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The Specifics of Accounting in the Furniture Industry

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Abstract: My work will include elements of particularity in the financial accounting activity in the case of a business in the mobile industry. We will consider the complexity of the production activity, the relationship with third parties and the corresponding taxation elements.

Keywords: manufacturing; contracts; technology; management

SC MARCEL PROD S.R.L. was established on January 20, 1994, according to Law 31/16.11.1990 and has as main activity the production of furniture, code CAEN 3614 - "Production of other types of furniture"

The company began its activity in 1994, manufacturing various types of furniture, namely living rooms, bedrooms, kitchens, and having acquired over the years several complete lines for making as many furniture products and as diversified as possible. He also acquired technological lines for the production of medium and high-grade raw materials.

In 1994, after a tender, he won a space that he endowed with modern technology and currently operates.

Products marketed by S.C. MARCEL PROD S.R.L. Is addressed to both legal and physical persons. The company carries out its activity on the basis of a sales contract concluded with the beneficiary. The contracts stipulate firmly the assortments, quantities and quality of the products, the terms and modalities of delivery, the terms and modalities of payment. Depending on these elements, the purchase contracts with the producers are made, and where necessary with the suppliers of necessary services: transport, goods insurance.

The Company's Development Plan on the Domestic and Foreign Markets

The main strategic objectives of S.C. MARCEL PROD S.R.L. For the years to come, we are improving the competitive position of the company by launching our own MARCEL PROD brand and its promotion both on the domestic and the foreign market in the future, increasing the competitiveness of the products made to the technological and professional standards of the European Union, improving the labor productivity through continuous assimilation New manufacturing technologies,

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creating a global brand image. To achieve these goals, S.C. MARCEL PROD S.R.L. Is considering a large investment program that allows the production of furniture products at the highest quality level. The company will undertake in the next years a refurbishment of the factory by endowing with state-of-the-art high performance equipment so that it can successfully cope with the competition. For the development of the domestic market, the company is considering the establishment of a proprietary network of presentation and selling of its own products.

Management Plan of Future Activities

Top management S.C. MARCEL PROD S.R.L. Must focus on the strategic planning of future activities for MARCEL PROD's furniture products to be successful both on the national and international markets. The planning process must help the company solve problems such as manufacturing technologies and when they will need to be purchased to produce new types of furniture, where they are going to be produced, how the products will be distributed on Market, recruiting new staff, etc.

The planning process must give rise to a tactical plan for the production and marketing of new MARCEL PROD furniture. The elaboration of this plan should begin with the presentation of the organization's objectives regarding the successful launch of its own brand and ending with the top-management principles for translating the plan into action. For the proper implementation of the strategic planning process, top management must dedicate some of the organization's resources to planning future activities. The results of this process will be the launch projects for furniture and raw material insurance for the manufacture of these items. Strategic business planning needs to focus on the entire business, in particular to raise funds for new business and confront with established competitors to get the largest share of the private label furniture market.

From a technical point of view, the general manager of S.C. MARCEL PROD S.R.L. Is responsible for the overall planning of company development. Because this process takes a lot of time and the general manager has a lot of other responsibilities, he can appoint a business development manager - a "business developer" who has to be a well-trained employee in the business with the ability to react Quickly to the main trends that could influence the future of the company and be able to collaborate excellently with the other middle management department managers.

The main decisions regarding the development of MARCEL PROD and their mode of proof demonstrate the participatory management style adopted by the company, with the majority of decisions taking part in two or even three deciding factors, located on different management levels and which determine the use, at a higher level, Of the professional and managerial potential of the company's staff.

From the point of view of the management methods that will be used for the development of the company, management methods will be taken into account and implemented through objectives and product (brand).

SC Marcel Prod SRL, one of the largest furniture factories in the county, has more than 200 employees, according to the statements submitted to Finance. It is worth mentioning that, even in the toughest financial recession, the number of employees of the furniture factory has never dropped below one hundred. Most were in 2012, when 268 people were on the payroll. The fewer remained in 2010, when the company had 189 employees. It is important that SC Marcel Prod SRL lived on the market and seems to have inspired others to enter this niche and create jobs.

Problem Examples Encountered in the Company

1. For the depreciation of a category of machines, Subsidiary F uses the Depreciation Depreciation Method, while Group Policy is to depreciate these goods in a linear fashion. The subsidiary had purchased such machinery on 01.01.N at an acquisition cost of 200,000,000 u.m. Its management had estimated a residual value of zero and a useful life of 5 years (linear depreciation = 20%, degressive damping = 30%). We assume a tax rate of 25%. Prepare for reinforcement for N exercise.

Resolution:

In year N depreciation in the individual accounts of F is:

200.000.000 x 30% = 60.000.000 u.m.

According to the group's policy, equipment depreciation in the first year:

200,000,000 x 20% = 40,000,000 u.m.

- it will bring the depreciation to the required group level:

(60,000,000 - 40,000,000 = 20,000,000 u.m.)

Ammounts on = Chelt exploitation 20,000,000

Tangible assets related to depreciation

The previous registration generates a temporary tax difference and a deferred tax liability of:

20.00.0 25% = 5.000.000 u.m.

Deferred tax expense = Deferred tax liability 5,000,000

2. You have the following data: net profit before tax 1,350,000 lei; Expense with depreciation 270,000 lei, reduction of the customer claim 90,000 lei; Increase of the expense in advance 36,000 lei; Increase of debts to suppliers 120,000 lei; Pay tax on profit 540,000 lei; Pay for: acquisition of land 300,000 lei, acquisition of a 450,000 lei building, acquisition of machinery, equipment, installations 120,000 lei; Loans received from the issue of bonds 120,000 lei; Paid dividends related to financing activity 312,000 lei. Calculate net cash flows for operating, investing, financing.

Resolution:

Net profit before taxation of RON 1,350,000

- Expenses with amortization of 270,000 lei

- Diminating customer claim 90,000 lei

- prepayment of expenses in advance of 36,000 lei

- the increase of the debts to the suppliers 120,000 lei

- pay tax on profit 540,000 lei

= FNT from the expense activities of ROL 1,254,000

- pay for land acquisition 300,000 lei

- pay for the purchase of buildings 450,000 lei

- pay for car purchase 120,000 lei

= FNT from the investment activities -870,000 lei

- loans received through

Bond issue 120,000 lei

- related dividends

Financing activity of 312,000 lei

= FNT from financing activities -192,000 lei

Net cash flow =

1,254,000 - 192,000 - 870,000 192,000 lei

3. You have the following information about the enterprise: start-up costs 5.000; Licenses 10,000; buildings 50,000; Equipment 100,000; Stocks 200,000; Claims 300,000; Banks 10,000; Advance Income 80,000; Social Capital 125,000; Reserve 5,000; 250,000 suppliers; Bank loans 150,000 [out of which 75,000 in the long run]; Provisions for risks and expenses 65,000. Elaborate the balance sheet in its main cash, financial balance sheet and functional balance, and explain their role in the assessment diagnosis.

Resolution:

Balance sheet

A____________________________**Functional Balance**_______________________________P

1. ob. Setting up 5000 1. capital soc. 125000

2. licenses 10000 2. Reserves 5000

Val.nec. 15,000 Equity 130000

3. buildings 50000 3. suppliers 250000

4. equipment____100000 4. loans for the 75000

__imb.corp .______ 150000 5. impr.pe ter.lung 75000

5. stocks ________ 200000 6. income in av. 80000

6. debts ________300000 7. provis.pt.risc and dep. 65000

7. available ._______ 10000____

TA 675000 TP 675000

For the bil.functional drawing, the active and passive passive elements are eliminated by correcting the results account with their value.

Active fictive = ob. To set up. = 5000

licenses ______ = 10000

15,000 (Corrected to minus)

Fictive liabilities = revenue in av. = 80000 (corrected extra)

 account. Of results. = 0 - 15000 + 80000 = 65000 lei

Provisions have a reserve role of capital.

Bil.functional reflects the investment, operation, treasury and enterprise financing functions from its own sources or various loans.

The study of the functional balance determines the mass of capital used by the enterprise and its structure.

A	Functional Balance				P
f. de invest.	imob.corp.	150000	f.de finantare	own sources	125000
				f.rez.	70000
				profit	65000
				TOTAL	260000
f. de expl.	stocs			oblig.fin.impr.ban.	150000
	creante	250000			
	furnizori				
f. de trez.	Available.	10000			
TOTAL ACTIV = 410000			**TOTAL PASIV = 410000**		

The structure of the financial account is as follows:

A	Financial Bilance sheet			P
I. Imobiliz.	150000	IV. Capit.perm.	cs	125000
			rez.	70000
			profit	65000
			impr.	75000
				335000
II. Stocuri	200000	V. Oblig.nefin.		
Creante	300000		pe t.scurtfz.	250000
	500000			
III.Disponibil.	10000	VI.Oblig.fin.pe t.scurt		75000
TA	**660000**	**TP**		**660000**

The financial balance sheet is based on the determination of the following indicators:

- global net working capital (FRNG) = IV - I = 335000 - 150000 = 185000 lei;

- Necessary working capital (NFR) = II - V = 500000 - 250000 = 250000 lei;

- Treasury (T) = III - VI = 10000 - 75000 = - 65000 lei.

The financial equilibrium results from the following relationship:

FRNG – NFR = T adica 185000 – 250000 = - 65000

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