cattle (35%) but also to dairy cows (8%) caused by the natural reaction of the livestock sector after an aberrant policy, focused on increasing the number at any price herds with no economic reason. Policy provisions elimination through which the slaughter of animals was restricted, leading to massive cuts of the bovine specimens' especially sick, old and low productive potential. Consequently in the same period productivity has improved considerably (33%) and in the next few years the trend was positive, until 2006 when he recorded the highest productivity after 1990 *(see Chart 1*).

Chart 1. The dynamics of herds, milk production and yields in the period 1990-2007



Source: Study no. 1. Dynamic impacts of milk quota on agricultural producers in Romania in the context of the Common Agricultural Policy reform

On the dairy market were recorded significant changes in the last few years, both in terms of consumption and competitive environment. One of the events that stirred the market was Romania's EU accession. In 2007, total imports of milk and dairy products increased by 4.3 times, and in 2008 increased by 21% in volume. More and more companies from Germany, Poland, Hungary, Czech Republic, France, Italy, Greece, Denmark, Bulgaria are on the market, directly or through importers.

In 2010 compared to previous year the quantity of cow's milk collected from processors farms dropped 87,838 tons (-8.9%). The largest decrease in production in 2010 compared to 2009 occurred in milk powder by 422 tons (-10.3%). Cheese production has also declined in 2010 compared to 2009, with 5520 tons (-7.9%). Evolution of the quantity of cheese obtained exclusively from cow's milk (94.4% of total production of cheese) remained the same decreasing trend.

Melted cheese production decreased by 874 tons (-7.3%), butter production decreased by 737 tons (-7.0%) and production of cream consumption decreased by 646 tons (-1.4%) in 2010 from the previous year. Acidified milk production (yoghurt, drinking yoghurt and others) had, in 2010 compared with 2009, the largest increase, with 1948 tons (+1.3%) and was followed by the production of drinking milk with 1258 tons (+0.6%).

Table 1. Collected milk production and dairy products

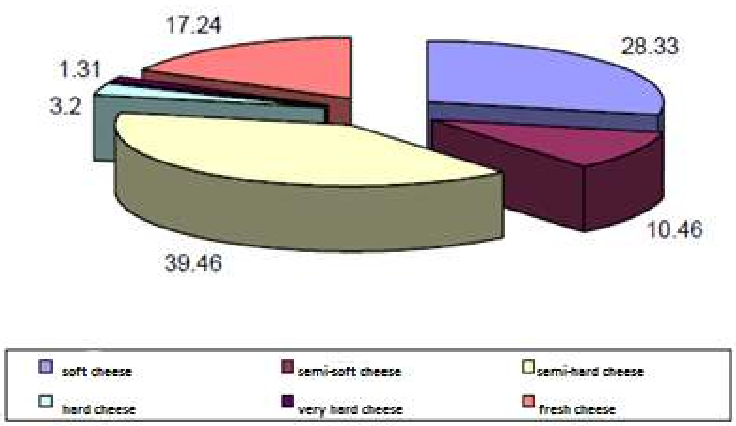
Product name	Production made -tons-		2010 year compared to 2009 (+/-)	
	2009	2010	Tons	%
Collected milk[*)]	1011464	925405	-86059	-8,5
- cow	991588	903750	-87838	-8,9
medium fat content (%)	3,76	3,79	*	*
Medium protein content (%)	3,24	3,25	*	*
- buffalo	2139	1393	-746	-34,9
- goat	4008	3856	-152	-3,8
- sheep	13729	16406	+2677	+19,5
Milk (raw material) from import	80636	87309	+6673	+8,3
Drinking milk	221918	223176	+1258	+0,6
Cream	47447	46801	-646	-1,4
Acidified milk[**)]	146369	148317	+1948	+1,3
Milk powder	4109	3687	-422	-10,3
Butter	10491	9754	-737	-7,0
Cheese	69482	63962	-5520	-7,9
- from cow milk	64847	60387	-4460	-6,9
Melted cheese	12010	11136	-874	-7,3

[*)] Milk collected by the processing units from agricultural holdings and collection centres

**) includes yogurt, drinking yogurt, skim milk and other products like fermented milk

Source: National Institute of Statistics, Press Release no. 134/2011

Chart 2. Cheese production structure as moisture content in 2010



Source: National Institute of Statistics, Press Release no. 134/2011

Table 2. Cow milk production collected by the processing units and main dairy products on development regions in 2010

tons

Development regions	Collected cow milk	Drinking milk	Fresh dairy products*)	Cheese
Total country	903750	223176	195118	63962
North- East	197224	46100	15810	13190
South-East	57238	10995	13510	5741
South Muntenia	64775	17137	18677	8749
South-West Oltenia	7922	2415	882	880
West	26369	c	c	2274
North-west	201589	37867	14001	16359
Center	275895	86416	52123	15729
Bucharest Ilfov	72738	c	c	1042

*) include cream and acidulated milk

c = confidential dates

Source: National Institute of Statistics, Press Release no. 134/2011

The large quantities of cow's milk were collected in the Centre (30.5%), Northwest (22.3%) and Northeast (21.8%). Drinking milk occurred mainly in the central regions (38.7%) and Northeast (20.7%). Bucharest-Ilfov, Central and Southern Wallachia own over 70% of fresh dairy products (cream and acidulated milk). Cheese was produced mainly in the North-West (25.6%), middle (24.6%) and Northeast (20.6%).

3. Place and role of management accounting and cost calculation in food industry of manufacturing dairy products

Information produced and managed by management accounting and cost accounting is part of company trade secrets and is intended for managers as internal beneficiary which must solve problems of allocation and use of resources entrusted to the outside (by the investor) to build performance.

Cost calculation is delimited simultaneously as an information tool and as a management tool to improve enterprise performance. As an information tool, calculation produces and provides information on costs and profit, and as a management tool that is a technical for decision on maximizing profitability.

Also provides information necessary for financial accounting, regarding the necessary costs of manufactured inventories assessment and production of property in progress. The provided information refers to historical data and data that affect future activities.

Management accounting and cost calculation serves to:

- post factual calculating and forecasting costs products, services, activities and functions
- controlling costs and budgets through deviations
- forecast revenue and expenditure by drawing the internal network budgets.

By calculating the costs incurred to obtain production and per unit of product, market price obtained by the enterprise can be broken down as follows:

- the part that compensates all the consumption data for production and sales
- profit entrepreneur.

In this way each economic entity is able to estimate the profitability as a trader held both on internal market and the external one. Production capacity of an enterprise depends on how it manages to recover through sales, the cost of use manufactured values. The difference between the collected amounts from sales of products and the costs of obtaining and selling their, determines the prosperity and pace of enterprise development. If this is characteristic of the existence and business development, maintaining competitiveness and production arrangement to obtain optimal final results, depend and reflect directly in the cost of production.

This is the main reason for the cost of production, as the indicator of efficiency, should be established in a timely and accurate manner.

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A PERFORMANCE MODEL FOR THE ANALYSIS OF CREDITING BUSINESSES IN THE FIELD OF PRODUCTION

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Abstract:

Considering the global crisis, lending businesses in the sphere of production becomes a priority. The analysis of businesses in the field of production must be based on diagnostic performance models so that after processing and analyzing the financial and accounting statements of businesses to take the correct decision regarding crediting. This paper presents a performance analysis model for crediting businesses in the area of production. After applying the model for three consecutive years, proposals for loans are presented, the period of granting, the guarantees related, costs, etc.

Key words: dynamic analysis, credit report, sole debtor, credit risk, financial risk, performance indicators

JEL Classification: G32

1. Introduction

The decision of accepting a risk involves awareness of how it can be reduced to a maximum point (Brown, Zehnder 2006). For this it is necessary to investigate three main components of credit risk, namely: the risk of funded commercial contract, the debtor risk and collateral risk. The link between these risk categories is imperative to their knowledge in order to assess the overall risk (Basno, Dardac 2002). The debtor risk has two fundamental components: financial and non-financial risk. The financial risk refers to the current financial situation resulting from the balance sheet forecasts, profit and loss, cash flow, financial performance. The non-financial risk refers to the debtor management, the strategy adopted, personnel policy, organization, branch, markets, etc. Amongst quantifiable criteria we enumerate: the trend of turnover determined in real terms, liquidity, solvency, return on capital, leverage, export share of turnover and the source of repayment (Gaeta *et al.* 2003).

In 2006, the World Bank conducted a study on 100 countries published at Oxford University Press - *Doing Business in 2007: How to Reform* on credit impact on national economies. From this study, Martin Brown, and Christian Zehnder in the article *Credit Reporting, Relationship Banking and Loan Repayment* (Swiss National Bank Working Paper No 2006-3) and later adopted by the Journal of Money Credit and Banking have questioned the effects of credit on the performance of financial markets and borrowers, fighting for a relationship between borrowers and banks in order to help boost performance.

2. Processing financial and accounting statements of businesses in the field of production

The analysis was performed for a production company using the trial balances on 31.12.2007, 31.12.2008 and 31.12.2009. The situation of the three trial balances on 31.12.2007, 31.12.2008 and 31.12.2009 are presented in Table 1.

Table 1. The situation of the trial balances (lei)

account	SIGNIFICANCE	2007		2008		2009	
		asset	liability	asset	liability	asset	liability
1012	subscribed and paid up share capital		10000	0	10000	0	10000
106	reserves	0	6700	0	17700	0	17700
107	reported result	0	0	0	65600	0	4200
121	profit and loss	0	27100	0	76600	0	4200
129	profit sharing	27100	0	76600	0	4200	0
131	investment subsidies	0	0	0	0	0	273300
162/a	bank loans on medium and long term (share > 1 year)	0	0	0	0	0	220700

account	SIGNIFICANCE	2007		2008		2009	
		asset	liability	asset	liability	asset	liability
162/b	bank loans on medium and long term (share < 1 year)	0	0	0	0	0	132500
2121	buildings	0	0	0	0	376300	0
2123	machinery and work equipment	0	0	8800	0	439400	0
2125	means of transport	15800	0	19500	0	44900	0
2128	tools, household inventory and other fixed assets	0	0	1400	0	1400	0
231	tangible assets in progress	0	0	0	0	32800	0
2811	depreciation of buildings	0	0	0	0	0	2500
2813	depreciation of machinery, work equipment	0	0	0	200	0	1200
2815	depreciation of means of transport	0	0	0	3800	0	24800
301	consumables	0	0	0	0	1800	0
345	Finished products	36800	0	51400	0	136300	0
4013	Suppliers with maturity < 1year	0	77900	0	169900	0	197100
4043	Suppliers of assets – commercial debts maturity < 1year	0	11100	0	7000	0	5700
409	Suppliers-debtors	0	0	0	0	5900	0
4113	Clients with maturity < 1year	39400	0	80800	0	84400	0
416	uncertain clients	0	0	500	0	0	0
4192	clients – creditors for advances received < 1year	0	0	0	500	0	0
421	personnel – owed remunerations	0	1200	0	2000	0	22400
425	advances for personnel	100	0	800	0	200	0
426	uncollected personnel rights	0	0	0	0	0	500
431	social insurances	0	700	0	1300	0	16500
437	unemployment benefit	0	400	0	100	0	1300
441	tax on profit	0	0	0	1700	0	-13900
4424	VAT recoverable	23500	0	51100	0	42500	0
444	wage tax	0	0	0	400	0	1400
4482	other claims on state budget	0	0	0	0	300	0
455	associates-current accounts	0	0	0	0	0	64700
456	settlements with associates on capital	0	0	0	0	0	0
457	payable dividends	0	10600	0	0	0	10000
462	various creditors	0	0	0	100	0	0
51211	bank accounts in lei (cash)	3000	0	700	0	200	0
51241	bank accounts in currency	0	0	57400	0	22300	0
519	bank accounts on the short term	0	0	0	0	0	199300
5311	the counter in lei	0	0	1400	0	2000	0
542	Treasury advances	0	0	6500	0	1200	0
601	Consumable expenses	1600	0	0	0	500	0
602	Inventory expenses	0	0	8200	0	16800	0
603	Expenses on hutments, interim arrangements	0	0	2100	0	4700	0
604	Expenses regarding materials not stocked	0	0	0	0	18000	0
605	Expenses regarding energy and water	500	0	2800	0	5600	0
607	Expenses regarding goods	0	0	2300	0	0	0
611	Expenses regarding maintenance and repairs	0	0	500	0	2000	0
612	Expenses with fees, locations, rents	3400	0	13600	0	15900	0
613	Expenses with insurance premiums	0	0	300	0	12100	0
622	Expenses regarding commissions, fees	0	0	600	0	3200	0
623	Expenses regarding protocols, advertising, publicity	0	0	1900	0	2100	0
624	Expenses with the transport of goods, personnel	0	0	5300	0	500	0

account	SIGNIFICANCE	2007		2008		2009	
		asset	liability	asset	liability	asset	liability
625	Expenses with visits, secondments and transfers	800	0	5300	0	4900	0
626	Postal expenses and with telecommunications	0	0	0	0	2900	0
627	Expenses with banking and assimilated services	200	0	1200	0	11400	0
628	Other expenses with services provided by third parties	442700	0	1404100	0	1518000	0
635	Expenses with other fees, taxes, assimilated payments	300	0	400	0	5300	0
641	Expenses with personnel wages	8200	0	30900	0	177100	0
645	Expenses regarding insurance and social protection	2600	0	10600	0	57300	0
658	Other operation expenses	0	0	1500	0	4900	0
665	Expenses from currency rate differences	3700	0	8800	0	26300	0
666	Expenses regarding interests	0	0	0	0	18100	0
671	Exceptional expenses regarding management operations	100	0	0	0	0	0
681	Operation expenses regarding provisions depreciation	400	0	4100	0	24600	0
691	Expenses with tax on profit	6900	0	11200	0	2500	0
701	Incomes from the sale of finished products	0	455500	0	1549000	0	1837100
704	Incomes from works executed and services provided	0	0	0	0	0	3800
707	Incomes from the sale of goods	0	0	0	2300	0	0
711	Incomes from socked production	0	36200	0	20500	0	77100
758	Other operation incomes	0	0	0	0	0	16500
765	Incomes from currency rate differences	0	6800	0	20500	0	4100
766	Incomes from interests	0	0	0	0	0	300
904	Initial balance of clients at the beginning of the year	0	0	39400	0	80800	0
907	Initial balance of finished products at the beginning of the year	0	0	36300	0	58000	0
909	Initial balance of suppliers at the beginning of the year	0	0	0	77800	0	169900
910	Dividends payable from previous years unpaid at the end of the period (from ct.457)	0	0	0	10600	0	0

After processing the data from the trial balances we obtain the asset structure such as in Tables 2 and 3.

Table 2. Asset structure and relative and absolute variation (lei)

BALANCE SHEET - ASSET	Period P1 2007	Period P2 2008	Period P3 2009	Absolute variation (P2-P1)	Absolute variation (P3 –P2)	Relative variation (P2/P1)	Relative variation (P3/P2)
1.1.Intangible assets	0	0	0	0	0	0	0
Findings and research-development expenses	0	0	0	0	0	0	0
Other fixed assets	0	0	0	0	0	0	0
Ongoing assets	0	0	0	0	0	0	0
Provisions for the depreciation of intangible assets	0	0	0	0	0	0	0
1.2.Tangible assets	15800	25700	866300	9900	840600	162,66	3370,82

Lands	0	0	0	0	0	0	0
Buildings	0	0	373800	0	373800	0	0
Special constructions	0	0	0	0	0	0	0
Machinery and tools	15800	24300	458300	8500	434000	153,8	1886
Other tangible assets	0	1400	1400	1400	0	0	100
Ongoing fixed assets	0	0	32800	0	32800	0	0
Provisions for the depreciation of tangible assets	0	0	0	0	0	0	0
1.3.Financial assets	0	0	0	0	0	0	0
Participation securities	0	0	0	0	0	0	0
Other fixed securities	0	0	0	0	0	0	0
Fixed claims	0	0	0	0	0	0	0
Provisions for the depreciation of financial assets	0	0	0	0	0	0	0
1.4.Commercial claims with a maturity > 1 year	0	0	0	0	0	0	0
I. FIXED ASSETS (1.1+1.2+1.3+1.4)	15800	25700	866300	9900	840600	162,66	3370,82
2.1. Stocks	36800	51400	138100	14600	86700	139,67	268,68
Raw materials, consumables, inventory	0	0	1800	0	1800	0	0
Stocks from third parties	0	0	0	0	0	0	0
Ongoing production	0	0	0	0	0	0	0
products	36800	51400	136300	14600	84900	139,67	265,18
Animals	0	0	0	0	0	0	0
Goods	0	0	0	0	0	0	0
- Recoverable stocks	0	0	0	0	0	0	0
2.2. Commercial claims with a maturity < 1 an	63000	133200	133300	70200	100	211,43	100
Clients and related accounts, of which:	39400	81300	84400	41900	3100	206,35	103,81
- uncertain clients	0	500	0	500	-500	0	0
Other claims	23600	51900	43000	28300	-8900	219,92	82,85
Debtor suppliers	0	0	5900	0	5900	0	0
Settlements with associates on capital	0	0	0	0	0	0	0
2.3. Accruals and deferred accounts	0	0	0	0	0	0	0
Expenses made in advance + settlements	0	0	0	0	0	0	0
Differences of active conversion	0	0	0	0	0	0	0
2.4. Reimbursement premiums on bonds	0	0	0	0	0	0	0
II. FEASIBLE ASSETS (2.1+2.2+2.3+2.4)	99800	184600	271400	84800	86800	184,97	147,02
3.1. Placement securities	0	0	0	0	0	0	0
3.2. Bank accounts, the counter and credentials	3000	66000	25700	63000	-40300	2200	38,94
III. TREZORERIA POZITIVĂ (3.1+3.2)	3000	66000	25700	63000	-40300	2200	38,94
CIRCULAR ASSETS (2.1+2.2+III)	102800	250600	297100	147800	46500	243,77	118,56
T O T A L A S S E T (I+II+III)	118600	276300	1163400	157700	887100	232,97	421,06

Table 3. Asset structure and structure analysis (lei)

BALANCE SHEET - ASSET	Period P1	Period P2	Period P3	Structure analysis		
	2007	2008	2009	2007	2008	2009
1.1.Intangible assets	0	0	0	0	0	0
Findings and research-development expenses	0	0	0	0	0	0
Other fixed assets	0	0	0	0	0	0
Ongoing assets	0	0	0	0	0	0
Provisions for the depreciation of intangible assets	0	0	0	0	0	0
1.2.Tangible assets	15800	25700	866300	13,3	9,3	74,4
Lands	0	0	0	0	0	0
Buildings	0	0	373800	0	0	32,1
Special constructions	0	0	0	0	0	0
Machinery and tools	15800	24300	458300	13,3	8,7	39,3
Other tangible assets	0	1400	1400	0	0,5	0,1
Ongoing fixed assets	0	0	32800	0	0	2,8
Provisions for the depreciation of tangible assets	0	0	0	0	0	0
1.3.Financial assets	0	0	0	0	0	0
Participation securities	0	0	0	0	0	0
Other fixed securities	0	0	0	0	0	0
Fixed claims	0	0	0	0	0	0
Provisions for the depreciation of financial assets	0	0	0	0	0	0
1.4.Commercial claims with a maturity > 1 year	0	0	0	0	0	0
I. FIXED ASSETS (1.1+1.2+1.3+1.4)	15800	25700	866300	13,2	9,3	74,4
2.1. Stocks	36800	51400	138100	31,0	18,6	11,87
Raw materials, consumables, inventory	0	0	1800	0	0	0,1
Stocks from third parties	0	0	0	0	0	0
Ongoing production	0	0	0	0	0	0
Products	36800	51400	136300	31,0	18,6	11,7
Animals	0	0	0	0	0	0
Goods	0	0	0	0	0	0
- Recoverable stocks	0	0	0	0	0	0
2.2. Commercial claims with a maturity < 1 an	63000	133200	133300	53,1	48,2	11,4
Clients and related accounts, of which:	39400	81300	84400	33,2	29,4	7,2
- uncertain clients	0	500	0	0	0,1	0
Other claims	23600	51900	43000	19,9	18,7	3,7
Debtor suppliers	0	0	5900	0	0	0,5
Settlements with associates on capital	0	0	0	0	0	0
2.3. Accruals and deferred accounts	0	0	0	0	0	0
Expenses made in advance + settlements	0	0	0	0	0	0
Differences of active conversion	0	0	0	0	0	0
2.4. Reimbursement premiums on bonds	0	0	0	0	0	0
II. FEASIBLE ASSETS (2.1+2.2+2.3+2.4)	99800	184600	271400	84,1	66,8	23,3
3.1. Placement securities	0	0	0	0	0	0
3.2. Bank accounts, the counter and credentials	3000	66000	25700	2,5	23,8	2,2
III. TREZORERIA POZITIVĂ (3.1+3.2)	3000	66000	25700	2,5	23,8	2,2
CIRCULAR ASSETS (2.1+2.2+III)	102800	250600	297100	86,6	90,7	25,5
T O T A L A S S E T (I+II+III)	118600	276300	1163400	100	100	100

After processing the data from the trial balances we obtain the liability structure such as in tables 4 and 5.

Table 4. Liability structure and relative and absolute variation (lei)

BALANCE SHEET - LIABILITY	Period P1 2007	Period P2 2008	Period P3 2009	Absolute variation (P2-P1)	Absolute variation (P3 -P2)	Relative variation (P2:P1)	Relative variation (P3:P2)
Equity	10000	10000	10000	0	0	100,00	100,00
Subscribed and paid	10000	10000	10000	0	0	100,00	100,00
Administration patrimony	0	0	0	0	0	-	-
Account entrepreneur (capital contribution in cash)	0	0	0	0	0	-	-
Account entrepreneur (capital contribution in kind)	0	0	0	0	0	-	-
Premiums related to capital	0	0	0	0	0	-	-
Reserves	6700	17700	17700	11000	0	264,18	100,00
Reported result	0	65600	4200	65600	-61400	-	6,40
Performance of the year	27100	76600	4200	49500	-72400	282,66	5,48
Profit distribution	27100	76600	4200	49500	-72400	282,66	5,48
Funds	0	0	0	0	0	-	-
Distribution to the development fund	0	0	0	0	0	-	-
1.1.OWN CAPITAL IN THE STRICT SENSE	16700	93300	31900	76600	-61400	558,68	34,19
NET OWN CAPITAL IN THE STRICT SENSE (for indicator calculations)	16700	92800	31900	76100	-60900	555,69	34,38
1.2. Revaluation differences	0	0	0	0	0	-	-
1.3. Investment subsidies	0	0	273300	0	273300	-	-
1.4. Regulated provisions	0	0	0	0	0	-	-
1. OWN CAPITAL IN THE WIDE SENSE (1.1+1.2+1.3+1.4)	16700	93300	305200	76600	211900	558,68	327,12
NET OWN CAPITAL IN THE WIDE SENSE (for indicator calculations)	16700	92800	305200	76100	212400	555,69	328,88
2.1.Risk provisions	0	0	0	0	0	-	-
2.2. Provisions for expenses to be distributed	0	0	0	0	0	-	-
2. PROVISIONS FOR RISKS AND EXPENSES (2.1+2.2)	0	0	0	0	0	-	-
3.1.Financial debts with a maturity >1 year (share >1 year)	0	0	220700	0	220700	-	-
Banks	0	0	220700	0	220700	-	-
Other debts with a maturity > 1 year	0	0	0	0	0	-	-
3.2.Non-financial debts with a maturity > 1 year (share > 1 year)	0	0	0	0	0	-	-
Suppliers and related accounts with a maturity > 1 year	0	0	0	0	0	-	-
Advances received > 1 year	0	0	0	0	0	-	-
3. DEBTS WITH A MATURITY > 1 YEAR (3.1+3.2)	0	0	220700	0	220700	-	-
I. LIABILITIES ON THE LONG TERM (1+2+3)	16700	93300	525900	76600	432600	558,68	563,67
4. Non-financial debts with a maturity < 1 year	101900	183000	305700	81100	122700	179,59	167,05
Suppliers and related accounts with a maturity > 1 year (share < 1 year)	0	0	0	0	0	-	-
Suppliers and related accounts with a maturity < 1 year	89000	176900	202800	87900	25900	198,76	114,64

Advances received	0	500	0	500	-500	-	-
Other debts (taxes, salary, personnel)	12900	5600	102900	-7300	97300	43,41	1.837,50
Account entrepreneur (contribution in kind)	0	0	0	0	0	-	-
5. Accruals and deferred accounts	0	0	0	0	0	-	-
Incomes registered in advance + settlements	0	0	0	0	0	-	-
Passive conversion differences	0	0	0	0	0	-	-
II. CURRENT DEBTS WITH A MATURITY < 1 YEAR (4+5)	101900	183000	305700	81100	122700	179,59	167,05
6. Financial debts with a maturity > 1 year (share < 1 year)	0	0	132500	0	132500	-	-
Banks	0	0	132500	0	132500	-	-
7. Financial debts with a maturity < 1 year	0	0	199300	0	199300	-	-
Banks	0	0	199300	0	199300	-	-
Other financial debts <1 year	0	0	0	0	0	-	-
Account entrepreneur (contribution in cash)	0	0	0	0	0	-	-
III. NEGATIVE TREASURY (6+7)	0	0	331800	0	331800	-	-
DEBTS WITH A MATURITY < 1 YEAR (II+III)	101900	183000	637500	81100	454500	179,59	348,36
TOTAL DEBTS	101900	183000	858200	81100	675200	179,59	468,96
TOTAL LIABILITY (I+II+III)	118600	276300	1163400	157700	887100	232,97	421,06

Table 5. Liability structure and structure analysis (lei)

BALANCE SHEET - LIABILITY	Period P1 2007	Period P2 2008	Period P3 2009	Structure analysis 2007	2008	2009
Equity	10000	10000	10000	8,43	3,62	0,86
Subscribed and paid	10000	10000	10000	8,43	3,62	0,86
Administration patrimony	0	0	0	-	-	-
Account entrepreneur (capital contribution in cash)	0	0	0	-	-	-
Account entrepreneur (capital contribution in kind)	0	0	0	-	-	-
Premiums related to capital	0	0	0	-	-	-
Reserves	6700	17700	17700	5,65	6,41	1,52
Reported result	0	65600	4200	-	23,74	0,36
Performance of the year	27100	76600	4200	22,85	27,72	0,36
Profit distribution	27100	76600	4200	22,85	27,72	0,36
Funds	0	0	0	-	-	-
Distribution to the development fund	0	0	0	-	-	-
1.1.OWN CAPITAL IN THE STRICT SENSE	16700	93300	31900	14,08	33,77	2,74
NET OWN CAPITAL IN THE STRICT SENSE (for indicator calculations)	16700	92800	31900	14,08	33,59	2,74
1.2. Revaluation differences	0	0	0	-	-	-
1.3. Investment subsidies	0	0	273300	-	-	23,49
1.4. Regulated provisions	0	0	0	-	-	-
1. OWN CAPITAL IN THE WIDE SENSE (1.1+1.2+1.3+1.4)	16700	93300	305200	14,08	33,77	26,23
NET OWN CAPITAL IN THE WIDE SENSE (for indicator calculations)	16700	92800	305200	14,08	33,59	26,23
2.1.Risk provisions	0	0	0	-	-	-
2.2. Provisions for expenses to be distributed	0	0	0	-	-	-
2. PROVISIONS FOR RISKS AND EXPENSES	0	0	0	-	-	-

(2.1+2.2)						
3.1.Financial debts with a maturity >1 year (share >1 year)	0	0	220700	-	-	18,97
Banks	0	0	220700	-	-	18,97
Other debts with a maturity > 1 year	0	0	0	-	-	-
3.2.Non-financial debts with a maturity > 1 year (share > 1 year)	0	0	0	-	-	-
Suppliers and related accounts with a maturity > 1 year	0	0	0	-	-	-
Advances received > 1 year	0	0	0	-	-	-
3. DEBTS WITH A MATURITY > 1 YEAR (3.1+3.2)	0	0	220700	-	-	18,97
I. LIABILITIES ON THE LONG TERM (1+2+3)	16700	93300	525900	14,08	33,77	45,20
4. Non-financial debts with a maturity < 1 year	101900	183000	305700	85,92	66,23	26,28
Suppliers and related accounts with a maturity > 1 year (share < 1 year)	0	0	0	-	-	-
Suppliers and related accounts with a maturity < 1 year	89000	176900	202800	75,04	64,02	17,43
Advances received	0	500	0	-	0,18	-
Other debts (taxes, salary, personnel)	12900	5600	102900	10,88	2,03	8,84
Account entrepreneur (contribution in kind)	0	0	0	-	-	-
5. Accruals and deferred accounts	0	0	0	-	-	-
Incomes registered in advance + settlements	0	0	0	-	-	-
Passive conversion differences	0	0	0	-	-	-
II. CURRENT DEBTS WITH A MATURITY < 1 YEAR (4+5)	101900	183000	305700	85,92	66,23	26,28
6. Financial debts with a maturity > 1 year (share < 1 year)	0	0	132500	-	-	11,39
Banks	0	0	132500	-	-	11,39
7. Financial debts with a maturity < 1 year	0	0	199300	-	-	17,13
Banks	0	0	199300	-	-	17,13
Other financial debts <1 year	0	0	0	-	-	-
Account entrepreneur (contribution in cash)	0	0	0	-	-	-
III. NEGATIVE TREASURY (6+7)	0	0	331800	-	-	28,52
DEBTS WITH A MATURITY < 1 YEAR (II+III)	101900	183000	637500	85,92	66,23	54,80
TOTAL DEBTS	101900	183000	858200	85,92	66,23	73,77
TOTAL LIABILITY (I+II+III)	118600	276300	1163400	100	100	100

After processing the data from the trial balances we obtain the structure of the profit and loss such as in Tables 6 and 7.

Table 6. Profit and loss structure and relative and absolute variation (lei)

PROFIT AND LOSS	Period P1 2007	Period P2 2008	Period P3 2009	Absolute variation (P2-P1)	Absolute variation (P3 -P2)	Relative variation (P2:P1)	Relative variation (P3:P2)
Sales from goods	0	2300	0	2300	-2300	-	-
-Cost of goods sold	0	2300	0	2300	-2300	-	-
1. COMMERCIAL MARGIN	0	0	0	0	0	-	-
+Sold production	455500	1549000	1840900	1093500	291900	340,07	118,84
2. TURNOVER	455500	1551300	1840900	1095800	289600	340,57	118,67
+/-Stocked production	36200	20500	77100	-15700	56600	56,63	376,10

+Fixed production	0	0	0	0	0	-	-
3. YEAR PRODUCTION	491700	1569500	1918000	1077800	348500	319,20	122,20
3*. YEAR PRODUCTION + SALES FROM GOODS	491700	1571800	1918000	1080100	346200	319,67	122,03
-Expenses from raw materials, materials, fuel and energy	2100	13100	45600	11000	32500	623,81	348,09
-Works and services provided by third parties	447100	1432800	1573000	985700	140200	320,47	109,79
4. INDUSTRIAL MARGIN	42500	123600	299400	81100	175800	290,82	242,23
5. ADDED VALUE	42500	123600	299400	81100	175800	290,82	242,23
+Operation subsidies	0	0	0	0	0	-	-
- related taxes and payments	300	400	5300	100	4900	133,33	1.325,00
- expenses with personnel	10800	41500	234400	30700	192900	384,26	564,82
6. GROSS SURPLUS (FAILURE) FROM OPERATION	31400	81700	59700	50300	-22000	260,19	73,07
+ Other incomes from operation	0	0	16500	0	16500	-	-
- Other expenses from operation	0	1500	4900	1500	3400	-	326,67
+/- Depreciation and operation provisions	-400	-4100	-24600	-3700	-20500	1.025,00	600,00
INCOMES FROM OPERATION - TOTAL	491700	1571800	1934500	1080100	362700	319,67	123,08
EXPENSES FROM OPERATION - TOTAL	460700	1495700	1887800	1035000	392100	324,66	126,22
7. OPERATION RESULT	31000	76100	46700	45100	-29400	245,48	61,37
+Financial incomes	6800	20500	4400	13700	-16100	301,47	21,46
-Financial expenses of which:	3700	8800	44400	5100	35600	237,84	504,55
-expenses from interests	0	0	18100	0	18100	-	-
8. GROSS FINANCIAL SURPLUS	3100	11700	-40000	8600	-51700	377,42	(341,88)
+/ - Depreciation and financial provisions	0	0	0	0	0	-	-
FINANCIAL INCOMES-TOTAL	6800	20500	4400	13700	-16100	301,47	21,46
FINANCIAL EXPENSES-TOTAL	3700	8800	44400	5100	35600	237,84	504,55
9. YEAR PERFORMANCE	3100	11700	-40000	8600	-51700	377,42	(341,88)
10. CURRENT GROSS SURPLUS (6+8)	34500	93400	19700	58900	-73700	270,72	21,09
11. CURRENT RESULT OF THE YEAR (7+9)	34100	87800	6700	53700	-81100	257,48	7,63
Exceptional incomes	0	0	0	0	0	-	-
- exceptional expenses	100	0	0	-100	0	-	-
12. EXCEPTIONAL GROSS SURPLUS	-100	0	0	100	0	-	-
+/ - Depreciation and exceptional provisions	0	0	0	0	0	-	-
EXCEPTIONAL INCOMES – TOTAL	0	0	0	0	0	-	-
EXCEPTIONAL EXPENSES - TOTAL	100	0	0	-100	0	-	-
13. EXCEPTIONAL RESULT	-100	0	0	100	0	-	-
14. GROSS SURPLUS -TOTAL- (10+12)	34400	93400	19700	59000	-73700	271,51	21,09
15. RESULT BEFORE INTEREST AND TAX ON PROFIT (11+13+dob.)	34000	87800	24800	53800	-63000	258,24	28,25
TOTAL INCOMES	498500	1592300	1938900	1093800	346600	319,42	121,77

TOTAL EXPENSES	464500	1504500	1932200	1040000	427700	323,90	128,43
16. GROSS RESULT OF THE YEAR(11+13)	34000	87800	6700	53800	-81100	258,24	7,63
- tax on profit	6900	11200	2500	4300	-8700	162,32	22,32
17. NET RESULT OF THE YEAR	27100	76600	4200	49500	-72400	282,66	5,48

Table 7. Structure of the profit and loss and structure analysis (lei)

PROFIT AND LOSS	Period P1	Period P2	Period P3	Structure analysis		
	2007	2008	2009	2007	2008	2009
Sales from goods	0	2300	0	-	0,15	-
-Cost of goods sold	0	2300	0	-	0,15	-
1. COMMERCIAL MARGIN	0	0	0	-	-	-
+Sold production	455500	1549000	1840900	92,6	98,5	95,9
2. TURNOVER	455500	1551300	1840900	92,6	98,7	95,9
+/-Stocked production	36200	20500	77100	7,36	1,30	4,02
+Fixed production	0	0	0	-	-	-
3. YEAR PRODUCTION	491700	1569500	1918000	100	99,8	100
3*. YEAR PRODUCTION + SALES FROM GOODS	491700	1571800	1918000	100	100	100
-Expenses from raw materials, materials, fuel and energy	2100	13100	45600	0,43	0,83	2,38
-Works and services provided by third parties	447100	1432800	1573000	90,9	91,1	82,0
4. INDUSTRIAL MARGIN	42500	123600	299400	8,64	7,86	15,61
5. ADDED VALUE	42500	123600	299400	8,64	7,86	15,61
+Operation subsidies	0	0	0	-	-	-
- related taxes and payments	300	400	5300	0,06	0,03	0,28
- expenses with personnel	10800	41500	234400	2,20	2,64	12,22
6. GROSS SURPLUS (FAILURE) FROM OPERATION	31400	81700	59700	6,39	5,20	3,11
+ Other incomes from operation	0	0	16500	-	-	0,86
- Other expenses from operation	0	1500	4900	-	0,10	0,26
+/- Depreciation and operation provisions	-400	-4100	-24600	0,08	0,26	1,28
INCOMES FROM OPERATION -TOTAL	491700	1571800	1934500	100	100	100
EXPENSES FROM OPERATION -TOTAL	460700	1495700	1887800	93,7	95,1	98,4
7. OPERATION RESULT	31000	76100	46700	6,30	4,84	2,43
+Financial incomes	6800	20500	4400	1,38	1,30	0,23
-Financial expenses of which:	3700	8800	44400	0,75	0,56	2,31
-expenses from interests	0	0	18100	-	-	0,94
8. GROSS FINANCIAL SURPLUS	3100	11700	-40000	0,63	0,74	2,09
+/ - Depreciation and financial provisions	0	0	0	-	-	-
FINANCIAL INCOMES-TOTAL	6800	20500	4400	1,38	1,30	0,23
FINANCIAL EXPENSES-TOTAL	3700	8800	44400	0,75	0,56	2,31
9. YEAR PERFORMANCE	3100	11700	-40000	0,63	0,74	(2,09)
10. CURRENT GROSS SURPLUS (6+8)	34500	93400	19700	7,02	5,94	1,03
11. CURRENT RESULT OF THE YEAR (7+9)	34100	87800	6700	6,94	5,59	0,35
Exceptional incomes	0	0	0	-	-	-
- exceptional expenses	100	0	0	0,02	-	-
12. EXCEPTIONAL GROSS SURPLUS	-100	0	0	0,02	-	-

+/ - Depreciation and exceptional provisions	0	0	0	-	-	-
EXCEPTIONAL INCOMES – TOTAL	0	0	0	-	-	-
EXCEPTIONAL EXPENSES - TOTAL	100	0	0	0,02	-	-
13. EXCEPTIONAL RESULT	-100	0	0	0,02	-	-
14. GROSS SURPLUS -TOTAL- (10+12)	34400	93400	19700	7,00	5,94	1,03
15. RESULT BEFORE INTEREST AND TAX ON PROFIT (11+13+dob.)	34000	87800	24800	6,91	5,59	1,29
TOTAL INCOMES	498500	1592300	1938900	101,3	101,3	101,0
TOTAL EXPENSES	464500	1504500	1932200	94,4	95,7	100,7
16. GROSS RESULT OF THE YEAR(11+13)	34000	87800	6700	6,91	5,59	0,35
- tax on profit	6900	11200	2500	1,40	0,71	0,13
17. NET RESULT OF THE YEAR	27100	76600	4200	5,51	4,87	0,22

After processing the above data we obtain the synthetic financial situation of the analyzed business (Table 8).

Table 8. The synthetic financial situation

THE SYNTHETIC FINANCIAL SITUATION	P1 2007	P2 2008	P3 2009
PROFIT AND LOSS ACCOUNT – BASIC DATA			
SALES FROM GOODS+YEAR PRODUCTION	491700	1571800	1918000
CURRENT RESULT OF THE YEAR	34100	87800	6700
RESULT BEFORE INTEREST AND TAX ON PROFIT	34000	87800	24800
NET RESULT OF THE YEAR	27100	76600	4200
REPORTED RESULT	0	65600	4200
PROFIT AND LOSS ACCOUNT - INDICATORS			
RATE OF ADDED VALUE-%-	9,33	7,97	16,26
NET OPERATION RETURN-%-	6,81	4,91	2,54
NET FINANCIAL RETURN-%-	162,28	82,54	13,17
INTEREST COVERAGE-no-	-	-	1,37
BALANCE SHEET - BASIC DATA			
TOTAL BALANCE SHEET	118600	276300	1163400
OWN NET CAPITAL IN THE WIDE SENSE	16700	92800	305200
OWN NET CAPITAL IN THE STRICT SENSE	16700	92800	31900
TOTAL DEBTS	101900	183000	858200
TOTAL FINANCIAL DEBTS	0	0	552500
CIRCULAR ASSETS	102800	250600	297100
AVAILABILITY IN ACCOUNTS	3000	66000	25700
STOCKS OF RAW MATERIALS	0	0	1800
ONGOING PRODUCTION STOCKS	0	0	0
STOCKS OF FINISHED PRODUCTS	36800	51400	136300
STOCKS OF GOODS	0	0	0
CLIENTS AND RELATED ACCOUNTS	39400	81300	84400
SUPPLIERS AND RELATED ACCOUNTS	89000	176900	202800
BALANCE SHEET - INDICATORS			
CURENT CASH-%-	100,88	136,67	46,60
IMMEDIATE CASH-%-	64,77	108,58	24,94
CURRENT SOLVENCY -%-	116,39	150,71	135,56
OVERALL INDEBTEDNESS -%-	610,18	197,20	2690,28
FINANCIAL INDEBTEDNESS -%-	-	-	1731,97
ROTATION OF CURRENT ASSETS –no of rotations-	4,43	6,19	6,20
THE AVERAGE TIME OF CUSTOMER COLLECTION -days-	16	14	16
THE AVERAGE TIME OF RAW MATERIALS STOCK -days-	0	0	0
THE AVERAGE TIME OF ONGOING PRODUCTION STOCK-days	0	0	0

THE AVERAGE TIME OF FINISHED PRODUCTS STOCK-days	15	10	19
THE AVERAGE TIME OF GOODS STOCK-days	0	0	0
THE AVERAGE PAYMENT OF SUPPLIERS -days	35	30	36
NET WORKING CAPITAL	900	67600	-340400
WORKING CAPITAL REQUIREMENTS	-2100	1600	-34300
POSITIVE (+) OR NEGATIVE (-) NET TREASURY	3000	66000	-306100

3. Preparation of the credit report in order to formulate credit proposals

After processing the accounting balances, the credit report is drawn up for approval, which will generally have the following structure:

CREDIT REPORT

BANK BRANCH: Izvor Branch
Number of credit request: 10/10.02.2010
CUSTOMER NAME: S.C. SUACONF SRL
ADDRESS: Craiova, Dolj, Gârleşti Street, no.110
NACE Code: 1822
CUSTOMER SINCE: 2002
GUARANTORS: Ilie Virgil
BRANCH CODE: 03
FISCAL CODE: R 96358412
OWNERSHIP CODE: 35
GROUP (SOLE DEBTOR): Ilie Virgil – sole debtor code 301
REPORT PURPOSE: analysis of request no 10/10.02.2010 by which the client requires to maintain the credit line, amounting to a maximum of 200000 lei, for a period of 180 days in order to finance the current clothing production activity under the Lohn regime.
COMPANY DESCRIPTION: S.C. SUACONF S.R.L is registered at the Trade Register under no J16/123/1994 with a paid-up share capital of 100000 lei. The unit has as main activity: manufacture of other garments, which corresponds to NACE division 182.
PROPOSALS ON THE TOTAL LIMIT OF COMMITMENTS: 542200 lei
Of which:
- existing commitments from the previous period: 542200 lei (200.000 lei credit line of and credit for financing capital expenses 342200 lei)
- proposed new commitments: to maintain the credit line of 200000 lei

APPROVED RISK LIMIT: – has no risk limit
Economic and financial performance: B
Debt service: 0 days
Credit quality: under observation
Previous credit rating: 1.74
Actual credit rating: 2.13
LEGAL STATUS: Limited Liability Company
RATED: NO; RATING: NO; RATING AGENCIES: NO
OWNERS: ILIE VIRGIL 100%
MANAGEMENT: ILIE VIRGIL
AUDITORS: NO
RELATIONS WITH OTHER BANKS: NO
FOUNDING YEAR: 2002
REVENUES COLLECTED FROM CUSTOMERS AND PROVISIONS ESTABLISHED: INTEREST RECEIVED (in the previous year 24600 lei; in the current year 6100 lei); REMAINING INTEREST + PENALTIES 0 lei; REMAINING INTEREST + PENALTIES – balance 0 lei; REMAINING CREDITS 0 lei; REMAINING CREDITS – balance 0 lei; COLLECTED COMMISSIONS (in the previous year 10000 lei; in the current year 300 lei); PROVISIONS ESTABLISHED (balance) 0 lei.
EXCEPTIONS TO BANK POLICY: NO

LEVEL OF COMPETENCE: Izvor branch
LOCAL CREDIT OFFICER: Popescu Ion
CREDIT OFFICER-FINAL LEVEL OF COMPETENCE: -
LAST QUALITY REVISION ON: 31.12.2009
DESCRIPTION OF THE PRODUCTS THAT THE CUSTOMER BENEFITS FROM

1. DESCRIPTION OF TRANSACTION: analysis of request no 10/10.02.2010 by which the client requires to maintain the credit line, amounting to a maximum of 200000 lei, for a period of 180 days in order to finance the current clothing production activity under the Lohn regime.
REIMBURSEMENT SOURCE: collections from sales
SECURITIES: - mortgage amounting to 318800 lei,
- security interest per credit balance of bank accounts opened;
REIMBURSEMENT DEADLINE: 10.05.2010
COSTS: Interest of 21% per year, reviewed depending on resources costs and client debt service management fee of 1%, non-use fee of 2.5% per year, analysis fee and verification of documentation 70 lei.

2. DESCRIPTION OF TRANSACTION: investment credit in the amount of 364300 lei, with low interest from the unemployment insurance budget, for a period of three years with a grace period of 3 months in order to purchase the asset, "ITA Building" located in Craiova, Parului Street, no. 22. On the report date the balance of this product is 342200 lei.
REIMBURSEMENT SOURCE: collections from the sale of finished products.
SECURITIES: - mortgages amounting to 565600 lei,
- security interest per credit balance of bank accounts opened;
REIMBURSEMENT DEADLINE: 33 equal monthly installments of 11040 lei.
COSTS: low interest representing 50% of the reference interest communicated each month by the NBR, reviewed each month depending on the reference interest and the client debt service, management fee of 1,25% flat, non-use fee of 2.5%/year, analysis fee and verification of documentation 100 lei.

BUSINESS PRESENTATION, BRANCH OF ACTIVITY, ENVIRONMENTAL RISK

SC SUACONF S.R.L has been established on 13.07.2002, with sole associate in the person of Mr. Ilie Virgil. The main activity of the company is the manufacture of other garments, which corresponds to NACE division 182. Besides the main activity, the company also carries out the following activities: finishing of textiles, manufacture of made-up textile articles except clothing, manufacture of other textiles, manufacture of knitted fabrics and corsets, manufacture of leather garments. The company was founded in the idea of benefiting from the favorable premises of a business with a recipe for success - provider in the Lohn system. The production activity was started immediately after the establishment of the company, by making the first samples of production, thus being able to take by subcontracting a part of an outsourcing contract of a third company from Craiova.

On 01.08.2002, SUACONF S.R.L completed its first Lohn contract as a contractor with the U.S. Company NEBRASKA, for the conduct of sample structures, quantities and different terms, depending on the season. Three months later the company signed a second contract with a company also from the United States. With the two contracts, SUACONF SRL was able to penetrate the market of clothing suppliers in the outsourcing system, the Oltenian market being one of the strongest areas of national companies, this being due to the fact that until 1989 the South was characterized, in terms of occupational orientation, mainly by agriculture and the garment industry.

Currently, SUACONF S.R.L provides a wide range of clothing (skirts, jackets, pants, dresses, suites, shirts, overalls, Bermuda shorts, etc.) in various combinations and color palettes for all social categories, the customer sector including both women and men and children, children's products being very popular in the U.S. market for apparel articles.

Both the distribution strategy and the promotion of products on the market are provided by recipients of outsourcing contracts, the company being forced to look for markets.

The company has signed a lease contract for the production space located in Craiova, Parului Street, no. 23.

As a result of activity growth from year to year, reflected by the increasing turnover, SUACONF SRL has an ongoing grant contract for the purchase of equipment needed in the clothing industry: sewing, edging, ironing machines, for buttonholes, for sewing and straightening, to execute straps, for sewing and spinning over, for buttons, for keys, generators for ironing boards and stafir machines. After the acquisition of equipment from the grant received, the company expects to produce 800 pieces / day, resulting in a monthly production of 19200 pieces, and the average price / piece is EUR 2.3; thus results in a monthly production of EUR 44160.

The strengths of the company are:

- Competent, well-motivated staff
- Management team with several years of experience gained working in the same field
- Having a segment in the line market

The main customers of the company are NEBRASKA accounting for 78% of sales and OHIO with a share of 22% of sales. For the future the company wants 30% of production to be sold in the domestic market.

The company's weak point is the lack of liquid capital required for investment in order to purchase the production space which is auctioned by the company that owns it.

The main competitors of the company from Craiova are: KIRA GROUP SA ITALROM SRL, MANUFACTURA DE EST SRL, LETS GO SRL, MODEXIM SA CRAIMODEX SA, companies larger than the borrower, with greater experience, working as clothing manufacturers for several years and whose output is dissolved under strong external contracts on certain products with various external partners.

The company has not obtained the environmental permit, operating under solemn declaration. For the average initial index calculation SUACONF SRL has obtained 220 points that allows compliance with the risk category "average" in terms of scope of activity, volume of the requested loan and the nature of guarantees proposed and accepted by the bank.

MANAGEMENT, SHAREHOLDERS, ORGANIZATION

Practice has shown that the largest volume of nonperforming loans was due to inadequate management (Dobson 2004). Therefore this chapter should be treated with utmost care.

SC SUACONF S.R.L is registered with the Trade Register under no J16/123/1994 as Limited Liability Company with sole associate in the person of Mr. Ilie Virgil, who is 40 years old, working as professional economist. The company's initial capital was 200 lei, but was increased to 10000 lei, according to the addendum to the company charter. According to the ascertaining certificate from the Trade Register, the company is managed by Mrs. Ilie Georgiana, working as a professional economist. The staff employed on 31.12.2009 has a number of 94 employees, all with labor book, of which 19 are employed from the unemployed persons, under Law 76/2002.

CREDIT PRODUCT STRUCTURE, SECURITY RISKS

Object of request: analysis of request no 10/10.02.2010 by which the client requires to maintain the credit line, amounting to a maximum of 200000 lei, for a period of 180 days in order to finance the current clothing production activity under the Lohn regime.

The repayment capacity was set at the level of cash flow receipts, resulting the value of 687.600 lei (equal to earnings from the basic work activity, as set out in the 2009 BVC).

Securities: - rank I mortgage on the property located in Craiova, Oltului street, no. 22, composed of 461 square meters of city land CC (measuring 450 sqm) and construction C1 of dwelling house S + P +1, with a built area of 178.44 square meters, land no. 5417, registered in the Land Book of Craiova under no. 632541 with an appreciated value of 701400 lei, acknowledged under warranty for this product for the amount of 318800 lei.

- security interest per credit balance of bank accounts opened;

<u>Total securities: 318800 lei</u>

Securities' evaluation reports were prepared by the economist Nae Vasile, ANEVAR evaluator, within Izvor branch on 09.02.2010 in compliance with the technical standards. The goods admitted under warranty are insured by an insurance company approved by the bank.

Regarding the company's cash flow, it was expected by May 2010, when the period of 90 days proposed in this paper expired for the credit line, based on "cash flow produced by the entity." The Company's revenues from the current activity were estimated to be in the forecast period of 687500 lei. As a working hypothesis for the company's forecasted earnings, the incomes projected through the revenues and expenses were actually considered, the company's management estimating that those earnings represented the minimum threshold, which may be exceeded under normal conditions.

The most important payments to be made during the forecast are those for operating activities, namely for professional services (services provided by third parties in the months when the company is forced to meet higher export contracts), which on the 4 months forecasted amount to 554500 lei. Payments will also be made for interests calculated for outstanding loans afferent to each month, as well as the taxes to the state budget and the social insurance budget. The liquidity needs of the previous month are correlated with the negative net treasury of the client of 306100 lei.

From the cash-flow analysis results a surplus between 0 lei and 73900 lei. The result of debt service from cash flow is between 0 and 3 days and the profitability threshold between 0.51 and 1.34.

Regarding the incomes and expenses for 2010, the company forecasted a revenue achievement worth 2859500 lei and a gross profit of 47600 lei.

FINANCIAL ANALYSIS

The analysis of the economic and financial situation (Ilie 2011) of the balance sheet of assets and liabilities compiled, based on data from trial balances on 31.12.2007, 31.12.2008 and 31.12.2009 is presented according to Table 9.

Table 9. The analysis of assets and liabilities on the three levels (thousand lei)

Niv.	Assets	2007	2008	2009	Liabilities	2007	2008	2009
I	Fixed assets	15,8	25,7	866,3	Long-term liabilities	16,7	93,3	525,9
II	Realizable assets	99,8	184,6	271,4	Current liabilities with maturity <1 year	101,9	183	305,7
III	Positive Treasury	3,0	66,0	306,1	Negative Treasury	0	0	331,8
	TOTAL	118,6	276,3	1163,4	TOTAL	118,6	276,3	1163,4

At level I, on the first two periods analyzed, the fixed assets are below long-term liabilities, the unit recording a positive working capital of 0.9 thousand lei on 31.12.2007 and 67600 lei on 31.12.2008, which indicates a surplus of sources attracted at this level of the restructured balance sheet used to finance level II of the restructured balance sheet and on 31.12.2009, fixed assets being superior to long-term liabilities, the company recorded a negative working capital of 340400 lei due to the acquisition of, during 2009, new import machinery under the RICOP program.

At level II, achievable assets are below current debts with maturity less than one year, the company recording a negative working capital of 2,1 thousand lei on 31.12.2007 and 34,3 thousand lei on 31.12.2009 (which means a surplus of resources attracted on the short term) and on 31.12.2008 the situation is reversed and a deficit of short-term resources is recorder of 1.6 thousand lei, funded under level I of the restructured balance sheet.

At level III, the net treasury is positive on 31.12.2007 (3 thousand lei) and on 31.12.2008 (66 thousand lei) and negative on 31.12.2009 (306,1 thousand lei consisting of the balance of loans contracted by the company corrected by the availability recorded in the bank accounts and by the company's cashier).

Figure 1 highlights the development of the working capital, the necessary working capital and the positive treasury:

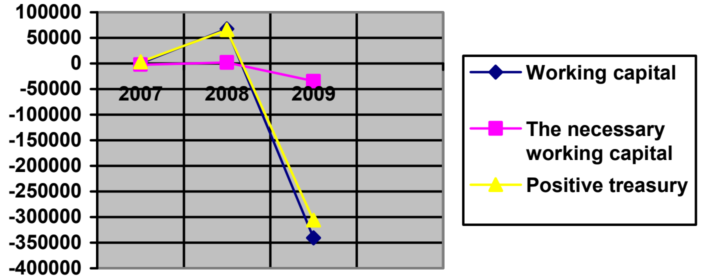

Figure 1. The development of the working capital, the necessary working capital and the positive treasury

Assets had an increasing evolution in absolute magnitude in the period analyzed and non-uniform in relative size, being of 15,8 thousand lei on 31.12.2007 (13.32% of assets), 25,7 thousand lei on 31.12.2008 (9.30% of assets) and on 31.12.2009 these are 866,3 thousand lei representing 74.46% of total assets and consist only of tangible assets (buildings 373,8 thousand lei, machinery and equipment 458,3 thousand lei, other tangible assets 1,4 thousand lei and fixed assets in progress 32,8 thousand lei). The high value of fixed assets in total balance sheet affects the business liquidity.

The achievable assets had the following evolution in the period analyzed: 99,8 thousand lei on 31.12.2007, 18,6 thousand lei on 31.12.2008 and on 31.12.2009 these amount to 271,4 thousand lei. Company stocks are formed mostly of finished products (due to the specific activity) and have increased continuously throughout the period analyzed: 36,8 thousand lei on 31.12.2007, 51,4 thousand lei on 31.12.2008 and on 31.12.2009 they amount to 138,1 thousand lei and represent 11.87% of the assets.

Trade receivables with a maturity < 1 year showed the following values: 63 thousand lei on 31.12.2007, 133.2 thousand lei on 31.12.2008 and 133.3 thousand lei on 31.12.2009. The largest share is represented by the customers and related accounts that had an increasing trend in the periods analyzed: 39.4 thousand lei on 31.12.2007, 81.3 thousand lei on 31.12.2008 and 84.4 thousand lei on 31.12.2009.

Among the most important customers we mention:

- NEBRASKA – 49, 4 thousand lei
- OHIO – 33, 7 thousand lei

The positive treasury of 3 thousand lei on 31.12.2007, 66 thousand lei on 31.12.2008 and 25, 7 thousand lei on 31.12.2009 represents the company's cash availability registered in the bank accounts and in the cashier. The Company's total assets on 31.12.2009 are worth 297, 1 thousand lei and represent 25.54% of assets.

Long-term liabilities have evolved unevenly as shares in total liabilities of 14.08% on 31.12.2007, 33.77% on 31.12.2008 and 45.20% on 31.12.2009. On 31.12.2009 the structure of long-term liabilities was the following:

- equity – 10 thousand lei
- reserves – 17,7 thousand lei
- reported result – 4,2 thousand lei
- investment subsidies – 273,3 thousand lei
- financial debts with a maturity > 1 year – 220,7 thousand lei.

Current liabilities with maturity < 1 year had a decreasing trend in relative size and increasing in absolute size of: 101.9 thousand lei on 31.12.2007 (85.92% of liabilities), 183 thousand lei (66.23% of liabilities) on 31.12.2008 and 305.7 thousand lei (26.28% of liabilities) on 31.12.2009. Their largest share is represented by debts to suppliers, which amount to 202.8 thousand lei on 31.12.2004.

Among the most important customers we mention:

- NEBRASKA – 187,9 thousand lei
- OHIO – 5,5 thousand lei
- DENVER – 6,1 thousand lei

The Company does not record outstanding debts to the state budget (according to the tax certificate), social security budget or local budget.The negative treasury on 31.12.2007 and 31.12.2008 is 0 lei due to the fact that the company has not entered into financial leases or loans from banks and on 31.12.2009 is of 306.1 thousand lei and is made up of the loans contracted by the company corrected with its cash availability.The Company's total debts on 31.12.2009 are 858.2 thousand lei and represent 73.77% of liabilities, which we consider an inappropriate share, the company risking less in business than third parties.

The evolution of circular assets and total liabilities of the company is shown in Figure 2:

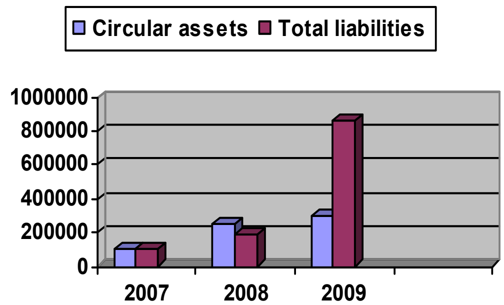

Figure 2. The evolution of circular assets and total liabilities of the company

According to the data above, it is noted that the company operates cost-effectively, achieving positive results from operations in order to cover financial and exceptional negative results. However one can see that year 2009 recorded a small profit compared to previous years due to financial costs with bank interest and due to the RICOP program. The turnover increased from year to year and is obtained solely from the production sold. The added value achieved by the company is allocated primarily to cover salary expenses, financial expenses and expenses with taxes, fees and similar payments. Analyzing the evolving economic and financial indicators we find that current liquidity is high on 31.12.2007 and 31.12.2008 and low on 31.12.2009 (because the circular assets at that date are 25.54% of assets and current liabilities with a maturity less than one year are about three times higher), solvency is good and the indebtedness degree is low due to the volume of debts recorded by the business in relation to its equity. Credit rating should correspond to a class of financial performance from A to E, as established in NBR regulations. In the process of capitalization of banking institutions it is important that this rating to be designed in order to enhance banking prudence and to increase bank capital (Benink *et al.* 2007). If the economic profitability (Zaman, Geamanu 2006) was below bank interests, the financial leverage effect has shown a negative growth, the increase of the indebtedness degree having a negative effect on business activity in this period. The increase of financial profitability (Huminiuc 2008) both due to reducing capital costs and due to the inferiority report between interest rate and economic profitability leads to the distribution of higher dividends due to shareholders.

THE RELATIONSHIP WITH THE BANKING SYSTEM

S.C. SUACONF S.R.L is the client of the Bank, Izvor Branch since 1999 with a rating calculated for December 2009 of 2.13 (note its damage against 30/06/2008 due to a lower liquidity level), and the debt service of 0 days and the indicators of economic and financial performance achieved by the company on 31.12.2009 allow its classification under category "B", credit quality being "under observation". During 2009, the company developed through Izvor Branch, receipts of 2201000 lei and payments of 2754100 lei paying bank fees of 10000 lei and interests of 24600 lei. In the first month of 2010 the company developed, through the bank, receipts of 149900 lei payments of 133300 lei, paying bank fees of 300 lei and interests of 6100 lei. SC SUACONF SRL has no accounts opened with other banks.

THE SITUATION OF THE SOLE DEBTOR

CLIENT NAME: SUACONF S.R.L
LOCATION: Craiova, Oltului Street, nr. 22, Dolj County
NAME OF SOLE DEBTOR: Ilie Virgil
ON: 31.12.2009
a) BANK EXPOSURE TO THE CONSTITUENT UNITS OF THE SOLE DEBTOR Ilie Virgil
- SC SUACONF SRL 542200 lei
- SC ILIE GEORGIANA 0 lei
b) NETWORK DISTRIBUTION OF THE LIABILITIES OF THE CONSTITUENT UNITS OF THE SOLE DEBTOR Ilie Virgil
- Izvor Branch 542200 lei

4. Conclusions

Having regard to the analysis items mentioned above, one may proceed with crediting a business under the following conditions:

a) credit volume: 200000 lei

b) destination: financing of current activity

c) repayment deadline: 10.05.2010

d) costs: the interest of 21% per year, reviewed depending on the resources cost the client debt service, management fee of 1%, non-use fee of 2,5% per year, analysis fee and verification of documentation 70 lei.

e) securities and the total value admitted in the security:

- rank I mortgage on the property located in Craiova, with an appreciated value of 701400 lei, acknowledged under warranty for this product for the amount of 318800 lei.

- security interest per credit balance of bank accounts opened;

Total securities: 318800 lei

f) other conditions of approval: the credit period of 3 months, against the client's request to keep it on 6 months.

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COSTS MANAGEMENT – IMPACT IN DECISION MAKING

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Abstract:

In the context of globalization of the economy and also of the competitive environment development, process management becomes more complex, with openness to client needs and changes and taking account of the internal and external environment. Therefore, a proactive approach to seek the most appropriate methods to ensure corporate activity in terms of competitiveness and profitability is a priority for all companies. Such an approach can be achieved, but only on a basis of adequate information support in decision making and requires a lot of information to be produced, supplied, interpreted and rigorously controlled.

Cost management is a tool that can provide control within companies, to increase productivity and achieve profitability and expected rentability. There is an increasing demand for higher quality information and higher productivity for the calculation and analysis of information costs.

Business organizations need realistic and timely information on the costs to integrate the activities of designing and developing new products, their manufacturing, marketing and after-sales services in an overview.

Keywords: costs, efficiency, optimization, informational system, decision making system

JEL Classification: M21, M41

1. Introduction

Information system of a business organization is composed of two basic components: financial and accounting information system and management information system. The concept of financial accounting information system is synonymous with the financial accounting, while management information systems is comprising also, in two other information subsystems: management accounting and control and decision making information system.

Management information system consists of internal information system (costing) and control and decision making information system. The organization of the two components of management information system is left by legislation entirely up to each trader individually.

Costing information system is a subsystem of Management Information System whose reason is to estimate costs, evaluate costs, disposal of costs, ongoing monitoring costs. The results followed by costs management are: to get efficient in administration of financial resources, to estimate cost-effectiveness, to reduce costs through planning and budgeting, to monitore and evaluate costs on predetermined time periods (weekly, monthly, quarterly, annually, for periods longer than one year - plan 3, 5, 10 years). Cost management is a tool that can provide control within companies, to increase productivity and achieve profitability and expected rentability.

There is an increasing demand for higher quality information and higher productivity for the calculation and analysis of information costs

2. Costs management – impact in decision making

We live in an era of information and information management is the essence - every manager is a manager of information, information that they collect, analyze, make decisions based on them and communicate further on. Many managers suffer from information overload. Are surrounded by data and do not have the necessary time and necessary frame to transform the data into meaningful information. Many do not realize that information management is a central component of their work. They know they have to coordinate the activity of people, led a financial department, etc.., even if often spend more time working with information than with other components of their work. Without information collection and understanding, no one can take useful decisions cannot lead the work of others and cannot communicate too much with others.

Data are the raw material of life organization, they are composed of numbers, words, symbols and refer to events and processes within the organization. A serious problem for a manager is to succeed to understand the flood of data that threatens to overwhelm him during his normal work.

Information is data that were analyzed or interpreted in a way to communicate with them certain meanings or knowledge recipient (useful information which has been made).

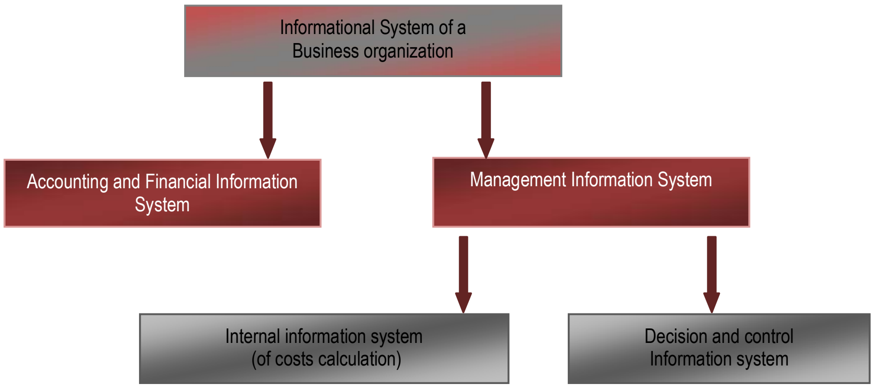

Figure 1. Structure of informational system of a business organization (adapted after: Hansen, D., Mowen, Maryanne. 2000. *Cost Management*, Thomson Learning, p. 34)

The purpose of cost management, depending on the complexity of information management and business organization size, can be defined in two fold manner:

- a minimal interpretation - knowing the cost and making informed decisions regarding the consumption of resources;
- a complete interpretation - ensuring a constant and complete control over all forms of consumption of resources that occur within a business organization, so management costs to the base for the creation of a competitive advantage.

Configuration of costs management process, methods and techniques of management used in the administration of consumption of resources within a business organization and specific information on costs is a key knowledge which if the competitors know can undermine the organization's ability to maintain competitiveness.

The final purpose of costs management is to reduce on long term all categories of resource consumption, have more efficient use of resources in report with value created for the consumer. Not every decision of cost reduction leads to benefits across business organizations. Thus, only reducing consumption of resources without adversely affecting other economic parameters will characterize the organization of business activity (production and sales volume, product quality, brand image of the organization and / or brand image of its products). Is a final cost management approach, most desired.

It is useful to integrate the chain value idea with the concept of cost. The chain value formulated for the first time by Michael Porter at Harvard University is a tool to identify ways of creating superior value for consumers in a business organization.

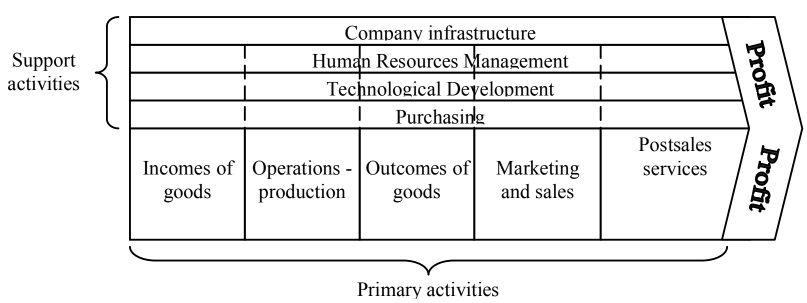

Figure 2. Generic representation of chain value (adapted after: Porter, M. 1985. *Competitive Advantage. Creating and Sustaining Superior Performance*. Ed. Free Press)

Business organizations often face such decisions that will have the effect of creating value. Below are a few ways:

One method involves selecting one of two possible alternatives on to complete a task, a process or a unit**,** *"make or buy"* - purchase from third parties or domestic manufacture. To take such a decision requires a cost analysis.

In a production system running analytical calculations of profit on each product assortment decisions is possible substantiation of "keep-or-drop" and addresses them effectively. The logic behind the rationale of a decision of "*keep-or-drop"* is relatively simple. Revenues and costs of a particular product or product segment should be identified with precision. Income directly identifiable with a certain sort, direct variable costs and fixed costs are defined as costs that belong to the segment. If you give up a certain segment, only direct costs are those associated with the man disappears, so that only they are relevant to this decision. Also, profit or loss directly determined for each segment is made that determines whether further produced or drop it. Thus, if the net result of the segment is positive (profit, at least in the medium), the segment remains in production, if the result is negative - this segment is abandoned.

Laws regarding dumping prices require companies to sell identical products at identical prices to competing customers on the same market. This restriction does not apply to sales by auction or for winning customers who do not compete among themselves for access to a particular product or service. Thus producers may face special orders coming from customers in some markets that are not normally served by them. Thus the decisions of *"special order"* means those situations in which a question of acceptance or rejection of orders for a lower price than normal. Such decisions are typical examples of decision-making situations in the short term effects. Increased short-term profit is the purpose of such a decision.

In case of decision of *"sale or further processing",* related products have certain common processes and production costs, up to a certain time when they will be separated. At that time the products are independent. Often related products are sold in phase separation, but sometimes they are more profitable if the process continues until the superior products and degree of finish. Determination of the moment decision to sell the product, at the time of separation or after this point is very important for a manager.

Decisions of price in relation with profitability of products. One of the most difficult decisions facing an organization is pricing. Management accounting is often the primary source of information in situations where there is a need for valuable information on the cost objects or information that the requirement refers to cost or price.

In general, customers want products and services of good quality at low prices. Although the application is studied in detail in macroeconomics and marketing courses, cost management should consider the request and in particular how it interacts with the offer.

4. Conclusion

"In today's organization, you have to take responsibility about the information because they are your main working tool. Most do not know how to use it. Few know how to interpret information." (Peter Drucker)

In order to survive the current competitive environment, companies must offer their customers value. Consultants and managers refer to the "value chain" as a set of activities required for achieving business goals: meeting the needs of consumers and increase profits. Thus, the key question is whether a particular process or activity conducted within the organization or business creates value for consumers, and create profit for the company.

Business organizations need realistic and timely information on the costs to integrate the activities of designing and developing new products, their manufacturing, marketing and after-sales services in an overview. Cost management systems should aim at optimizing the quality- price ratio, and correlate consumption of resources to customer satisfaction and profit.

People who are responsible for calculation and control costs see their redefined role, which is significantly larger and more specialized as before. This is how simple calculation cost becomes cost management.

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ANALYSIS RESULTS REPRESENTATION DERIVED FROM THE APPLICATION METHOD OF ASSESSMENT TASKS BY POSTS

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Abstract:
Results obtained by applying new job evaluation methods are reviewed in this paper. The research aims to highlight the extent to which job evaluation methodology through the tasks ensures appropriate data. Study is applied in three fields - human resources, financial accounting and production ointments. I used two samples of professionals (occupants of positions evaluated) and lay persons from different companies. Analyses show that the methodology for assessing the tasks get good results in the valuation.

Keywords: method, evaluation, jobs, jobs, tasks, analysis, results

JEL Classification: J33, M52

1. Introduction

Definition of "job evaluation" was widely debated in the literature. (Doverspike *et al.* 1983) define job evaluation as a series of procedures by which the organization seeks to measure the value of a job in order to scientifically determine wage levels. (Armstrong 2003) considers the valuation process in setting out the relative values of jobs within an organization. Analyzing the definitions, we can identify the essential element of the process, namely, determining the relative value of jobs.

Orient research in this area as a result of the objectives to be met by carrying out such a process, we can consider them to be true virtues of organizational ethics. (Davis 1993), lists some of these objectives: minimizing the grievances of employees, increase job satisfaction, wage-setting tool for new employees. Even if the targets are more than respectable, a number of critics including (Gilbert 2005) point out that no job evaluation system, even the analytical failed to fulfil task for which it was designed in an objective manner. Following the increase objectivity of the process, we identified a new methodology called job evaluation "of the remote tasks." A comprehensive analysis of the results obtained by the new method of evaluation is discussed in this article.

2. Method of job evaluation by task

A brief method for assessing the burden is initially needed to be done. The proposed evaluation method takes place from a prior evaluation and ranking of activities. Comparison takes place only between the activities of the same area (human resources, financial accounting, production, and so on).

For each occupation, can only be selected criteria to ensure a real differentiation between the activities performed. An alternative hierarchy is to achieve a comparison of activities without using criteria. The method is similar to that of comparison, the difference consisting in its application to the tasks, not jobs.

For each criterion, all specific activities are ranked an occupation. It answers the question: activity X is more important than work only in terms of Y on Z criterion? Subsequently, they are established importance of each criterion coefficients. To do this, choose activities that came first for each criterion, assess, and pass the award rates of importance. In this way, different weights are assigned for each occupation separately. To understand why this approach can use an example - accountants will give the relative importance between the necessary knowledge and working conditions, clearly different from the relative importance that chemists would give it between the two criteria, assuming that they would work in a toxic environment. Finally, the hierarchy of activities is achieved, given the importance and assessments of each criterion. Specifications mentioned in this passage do not apply to alternatives by which the hierarchy is achieved by a comparison of the activity without using criteria.

We note that in the event production professionals' ointments, a change in the methodology of data collection took place. Originally a first ranking was done by an employee. The other two employees, whose views were collected, made changes to the existing hierarchy according to their own considerations. The method used by experts in production, although it is fully consistent with the way the ranking was done in other areas; we believe that it is very important because it provides ideas for future improvements. Method, causing a large reduction in standard deviation of the averages shows that the application of other data collection techniques to obtain significantly improved.

After obtaining this information, you can proceed to determine the average pay for a person occupying a certain position.

3. The calculation of the mean, the standard deviation of variation and confidence limits from the mean.

The values presented in Table 1, columns "average" were determined as the arithmetic mean of the valuation made indirectly by assessing the activities of each subject according to the formula:

$$M_{if} = \frac{\sum(M_{ij})}{n}, \text{ where:} \qquad (1)$$

M_{if} - Average or the final amount of job i,

M_{ij} - Average or the value given by each evaluator (j) post i

n - number of subjects who rated the post i (through activities).

Standard deviations were determined according to classical formula, except that the data are considered relative values, related items evaluated.

Motivation to determine variation from the average of the confidence limits lies in the relativity of values obtained from stations evaluated. Therefore we believe that the value of a post should not be limited to a fixed value, requiring the use of a range. Given the fact that what interests us is the confidence interval of average values rather than a form, we applied the formula:

$$L_i = \bar{x} \pm t(n-1) * \frac{\sigma}{\sqrt{n}}, \text{ where:} \qquad (2)$$

L_i – confidence interval limits;

$\bar{x}$ – Media;

t(n-1) – t distribution with n-1 degrees of freedom;

n - number of subjects who rated item i.

Confidence limit values are relative values but do not express a certain salary level, following the subsequent steps were necessary to determine the three elements - media and the two limits of the salary range. To avoid unnecessary complication and to compare the data obtained, we determined the variation from the average of the confidence limits, according to the formula:

$$V = \frac{t(n-1) * \frac{\sigma}{\sqrt{n}}}{\bar{x}}, \text{ where:} \qquad (3)$$

V - Variation of the confidence interval limits from the mean.

Indicator values variation from the average of the confidence limits - can then be calculated by different methods apply to salaries for each position in order to determine the confidence interval limits salary. Confidence interval was calculated to be able to say with an 80% probability that the relative values (averages) for items valued in the range will be determined.

4. Defining the population and sampling

If we consider that the implementation of job evaluation methodology through the tasks it is intended that the application be able to assess any post, regardless of the business or geographical area, then we define people as all existing jobs in a time globally.

Due to the stretching area of the population, the complexity of the methodology, the need to provide advice on how to work with the software used and time limitations, the sample was limited to three areas of activity the financial accounting, human resources and production and geographical area in Romania. If in areas such as financial accounting and human resources, selected stations consist of support activities that take place in the same way regardless of the economic branch that supports for the production there was no such opportunity. However, for the reasons previously alleged, had restricted area. In this case we opted for manufacturing of drugs and more specifically for the production of ointments. Please note that selected production stations cannot be assimilated to national or international level with other jobs because of technological and organizational features specific ointments and suppositories section of the company's antibiotics.

Selected items were:

1. In financial accounting - chief accountant and three posts of accountants that are distinguished by the complexity of the activities carried out.
2. HR - human resources specialist, human resources assistant, recruitment specialist, inspector human resources, payroll administrator.
3. In production - department manager, technologist and six operator stations, stations that are distinguished by the complexity of the tasks performed.

Selection of stations was made from the original setting of the activities will be evaluated and later to determine which jobs belong to those duties. A final verification of the representativeness of the activities for selected items has been made.

To assess the positions was used to select a number of people to express their opinion. For each area were selected two groups of people. A group considered to be specialists, and was made up of employees who have performed activities evaluated and a group of lay persons, composed of persons who have not fulfilled those responsibilities.

Selecting two groups aimed at refutation or confirmation that the nature of the subject affects the final results.

The number of participants for each of the three areas was:

1. Human resources - a total of five professionals and four lay persons.
2. For financial accounting, the group of experts consisted of three employees, while the group was of five lay persons.
3. For the production ointments, three employees of the ointments and suppositories of a polling group formed by experts and other 4 people lay group formed.

In statistical terms, the number of opinions collected, can be considered to be insufficient to determine the correct values and then work stations under study. The small number of real situations, however close we encountered in practice. An evaluation of positions within any company faces some problems in the number of employees that can be used in the process. The small number of staff that may be involved may be due either to natural causes (some areas are a small number of employees), either because of inability to involve all staff in a particular field may be multiple causes: the costs of closure, inexperienced staff, employees who do not know than their share of work, employees recognized as "opportunistic", which aim to deliberately overstate the position.

5. Analysis of data from the sample by non-specialists

Analyzing the data in Table 1, the following findings can be highlighted:

Table 1. Relative values for each station (average), standard deviation, coefficient of variation and change limits from the average of the confidence interval, calculated according to the values given by lay persons, the evaluation criteria.

Fasting	Field	Evaluation criteria not used				Evaluation using criteria			
		Average	σ	*v*	V	Average	σ	*v*	V
Technologist	Manufacturing ointments	475056	203683	0.43	0.35	495440	78585	0.16	0.13
Operator 1	Manufacturing ointments	908285	83084	0.09	0.07	780615	96931	0.12	0.10
Operator 2	Manufacturing	472546	412426	0.87	0.71	655006	124954	0.19	0.16

Fasting	Field	Evaluation criteria not used				Evaluation using criteria			
		Average	σ	ν	V	Average	σ	ν	V
	ointments								
Operator 3	Manufacturing ointments	564158	268443	0.48	0.39	432674	221448	0.51	0.42
Operator 4	Manufacturing ointments	453235	289719	0.64	0.52	408084	233794	0.57	0.47
Operator 5	Manufacturing ointments	708761	266119	0.38	0.31	662518	164965	0.25	0.20
Operator 6	Manufacturing ointments	773731	218633	0.28	0.23	782230	95188	0.12	0.10
Department Manager	Manufacturing ointments	313302	356877	1.14	0.93	304102	161264	0.53	0.43
Accountant 2	Financial Accountant	459202	109696	0.24	0.16	412343	126998	0.31	0.21
Accountant 3	Financial Accountant	547011	155331	0.28	0.19	469706	140007	0.30	0.20
Accountant 1	Financial Accountant	661238	277701	0.42	0.29	679514	127963	0.19	0.13
Chief Accountant	Financial Accountant	235403	69771	0.30	0.20	218813	50776	0.23	0.16
HR Specialist	Human Resources	196634	64222	0.33	0.27	248295	139308	0.56	0.46
Administrator Salary	Human Resources	765969	73961	0.10	0.08	666665	62035	0.09	0.08
Human Resources Inspector	Human Resources	745664	138813	0.19	0.15	666484	83120	0.12	0.10
Human Resources Assistant	Human Resources	703238	248427	0.35	0.29	724696	230154	0.32	0.26
Specialist recruitment	Human Resources	544444	367019	0.67	0.55	288376	78728	0.27	0.22

1. Most mean square deviation is common in the evaluations does not use criteria, the operator station 2 has a value of 412,426. Following value of standard deviation obtained by a high value (367,019) is common in specialist recruitment station on the same criterion. The minimum standard deviation obtained is of 64,222 on human resources specialist position.
2. Maximum standard deviations in the evaluation using criteria, is 233,794, for the post of operator 4. It differs from the situation encountered in the analysis performed on total subjects in that in this case, several values for standard deviation value exceed 200,000. The minimum standard deviation obtained is 50,776 for the post of chief accountant.
3. In assessing why not use criteria, the biggest difference between the values of standard deviation is obtained on the production ointments, between two operator stations and one operator, this being 329,342 (412,426 - 83,084), and the smallest difference is obtained financial accounting with a value of 179,083 (277,701 - 69,771), the resulting difference between the values for stations 1 and accounting chief accountant.
4. In the evaluation using criteria, the biggest difference between the values of standard deviation is obtained, the human resources assistant jobs between human resources and payroll manager and is 168,119 (230,154 – 62,035), and the smallest difference is obtained financial accounting with a value of 89,231 (140,007 – 50,776), the resulting difference between values for accounting positions 3 and chief accountant.
5. The maximum and minimum coefficients of variation obtained are not necessarily the same jobs that were recorded minimums and maximums standard deviations. For example, the highest value of the coefficient of variation is 1.14 found in the assessment criteria is not used, the department manager position. Operator station 2 which had the highest value of mean square deviation, now occupies the second position, a significant difference in first class, the coefficient being 0.87. If minimum values, the situation is similar. Human resources specialist position, which had the lowest mean square deviation, is found in terms of coefficient of variation far away from the operator 1 (the

station with the lowest value calculated for the coefficient of variation 0.09). The situation is similar if we analyze the coefficients of variation values obtained using the evaluation criteria for the minimum and maximum values but where the station that recorded the highest mean square deviation, the highest value recorded and the coefficient of variation. Because there is a close correlation between the coefficients of variation and confidence interval limits variations from the mean that we will analyze in detail below, we believe that a detailed analysis of the results is not required.

6. The highest value of the confidence interval limits of variation from the average is 0.93 not found in the assessment criteria used, the position of department manager and the lowest is 0.07 for an operator station.

7. Maximum limits of variation from the average of the confidence interval is 0.47 in the evaluation using criteria, operator station 4 and the minimum value is 0.08 for administrator salaries.

8. The biggest difference between the variations in limits to the average of the confidence interval is 0.85 (0.93 to 0.07) and obtain the evaluation criteria not used, the production ointments between operator stations and one station manager, and the smallest difference is obtained on the financial accounting and is 0.13 (from 0.29 to 0.16), resulting as the difference between values for accounting positions 1 and Account 2.

9. The biggest difference between the variations in limits to the average of the confidence interval is obtained using the evaluation criteria, the field of human resources, from recruitment specialist positions and payroll administrator which is 0.38 (0.46 to 0.08) and the smallest difference of 0.08 (from 0.21 to 0.13) is obtained from financial accounting, the resulting difference between the values for positions 2 and sheet 1 sheet.

As a conclusion we can say:

- Standard deviation values, coefficients of variation and confidence interval limits of variation from the average, are significantly reduced compared with assessment using the criteria in assessing the values obtained do not use criteria.
- Analyzing media standard deviations presented in Table 2 can be drawn the following conclusions:
- Maximum mean square deviation is 262,373 and is obtained from the sample of non-specialists, not using evaluation criteria, the production ointments. The minimum valuation criteria are not used 153,125 determined on financial accounting.

Table 2. Standard deviations for averages of values relative positions (calculated from the sample of non-specialists) and determined the two types of assessments for each area.

Evaluation using / not using criteria	Field	σ
Evaluation criteria not used	Production ointments	262,373
Evaluation criteria not used	Human Resources	178,488
Evaluation criteria not used	Financial Accountant	153,125
Evaluation using criteria	Production ointments	147,141
Evaluation using criteria	Human Resources	118,669
Evaluation using criteria	Financial Accountant	111,436

Maximum sample value lay in the assessment using the criteria of the standard deviation is 147,141 and is obtained from the human resources. The minimum results are 111,436 and get the financial accounting. It is noted that the interval between minimum and maximum values obtained in the evaluation criteria that do not use does not overlap with the interval between the highest and lowest result in the evaluation using criteria and therefore we can issue the following hypothesis:

- H0: The average standard deviation calculated from sample lay in the evaluation criteria used is not equal to the average standard deviation determined on the sample lay in the evaluation using criteria.
- H1: Average standard deviation determined on the sample lay in the evaluation criteria used is not different from the average standard deviation determined on the same sample but using the evaluation criteria.

Analyzing the data obtained, we can say, given the value of $t = 3.266$ with $sig = 0.005 < 0.05$, with a probability of 95%, that between the average standard deviation determined on the sample lay in the assessment criteria is not used different from the average standard deviations determined using the evaluation criteria. This assertion is demonstrated by our lack of value 0 in the confidence interval. In conclusion we reject the hypothesis H0 and accept H1. It demonstrates that the use of job evaluation criteria ensures better results in terms of confidence in end results (quadratic deviations significantly lower value).

In the next step we consider very important to answer the question - to what extent the relative values for measured channels, we can consider as representative? To do research, we used the coefficient of variation. The results are presented in Tables 3 and 4. Analyzing the data, the following conclusions can be drawn:

Table 3. Analysis of distribution channels, according to media representation (not used evaluation criteria, the sample of non-specialists)

Field	[0 - 17]	(17 - 35]	(35 - 50]	(50 - ∞)	[0 - 50] / [0 - ∞)
Production ointments	1	1	3	3	62.50%
Financial Accountant		3	1		100.00%
Human Resources	1	2	1	1	80.00%
Total	2	6	5	4	76.47%

First observed as a percentage of average representative at least in the broad sense, obtained in the evaluation criteria that do not use the sample of non-specialists is the same result in the evaluation using criteria, namely 76.47%.

Although not recorded variations in the final results, one can see an improvement in the positioning of media. Thus, in the range (35, 50] to assess not use criteria, stood five stations that reach to redistribute the situation based on the standard deviation, the ranges [0-17] an increase from 2-5 positions respectively on the interval (17 - 35], where the number of posts an increase from 6 to 8.

Table 4. Analysis of distribution channels, according to media representation (using the evaluation criteria, the sample of non-specialists)

Field	[0 - 17]	(17 - 35]	(35 - 50]	(50 - ∞)	[0 - 50] / [0 - ∞)
Production ointments	3	2		3	62.50%
Financial Accountant		4			100.00%
Human Resources	2	2		1	80.00%
Total	5	8	0	4	76.47%

In conclusion, we can say that the use of job evaluation criteria, when using a group of lay persons, will provide better results in terms of their significance, compared with an evaluation without criteria.

6. Analysis of data from the sample of experts

Analyzing the data in Table 5, the following findings can be highlighted:

1. Most mean square deviation is common in the evaluations does not use criteria, the accounting station 3 and has a value of 319,923. Following value of standard deviation obtained by a high value (311,083) is common in specialist recruitment station on the same criterion. The minimum standard deviation obtained is for 1,417, the position of Technology.

2. Maximum standard deviations in the evaluation using criteria, is 306,639, for the post of specialist recruitment. The result for the post of specialist recruitment can be considered an exception because the next value in descending order is 194,865 for an accounting position. The minimum standard deviation obtained is 10,657 for the post of manager station.

3. In assessing why not use criteria, the biggest difference between the values of standard deviation is obtained, the financial accounting, accounting between positions 3 and Chief Accountant, which is of 246,436 (319,923-73,487), and the smallest difference is production obtained in the

ointment with a value of 42,822 (44,239-1,417), the resulting difference between the values for operator stations 3 and technologist.

4. In the evaluation using criteria, the biggest difference between the values of standard deviations is obtained, the HR between specialist positions and specialist recruitment and human resources is 241,281 (306,639-65,358), and the smallest difference is obtained on the ointments with a production value of 13,096 (23,753 - 10,657), the resulting difference between the values for operator stations 5 and station manager.

5. The maximum and minimum coefficients of variation obtained not found on the same channels that were recorded minimums and maximums standard deviations. For example, the accounting station 3, which has the highest mean square deviation is not used in the evaluation criteria, coefficient of variation is 0.63, the difference of the maximum value of 1.06. If minimum values, the situation is similar. Station technology, which had the lowest mean square deviation, is found in terms of coefficient of variation from significant distance operator 2 (item with the lowest coefficient of variation calculated that 0.02). The situation is similar if we analyze the coefficients of variation values obtained using the evaluation criteria for the minimum and maximum values but where the station that recorded the highest mean square deviation, the highest value recorded and the coefficient of variation. Because there is a close correlation between the coefficients of variation and confidence interval limits variations from the mean that we will analyze in detail below, we believe that a detailed analysis of the results is not required.

6. The highest value of the confidence interval limits of variation from the mean is 0.73 not found in the assessment criteria used, the post of specialist recruitment, the lowest value of 0.02 for the post of operator 2.

Table 5. Relative values for each station (average), standard deviation, coefficient of variation and change limits from the average of the confidence interval, calculated according to the values given by experts on the evaluation criteria.

Fasting	Field	Evaluation criteria not used				Evaluation using criteria			
		Average	σ	v	V	Average	σ	v	V
HR Specialist	Human Resources	234658	121756	0.52	0.36	240611	65358	0.27	0.19
Administrator Salary	Human Resources	604009	132694	0.22	0.15	590984	116315	0.20	0.13
Human Resources Inspector	Human Resources	659663	177447	0.27	0.18	707801	156102	0.22	0.15
Human Resources Assistant	Human Resources	679808	214572	0.32	0.22	710798	170419	0.24	0.16
Recruitment Specialist	Human Resources	294057	311083	1.06	0.73	403788	306639	0.76	0.52
Accountant 2	Financial Accountant	527479	275721	0.52	0.57	503466	100578	0.20	0.22
Accountant 3	Financial Accountant	511209	319923	0.63	0.68	534212	86229	0.16	0.18
Accountant 1	Financial Accountant	686654	200596	0.29	0.32	733465	194865	0.27	0.29
Chief Accountant	Financial Accountant	254811	73487	0.29	0.31	139603	59488	0.43	0.46
Technologist	Production ointments	27367	1417	0.05	0.06	309834	13872	0.04	0.05
Operator 1	Production ointments	459071	14535	0.03	0.03	509646	18982	0.04	0.04
Operator 2	Production ointments	595605	13108	0.02	0.02	600539	13390	0.02	0.02
Operator 3	Production ointments	445854	44239	0.10	0.11	543490	23427	0.04	0.05
Operator 4	Production ointments	480160	18248	0.04	0.04	551137	16294	0.03	0.03
Operator 5	Production ointments	510215	37966	0.07	0.08	546250	23753	0.04	0.05
Operator 6	Production ointments	499614	34430	0.07	0.08	606778	12014	0.02	0.02
Department Manager	Production ointments	17353	1776	0.10	0.11	212566	10657	0.05	0.05

7. Maximum limits of variation from the average of the confidence interval is 0.52 in the evaluation using criteria, recruitment specialist position and the minimum value is 0.02 for operator 2.

8. The biggest difference between the variations in limits of the confidence interval to the average of 0.85 (from 0.73 to 0.15) and obtain the evaluation criteria not used, the human resources, from recruitment specialist positions and administrator salaries, and the smallest difference is obtained on the production of ointments and 0.09 (0.11 to 0.02), resulting as the difference between values for operator positions 3 / ward manager and operator 2.

9. The biggest difference between the variations in limits to the average of the confidence interval is obtained using the evaluation criteria, the field of human resources, from recruitment specialist positions and payroll administrator which is 0.39 (0.52 to 0.13) and the smallest difference of 0.03 (0.05 to 0.02) is obtained on the production ointments, the resulting difference between the values of operator stations for 3 (or 5 operator, technician, manager section) and operator 2 or operator 6.

The conclusions drawn from a sample of lay analysis remain valid if the sample data given by specialists.

Analyzing the standard deviation averages presented in Table 6, the following findings can be drawn: The maximum standard deviation is 217,431 and is obtained from the sample of experts, without using criteria valuation, financial accounting.

Minimum value resulting from evaluation without using criteria is 20,715, determined on the production ointments.

Table 6. Standard deviations for averages of values relative positions (calculated from the sample specialists) and determined on both types of assessments for each area.

Evaluation using / not using criteria	Field	σ
Evaluation criteria not used	Financial Accountant	217,431
Evaluation criteria not used	Human Resources	191,511
Evaluation using criteria	Human Resources	162,967
Evaluation using criteria	Financial Accountant	110,290
Evaluation criteria not used	Production ointments	20,715
Evaluation using criteria	Production ointments	16,549

Maximum mean square deviation on the sample of experts in evaluation using criteria, is 110,290 and is obtained from the human resources. Minimum value resulting evaluation using criteria is 16,549 on the production and obtained ointments. There is, in contrast to data given by the sample of non-specialists, an overlap between values obtained in the evaluation of not using the evaluation criteria with the results using criteria. These results we believe that under the impact of different data collection methodology used exclusively in the ointment sample production specialists. However we consider it necessary to consider whether the standard deviation for data environments conferred by evaluation criteria differs not using or not using the evaluation criteria. Therefore we issue the following hypothesis:

- H0: The average standard deviation calculated on the sample of experts, evaluation criteria used is not equal to the average standard deviation determined on the sample of experts, using evaluation criteria.
- H1: Media sample standard deviations determined by experts, evaluation criteria used is not different from the average standard deviation determined on the same sample but using the evaluation criteria.

Analyzing the data obtained, we can say, given the value of $t = 2.197$ with $sig = 0.043 < 0.05$, with a probability of 95%, that between the average standard deviation determined from the sample of non-specialists, evaluation criteria used is not different The average standard deviation determined using the evaluation criteria. This assertion is demonstrated by us that the value 0 is not contained within the trust. In conclusion we reject the hypothesis H0 and accept H1. It demonstrates that the use of job evaluation criteria ensures better results in terms of confidence in end results (quadratic deviations significantly lower value).

Similarly the sample of lay analysis, we consider it necessary to answer the question - to what extent the relative values for measured channels, we can consider as representative. To do research, we used the coefficient of variation. The results are presented in Tables 7 and 8. Analyzing the data, the following conclusions can be drawn:

First there is a significant increase in the percentage of the average representative at least in the broad sense, from 76.47%, the result obtained in the evaluation criteria that do not use the sample of experts to 94.12%, using the evaluation criteria. The data are identical to those recorded total subjects.

Table 7. Analysis of distribution channels, according to media representation (not used evaluation criteria, the sample of experts)

Field	[0 - 17]	(17 - 35]	(35 - 50]	(50 - ∞)	[0 - 50] / [0 - ∞)
Human Resources		3		2	60.00%
Financial Accountant		2		2	50.00%
Production ointments	8				100.00%
Total	8	5	0	4	76.47%

Second variation is determined by both the posts of financial accounting (an increase from 50% to 100%) and that of human resources (an increase from 60% to 80%). An improvement in results can be seen in the distribution channel interval.

Table 8. Analysis of distribution channels, according to media representation (using the evaluation criteria, the sample of experts)

Field	[0 - 17]	(17 - 35]	(35 - 50]	(50 - ∞)	[0 - 50] / [0 - ∞)
Human Resources		4		1	80.00%
Financial Accountant	1	2	1		100.00%
Production ointments	8				100.00%
Total	9	6	1	1	94.12%

In conclusion, we can say that the use of job evaluation criteria, when using a group of specialists will ensure better results in terms of their significance, compared with an evaluation without criteria.

Note: very good results obtained on the production of ointments is due to different methodology, sample data collection specialists.

7. Conclusions

Following the results of the tests on two samples (professionals and lay persons), we reached the following conclusions:

Regardless of the sample, we can say that the use of job evaluation criteria will ensure the achievement of better results in terms of deviation standard coefficient of variation and confidence interval limits of variation from the mean.

Data collection methodology essentially influences the final results. Our conclusion is demonstrated much better results obtained by specialists in production, the whole range of indicators used in this analysis.

High values obtained for the ratios, regardless of sample used (except sample production specialists ointments) shows a mismatch between subjective whatever category they belong to, which shows the existence of diametrically opposed views on the importance of certain tasks in the business. We consider differences of opinion that due to the lack of information and the preconception of where non-specialists, while in the case of specialists consider the differences in practice between companies as the main reason. For example, if firms that selection becomes a more formal job, human resources staff will significantly reduce the importance of this activity. Not the same thing would happen in the event of recruitment and selection of companies that are considered vital.

Maximum and minimum values recorded by the coefficients of variation and thus the limits of the confidence interval variations from the mean, are not the same positions on the values obtained maximum and minimum standard deviations. The motivation is due to the denominator, namely the relative value of the job. In normal conditions (data should be obtained as a result of real measurements, for example distances, dimensions of objects, etc.) Values for the counter were not a problem, if the present results can be misleading, however.

For example the post of Chief Accountant, which resulted as having the lowest value on the sample of specialists, not using the assessment criteria, with a standard deviation of 59,488, registers a 0.43 coefficient of variation. Methodology, as has been established, assumed that increases as the relative value, the job is becoming less and vice versa. Suppose that the methodology would be established that as the relative increase job is becoming more valuable. Under these conditions the value of the Chief Accountant position could be 860,397 (1,000,000 - 139,603) instead of 139,603. Suppose that the deviation would remain the same (because an increase in the relative values of jobs does not mean an increase in variation registered), the coefficient of variation calculated as the 59,488 / 860,397 = 0.07 and were within the range that can be said about the medium as strictly representative. Significant differences between the sample results compared to the non-specialist professionals, demonstrates the impossibility of replacing the items being valued staff familiar with other categories of employees. We believe in the future as necessary to improve the assessment methodology in order to reduce the impact of the relative positions has on the coefficient of variation.

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OPTIMIZATION OF FISCAL COSTS – THE SUBTLE LINE BETWEEN LEGAL AND ILLEGAL

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Abstract:

In the current economic context where companies are facing a critical lack of liquidities, finding financial resources is one of the great challenges of a company's management. The legal reduction of payments in the form of taxes and fees is an effective tool to raise additional liquidities which can be capitalized or distributed as dividends to shareholders. Using the facilities provided by fiscal legislation in favour of a company is very natural, and seeking and implementing legal solutions to decrease outstanding taxes and fees are a legitimate concern which should be admitted as such by any fiscal authority. Fiscal optimization techniques and methods mean making the right decisions and applying them with the purpose to decrease fiscal costs. Decisions envisage numerous aspects of which the most important are: restating certain actual operations in order to change their fiscal ranking, making up provisions, changing the due dates, diminishing the taxable base, reorganizing various activities. Yet, the fiscal options of economic agents have limits, too. Fiscal optimization methods are more often than not found at the fragile borderline between legal and illegal. The more effective fiscal cost optimization is the closer to lawfulness it gets.

Keywords: fiscal optimization, fiscal risk, tax evasion, fiscal management, fiscal cost, fiscal efficiency

JEL Classification: M21, M41

1. Introduction

Effectively managing the economic and financial resources of any company means that taking account of business fiscal level. Companies' concern is shifting from effective economic management to optimum fiscal management also known as fiscal optimization.

It should be specified that managing taxes and fees in order to optimize them does not mean infringing the law. Correct and justified fiscal management can help prevent the inconveniences caused by tax evasion or fiscal frauds. After the fiscal administration has checked the correctness of an enterprise when fulfilling its duties to the state, there are sometimes actions which might be regarded as abnormal. In this respect, specialized literature defines the "abnormal act of management" as a decision against an enterprise concerns, namely it does not include any counterparty for the latter.

Thus, an act is regarded as being normal if it takes the form of counterparty to an enterprise. Yet, assessing the normality of a management act can be subjective enough and is done rather economically than juridical. The juridical appearance of an act can be flawless whereas its economic contents can turn it into abnormal. Therefore, the optimization of fiscal costs is frequently mistaken for tax evasion and that is why one should remember that fiscal cost optimization implies any activity performed within the limits of the legislation in force.

2. Concepts of optimization and fiscal cost optimization

From the etymological perspective, the optimization concept derives from the superlative degree of "good", i.e. "optimus". The 1998 Explicative Dictionary defines the optimization notion as being**:** "choosing and applying the optimal solution". But this is possible only after several stages which aim at:

- the optimization criterion selected (criterion function) and optimization purpose;
- optimization variables;
- existing (imposed) restrictions;
- settling the optimization matter – choosing the optimum solution;
- justifying why the respective solution is better/optimum than the already existing ones;
- the solution opportunity, namely describing certain needs that are not met or, if partially met, demonstrating the reason why they have not been properly fulfilled;
- evaluating the outcomes of optimization.

The definition of optimization from the economic perspective can be that it is an activity analyzing the economic ways of developing processes, products or services in order to choose a certain (optimal) variant which can provide maximum economic benefits on condition the imposed quality level should be observed.

From the mathematical perspective, it is said that an optimization issue has arisen whenever the requirement is to set maximum, minimum or both values of a function with one or several variables – which are subject to a number of conditions (restrictions). Modelling and simulating are strong tools of optimization. If a technological process/product/service is to be optimized, then the perspective of its optimization should be stated: productivity, costs, energy, precision etc., so the optimization criterion must be stated. A variant is better than another only if the former better meets a certain criterion. Furthermore, an economic decision can be the best in relation with a criterion, but very bad in relation with another.

Since an optimization matter cannot be defined without stating its optimization criterion, it is required the matter's mathematical model should include its optimization criterion in analytical manner, that is the criterion function. The function is found in specialized literature under various names: "criterion function", "purpose function", "target function", "optimization function", "effectiveness function" etc.

Criterion function is the mathematical expression of the selected optimization criterion, being real functions with real values where the optimizations variables (x1, x2...) are the only ones changing their values during the process while all the other dimensions remain constant.

Economic criteria are the product processing cost, service cost, material consumption etc.

Restrictions in any optimization issue are a system of constraint relationships which have to be fulfilled by optimization variables so that the best solution could be accepted.

Economic restrictions may be: cost, productivity or used energy. It is sometimes possible for the researched process/phenomenon not to fall under mathematical modelling because of its complexity and consequently the optimal/favourable variant is chosen by comparison from among multiple variants – still according to well-set criteria.

Fiscal cost optimization can be defined in the above context as the activity of analyzing fiscal consequences upon economic transactions with the purpose to choose the optimum variant able to meet the selected optimization criterion, respectively to minimize a fiscal cost. Fiscal optimization generally takes place according to lawmakers' concerns, not by argumentations or interpretations of the law in favour of taxpayers. Operations, transactions, dutiable base, transaction players and other information connected with fiscal optimization are transparently and properly detailed in all the mandatory accounting and fiscal reports of taxpayers. Fiscal cost optimization requires in-depth analysis in four stages.

The first stage is the analysis of an enterprise's current fiscal status which envisages the following:

- available, unused fiscal reserves which can compensate the payment duties ensuing from an enterprise's future taxable transactions: fiscal losses, fiscal debentures, if all fiscal deductions allowed by the legislation have been used;
- the fiscal risk zones of an enterprise are defined:
  - whether there are unreported/unmarked fiscal duties because of legislation misunderstanding, legislative changes, or imprecise/incoherent fiscal legislation as well as contingent fiscal duties – which may occur and may not be precisely quant sized;
  - whether there are circumstances of fiscal deductions' applications without documentation or without meeting all adequate requirements imposed by fiscal legislation;
  - whether subsequent to fiscal controls, the control report observations have been followed;
  - the way transactions with affiliated parties are reflected.

The second stage means the gathering potential information related to the operations taking place within an enterprise. There should be information on the current fiscal duties, enterprise activity field, transactions with the enterprise's affiliated parties, shareholders, the manner of transaction documentation from the fiscal point of view, enterprise long-term strategy.

The third stage consists of drawing up an enterprise's fiscal diagnosis by defining the strengths and hazards of the current fiscal status as well as setting the enterprise's fiscal position for at least two years to come provided the current legislation is not modified.

The last stage refers to indicating fiscal optimization proposals. Optimization projects must include their associated risks and feasibility.

The tangible ways for fiscal cost optimization within a company consist of adopting and implementing the right decisions in order to decrease fiscal spending. Fiscal costs' optimization decisions may endeavour to:

- reformulate certain present operations or activities in order to change their fiscal status, the process leading not only to lowering a fiscal cost, but also to reaching some other advantages;
- decrement, delay or exonerate from fiscal duties;
- make it possible for an enterprise to benefit from fiscal facilities and deductions;
- duly reclaim fiscal debentures;
- avoid having fiscal debentures;
- get low costs to fund fiscal tasks;
- find the way to make up for the fiscal losses from subsequent fiscal outcomes;
- capitalize fiscal legislation to reach the upper level of fiscal deductions; minimize the circumstances when no fiscal deductions are allowed;
- perform taxable operations in areas where the taxable rate, fiscal costs and risks are the lowest;
- orient towards free areas or those so-called unfavoured whose growth has demanded reliefs from taxation or lower taxes.

Accounting policies within a company are the real manner to use the specific tools and techniques with a view to minimizing fiscal tasks.

According to the definition of different authors an accounting policy means the set of choices made by a board of directors on the accounting variables that lead to adjusting financial states' contents and form if the legislative constraints are obeyed. The accounting policy is part of an enterprise's twofold logical mechanism of optimizing choices and financial communication to its environment. Choices are made within a framework set up by numerous sources of accounting laws and fiscal rules which are especially applicable when financial states are concerned.

Accounting policies are options to set matters right with the obvious target of choosing the optimum variant. The variables able to generate accounting policies when selecting and applying methods are:

- assessment of capital assets;
- evaluation of stocks;
- accounting depreciation versus fiscal depreciation;
- set-up and resumption of provisions;
- inventory of long-term contracts;
- methods for account enhancement etc.

The best variant selected must follow the fundamental objective of accounting, namely to ensure true, correct, trustworthy information to all users including fiscality.

Profit optimal localization is a policy pattern which may be used and have good results in society groups by means of the profit transfers among enterprises within the same group so that profits are lower or null in fiscal areas where the tax rate is high, whereas the areas with more favourable taxation might have as high profits as possible. Practically achieving this goal involves the transfer prices among group companies by manipulating the intragroup flow of licences, patents, or technologies or by setting up "captive companies". From the conceptual perspective, the phenomenon as such relies on the taxable base externalization and consequently fiscal duty volatilization for taxpayers and on "transferring" the taxing right to a less restrictive fiscal jurisdiction.

Praised by some, associated by others with a "poison" in the international competitional environment, the regime of transfer prices has both advocates and critics according to their abilities to seize the opportunities the former sometimes generously provide with the purpose to minimize fiscal duties. That is why a lot of people associate transfer prices with true "collecting channels" for huge amounts of money resulting from more or less fraudulent methods attempting to skip taxes.

Enterprise reorganizations may have fiscal implications, too, such as mergers or assets' distribution. Thus, the potential loss of a company is deductible from the profit of the one resulting from the reorganization process.

Delaying fiscal duties can occur by means of a set of fiscal policies among which: the proper use of assessment methods when entering the patrimony, the optimum use of depreciation regimes, the assessment of goods and rates' outflows, provisions' game, the treatment of provisions which can be turned into capital assets. As far as the assessment when entering the patrimony is concerned, if an enterprise wants to delay some of its fiscal task, it acts in such a manner that a high share of the spending which might exist in the inflow value (acquisition or manufacturing cost) should be regarded as period spending, thus enjoying immediate, integral deductibility. Reversely, if they want accounting generation of a higher profit, the inflow value should include as many expenses as possible. In that event, the respective expenses' deductibility is delayed until exiting the patrimony (for stocks) or until the accounting registration of the redemption (for capital assets – within the limits of usage degree).

The fact that legal regulations allow the use of three depreciation regimes for fixed assets makes it possible for an enterprise to choose between faster and slower reclaim of the amounts invested in capital assets. From the fiscal point of view, the depreciation method delaying fiscal duties is more favourable, i.e. the method allowing the fast reclaim of fixed assets' values by depreciation. Regressive and accelerated depreciation regimes also serve fiscal management goals: during the first years, depreciation spending is higher, so the fiscal profit and tax are lower whereas during the last period of the performance set depreciation is lower and higher taxes are paid.

The assessment while interchangeable (or fungible) elements come out of patrimony being stocks and securities is performed following several methods.

Here, too, fiscal preoccupations recommend using the method that allows highest price assessment. In the context of inflation, such an approach is much better also due to its financial implications. Provisions whose constitution is grounded on the potential occurrence of losses, risks or depreciations are a privileged fiscal policy tool as long as their fiscal deductibility is admitted. When enacting, taxable outcomes become lower without generating payments and when cancelling or diminishing there are incomes which do not generate money collections.

Although positively considered in terms of its creativity, the freedom assumed when formulating accounting policies and choosing accounting methods has always been a source of controversy about building and accepting accounting truths. The accounting policies set up and grounded by enterprise management should ensure the supply of relevant and trustworthy information. Company management should enact a set of accounting bases, conventions, methods, rules and practices with a view to reaching the goal of loyalty.

3. Fiscal optimization and fiscal risk

An important part when coping with fiscal risks is held by enterprise fiscal management. Successful fiscal management means an enterprise's ability to blend fiscal strategies with fiscal risks. Ensuring fiscal security should remain the focus of an enterprise's economic management. This is one of the classic aspects of enterprise relations with fiscality. Fiscal management should promote fiscal policy meant to decrease risks and uncertainty. If financial administration admits a certain fiscal ability of an enterprise, it surely does not allow its excessive performance. An administration can accuse too much ingenuity righteously invoking abuse. Even if there are arguments, the prospect means one of the fiscal management limits which are not always blocked, separating permitted fiscal ability from the excessive, so prohibited one, being far from final acceptance.

Fiscal decisions must be organically included in an enterprise's decisions and show risk decrease in some uncertainty circumstances, too. Decision makers must take account of a risky, uncertain degree in their decisions.

Yet, these conditions and limits should not distract an enterprise's attention from the good management of fiscal parameters whose target are fiscal security and effectiveness. Enterprise managers are compelled to regard fiscality as a management constituent during all the stages of their enterprises' courses.

Solving these aspects which should not at all be neglected marks the transition from subjective to objective fiscality. Fiscality accepts and recognizes certain ability in relation with fiscal regulations which is called fiscal ability admitted by the excessive one. The ability imposes the assumption of a fiscal risk that may bring a company to the state of tax evasion. Thus, fiscal management marks the transition from excessive fiscal cost to optimized cost by including in a company's prospect decisions all risks, fiscal efficiency, optimization of all spending on taxes, fees, contributions and special funds. Fiscality uses the term of "management decision" which defines the set of variants chosen by an enterprise. Management decision is both assuming responsibilities and paying special attention to a company's business security. Enterprise fiscal management must be correct and choices must comply with fiscal law rules. Infringing those, leads to incorrect fiscal management or tax evasion.

Fiscal optimization methods and techniques are mostly found at the often fragile *boundary* between legal and illegal. The more efficient fiscal cost optimization, the closer to the legal limit it is.

The main risk of fiscal cost optimization is its prospective association with tax evasion. However, if the basic principle lying at the core of adequate fiscal optimization (transparency, correct transaction prices, fiscal legislation interpretation when issuing fiscal solutions in favour of lawmakers, lack of abuses while interpreting and applying fiscal optimization solutions) is observed, the risks to associate fiscal optimization with tax evasion are minimum.

Another risk is related to taxpayers' incomplete or imperfect application of the fiscal solution suggested by fiscal strategies, which can obviously lead to the lack in right results or even to the risk of associating the respective solution with tax evasion.

An enterprise must obey basic term rules imposed on it by fiscal law. Thus, it risks to be fiscally controlled which supposedly emphasizes all irregularities.

The financial consequences of a checking procedure can be extremely difficult to an enterprise as its negative image may occur or its financial balance may be compromised. Enterprises must set up fiscal strategies mainly oriented to the identification and especially prevention of fiscal risks.

Achieving important sometimes accidental operations imposed by development outside an enterprise's current performance – mergers, reinforcements, foreign relations require the implementation of the financial rules the enterprise has not practiced before. Such an approach of new fiscal rules necessarily involves a certain fiscal risk. For this reason, the enterprise should ensure internal supervision typical of fiscal rules. Even if an enterprise cannot remove fiscal risks, it can at least confine them. It has the ability to identify them during several stages of fiscal supervision and promote the efficient management of financial resources avoiding losses subsequent to penalties, sanctions etc.

Specialized literature attempts to find a definition able to comprise all the complexity of tax evasion phenomenon. A definition provided by Fiscal Law is good enough stating that tax evasion means evading taxable base from taxation. Such evasion from fulfilling budgetary duties can take place either by correctly applying fiscal laws in favour of taxpayers – when tax evasion is legal, or by willingly and consciously going beyond the law which means unauthorized tax evasion.

One of the most subtle issues related to tax evasion refers to the boundary between legal (licit) tax evasion and illegal (illicit) tax evasion. Thus, legal tax evasion should be the one which succeeds in (totally or partially) skipping the payment of budgetary duties exploiting certain loopholes of the law. Skipping the payment of budgetary duties by exploiting such loopholes leads to the reduction of state tax collection but it is also not an infringement of the law: it means tax evasion which has occurred not by breaking the law but following it. It seems that legal tax evasion (which therefore is not incriminated) is due to the conjunction between a competence (taxpayers' competence of choosing the most advantageous law solution) and an incompetence (lawmakers' incompetence because they have ignored the above-mentioned loopholes). The circumstance when it can be proven that lawmakers have inserted tax evasion loopholes in law documents under the pressure (lobby) of some economically concerned groups and in the detriment of the state does not automatically pass to the category of illegal tax evasion because taxpayers have followed legal documents which they have not infringed, but it may lead to other designations as is for instance an act of corruption.

Tax evasion under favour of the law allows evading a part of the taxable base without being a contravention or a crime. Legal tax evasion may be possible as the legislation in various world states allows the tax evasion of certain revenues, parts of revenues, fortune constituents, or certain deeds and actions which should not avoid taxation in the context of rigorous observance of the legislation in force and taxation principles.

The fundamental law of capitalist economy is "Profit Law", the law of profit maximization by all means which are not against the law or do not infringe the law. The fact that laws have certain flaws that businessmen use for their own good indicates an enterpriser's performance and wrong sometimes unauthorized governance in the context of legal provisions in this respect. Such a country, although having a high level of taxes by its legislation in force, becomes an undeclared but true "tax haven" to capable enterprisers around the world, a place where one can make significant profits without paying taxes.

An example of legal evasion allowing some of the revenue to get out of taxation are the fiscal facilities granted to economic agents in various economy branches when they start or during their activities such as the exemption of import or export value added tax or excise payment etc., or profit tax decrease.

Legal evasion is also represented by investing some of the achieved accounting profit in the manufacturing and/or acquisition of technological equipment, devices used to get taxable revenues, investment which the state grants tax exemption. Tax evasion under favour of the law can be avoided by adjusting, improving and enhancing the legislative framework.

The operationalization of licit fiscal evasion has led to the concept of creative accounting. Essentially, creative accounting signifies a set of accounting techniques or methods (for registration, synthesis, enhancement, and communication to stakeholders) which pursues the maximization of company outcomes from the perspective of the respective economic organization managers' targets. Consequently, creative accounting does nothing but exploit the inaccuracy, incompleteness or inconsistency in fiscality-related legislation so that to minimize the impact of fiscal collections upon an organization's final results. It is precisely the description of legal (licit) tax evasion.

The generator of creative accounting is the management contract: as long as an organization's managers must meet various managerial performance criteria, they can "create" their own accounting versions in order to reach or maximize the criteria which their personal careers and incomes depend on. Fraudulent tax evasion is more frequent than legal evasion and takes place by infringing legal provisions and relying on frauds and dishonesty.

International frauds in the field of value added tax, more precisely intra-community deliveries and acquisitions, have led to substantial revenue losses.

That is why coordinating the fight against frauds has been conceived as an integrating part of community fiscal policies. Therefore, several initiatives related to VAT and excises have been launched.

Even if there are many proceedings to make a fraudulent tax evasion, this can be classified in four categories: traditional fraud, juridical fraud, accounting fraud and fraud by evaluation.Traditional fraud consists in the non-drawing up of documents asked by legislation in force or their incorrect drawing up. *Examples*:

- drawing up of false fiscal statements, when there are deliberately mentioned only a part from the realized incomes;
- drawing up of false customs declarations at the goods' import;
- sales without invoice;
- registration of fictitious expenses;
- recompense of some activities in a secret manner (for example, illicit work).

Juridical fraud consists in hiding the nature of a contract or agency with the purpose of reducing tax liabilities. *Examples*:

- an economic activity can be deployed under the form of an association without lucrative purpose in order not to be liable to the profit tax which naturally has to be due if this is deployed in participation in a business of full member type.
- setting up of commercial firms „in chain" by the same employer or group of associates immediately after their society came out of the period of profit tax exemption from payment (in the period when new established companies benefited by this exemption).

Accounting fraud consists in false or inexact entries in the accounts which affect the balance sheet, having as a result a diminution of tax liabilities.*Examples*:

- entries with the purpose of reducing the results;
- setting up of passive accounts with fictitious nomenclatures;
- illegal liquidations and liquidations at overestimations;
- undisclosed reserves;
- wrongful entries with legal documents;

- entry of unreal figures in commercial ledgers;
- concealments of parts from profit by omission;
- booking of expenses and fictitious invoices etc.

Fraud by evaluation consists in the sub evaluation of the amount of taxable matter. *Examples*:

- diminution of stocks' value and overestimation of liquidations and provisions with the purpose of delaying the profit;
- in the case of authentication of buildings' alienation acts, the parties often understand each other that the sale price registered in the notarially certified act of sale be inferior to the one practiced in reality, in order that the stamp tax be calculated at a smaller price.

In conclusion, fiscal management consists in the administration of the company's fiscal side, so that be ensured the observance of regulations with fiscal character and be optimized the level of pressure of taxation on condition that the realized gain justifies the efforts made.

Taking into account the definition given to the fiscal management and the limits specified below, we can emphasize the following objectives of the fiscal management:

- diminution of pressure of taxation, as an absolute size and as share in the turnover;
- deferral in time of pressure of taxation;
- use of fiscal variable with the purpose of settlement in time of the level of the profit registered by the company;
- assurance of carrying out the company's tax liabilities with a very reduced cost and diminution of fiscal risk.

For the fulfilment of each objective, the company will adopt proper fiscal policies. The diminution of pressure of taxation supposes as a rule, the diminution of taxable profit, because the possibilities to influence other components of the pressure of taxation are rather limited.

The deferral in time of pressure of taxation is the objective which offers most of the possibilities of realization. In conditions of inflation, its importance increases due to the favourable influence it has upon the treasury situation.

The company's interest is not always satisfied through diminution or deferral in time of pressure of taxation. There are situations in which it is preferable to declare, in annual accounts, bigger profits than those actually realized in the fiscal period, either to ensure a relatively constant level of these profits from an year to another, or with the purpose of distribution of regular dividends, either to transfer them in more generous fiscal territories, or for reasons of image, financial or commercial nature.

4. Conclusion

Within the legal framework set up by public authority, any company aiming at tackling an issue has the chance of choosing from among several methods and techniques whose fiscal incidents are different. Fiscal management pursues the optimization of fiscal tasks within the wider framework of enterprise global management, too. However, fiscal options in a company have limits. Firstly, it is about juridical limits in order not to cause tax evasion. Companies assume "financial risks" and control bodies accept and recognize certain ability in connection with fiscal regulations. But when the administration identifies errors after the monitoring process, enterprises have to correct them or prove they have well interpreted legal norms. Accounting errors occur in the event of commission or imprecision (error by right) ensuing from well-intentioned taxpayers' objective assessment of facts. Unlike accounting errors, incorrect management decisions occur when taxpayers have to choose from among several possible solutions and they select one which is not in compliance with fiscal regulations. It is obvious that, when discovered, a wrong decision will generate coercion imposed by fiscal authorities or even enterprises themselves.

5. References

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