

CONCEPTUAL APPROACH OF STOCKS OF MATERIALS AND PRODUCTION

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Developing a company is closely linked with its economic development and growth of a company may not be possible without an **effective management of material resources**, financial and human resources available. Countries with highly developed economies are countries who can achieve a maximum positive effect from the use of their resources. In current conditions the economic environment marked by increasingly rapid change and complex, accurate and timely information related to the use of inventories is fundamental to making some important decisions. For these reasons interest tackled major theme.

Deepening bibliographic fund, knowledge and analysis of the relevant concepts in the field contribute to the formation and training of accounting specialists affirmation and economic analyst, compatible with the requirements of European standards. However, this report can help the training in the spirit of theoretical and practical research and interpretation of interdisciplinary knowledge, methods and procedures for accounting analysis, theory and practice to a higher level of experience and knowledge.

The fundamental objective of the work report is to develop a methodological tool for decisions to ensure scientific management of stock companies while contributing to ongoing efforts to improve accounting in Romania, and aligning it with international trends.

Derived objectives of the report follow:

- increasing the contribution of scientific approaches to knowledge and understanding of the process material supply resources, mechanisms and specific supply structures of economic activity;
- identifying and analyzing factors with the strongest influence on the running process and ensure supply of raw materials inventory and materials necessary for production activities;
- identification of specific processes in the supply current conditions and future trends impacting on economic activity;
- a proposal to adopt a set of methods and techniques using which give depth to the approach of economic decision-making processes;
- generating a full set of recommendations in principle designed to supply base strategy for different periods of time;
- creating opportunities for specialization at a high level of proficiency path-management responsibilities, market research, acquisition-supply competitive advantage - by introducing innovative solutions in the organizational structure of economic agents;

To achieve the objectives and structure consistent results in research findings made were designed a number of questions, thereby:

- How is defined **the structure of management system** in business inventories in the literature?
- How to streamline storage processes?
- What are **methods and techniques accounting** for stocks?
- What **types of inventory** management?
- What is the most effective method for sizing stock?

- What are the opportunities to deal with an efficient management of supply for the business? What is the role and importance of the supply on the activities of business?
- How is the diagnosis made for the supply of material resources work?
- What are the possibilities of improving the activity of supply material resources in the national economy and the current pre future trends?
- What are the most effective prevention methods and techniques of disruptions in the supply of stocks of materials?
- How is the work done on the stocks used book business?
- What decision-making methods and techniques that can be operationalized in the supply structure of the business?
- What are the most effective means of computing activity inventory management?

To achieve this Inspection Report was carried out research with a qualitative character, given several reasons. First, continuing efforts have been appreciated to revive stock management processes in Romania and align its development trends in European and international level. However, due to the complexity of the business of supply for the economic agents, we chose a scientific approach to substantiation and development decision-making process to ensure the material resources of economic, but also to identify a representative formula in this field.

1. Conceptual approach of stocks of materials and production

1.1. Stocks of material resources for production: definition, role, importance, functions

According Gastropub of the Romanian language, **the definition of stocks** is the amount of goods (raw materials, etc..) Existing at a given time, a reserve in store a shop, a business in a market to ensure continuity of production or disposal.

The literature presented a series of definitions related to the concept of stock, as follows:

- quantity of goods, expressed in natural standard, existing management at a time;⁸
- quantity of material in a company warehouse, a shop etc., For power production or disposal;⁸
- amount of goods manufacturer located in or under various trade links with the network to ensure the even and steady sales process.

Stocks represent goods and services produced during the current or a previous period which are preserved for sale or use in production or other destinations at a later date.

Accordingly to IAS 2 "Inventories"¹ and the Romanian accounting regulations² are active stocks:

- a) held for sale during the normal conduct of business;
- b) under production for a sale under the same conditions as above;
- c) as raw materials and other supplies to be used in production or services.

¹ Standardele Internationale de Raportare Financiară (IFRSs) incluzând Standardele Internaționale de Contabilitate (IASs) și interpretările lor la 1 ianuarie 2007, Editura CECCAR, 2007, pg. 870.

² Pct. 124 din Anexa la Ordinul ministrului finanțelor publice nr. 1752/2005 *pentru aprobarea reglementărilor contabile conforme cu directivele europene*, Monitorul Oficial al României nr. 1170 din 23.11.2005.

In economics, the concept of stock is **two-way interpretation**¹:

1. the general sense, the stock is the amount of material and financial assets existing at a given time within an undertaking;
2. the narrow, the stock is defined as a set of raw materials and materials intended for products intended for sale.

In **accounting** stocks are treated as components of the narrow current assets (current).

Stocks can be defined as all assets of the company held or to be sold in the state or as processed in the production process or to be consumed at their first use.

Current stock² is defined as a quantity of material necessary to ensure uninterrupted performance of the manufacturing process.

Safety stock is defined as the stock up over current in order to fuel production in the normal supply flow disturbance, reserve materials up to compensate for disruptions in bringing the materials, caused by the operation of vehicles unratified either breach the terms contractual delivery of materials by the supplier. Safety stock can be defined as a quantity of material accumulated in the store consumer consumption, designed to ensure continuity of the current stock was depleted and delay of reunification as a result of disruption in deliveries from suppliers, transport or consumption growth rate During the administration over the expected limits.

Stock or stock alert alarm is defined as the stock show around the current stock depletion and therefore need to draw up a new command. The size of this stock depends on the distance from the supplier is located to that business unit and the time required to honor the order.

Initial stock is defined as the stock of materials at the start of the period and reflected in the form of house commercial unit. He has to ensure the sale of goods within a specified time according to the plan drawn up.

Stocks end is defined as the existing stock of materials at the end which is initially available for the following period.

The stock is the stock of goods individually identifiable for each item or category of goods, both on entry to the heritage and the storage and removal from storage.

Stock interchangeable or fungible stock is stock of goods within each category are not identifiable unit, after their entry into the warehouse. Interchangeable goods are considered goods emergence same sort of good, purchased or produced data and prices (costs) different.

Stocks from the consumer is defined as current stock and safe deposit company existing consumer need to ensure continuity in production, the concrete conditions of regularity of the inputs of materials and their use.

Stock from the manufacturer is defined as the accumulated stock of finished goods warehouse of the manufacturer, the sales base or collector units. Stock from the manufacturer is the minimum needed to carry out continuous stock supplies due to the time necessary for the operations of sorting-packaging, shipping, etc. forms of preparation.

Stocks available to third parties can be defined as material values of nature in the process of purchasing stocks, sent for processing to third parties in custody or consignment to third parties. In fact they are stocks that are the patrimony of the enterprise, but physically, there are third parties or under supply. Another approach of stocks available

¹ Pop Atanasiu, *Contabilitatea financiară românească*, Editura Intelcredo, 2002, p. 373, ISBN: 973-8197-11-2.

² <http://www.contabilizat.ro>.

to third parties is that they are different goods Natural stocks owned enterprise, but physical custody is found, processing, consignment to others.

Stocks and production in progress are defined, in accounting terms, as all goods and services involved in the cycle of exploitation, or to be sold in the state or the end of the production process, or to be consumed with the first use.

Stocks in transportation or transit stock is the amount of material resources found in vehicles during their journey to the sources of supply of deposits to recipients.

Stock internal transport is defined as an amount of resource material that accumulates in deposits and consumer stores subunits (departments, workshops, manufacturing phase) to cover claims for consumption during the release and transport from the central warehouse (common) to intended use.

Stock preparation or conditioning is the amount that accumulates and is stationed for a period of time in specially designated areas, to bring these resources, the operations of conditioning, the physical and chemical parameters to allow their appropriate processing conditions imposed by rules technology.

Winter stock is the amount of material that accumulates in the landfill units to continue to use power interruption during operation and / or transport of resources due to natural and climatic conditions.

Strategic stock is stock purchased consist of large material resources when it is considered that the purchase price is most favorable, and in future will have an upward trend.

Stocks Short term (speculative) or stock up early is to avoid the scarcity of resources is provided for consumers during the cessation of delivery from the supplier, following the entry into upgrade, replace, etc.

For the public sector, the definition of stock¹ presented in the International Accounting Standards for Public Sector - IPSAS 12 the stock is as follows:

Inventories include goods purchased and held for resale, including, for example, goods purchased by an entity and held for resale, or land or other tangible assets held for sale. Inventories also include the production of finished goods or production in progress which is produced by the body. Stocks include also material and other materials that are currently waiting to be used in production processes and materials purchased or produced by an entity are stored for distribution to third parties without contra value required or a nominal price, e.g. education textbooks published by a health authority to be donated to schools. In many public sector entities inventories will be related to the provision of services rather than goods purchased and held for resale or to those manufactured for sale. If a service provider, inventories include service costs for the entity not yet recognized revenue related.

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¹ Standardele Internaționale de Contabilitate în Sectorul Bugetar, Editura CECCAR, 2005, pg. 280.

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