UDC 330

FINANCING COSTS ACCORDING TO NATURAL TYPES ON THE EXAMPLE OF A COMPANY

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Abstract. We talk about costs when we express in value the consumption of used or worn-out elements of the business process that is, working resources, objects of work, labor force and services. Costs and expenses are closely related, but we must be aware that these two items are not the same, as not all costs are always expenses and vice versa. It is also a fact that all expenses will eventually become expenses, perhaps just not in the same accounting period, and some expenses will never be expenses, such as fines paid.

Key words: financing, costs, material, margin, working resources, objects of work, labor force, services.

ЗАТРАТЫ НА ФИНАНСИРОВАНИЕ ПО НАТУРАЛЬНЫМ ВИДАМ НА ПРИМЕРЕ КОМПАНИИ

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Аннотация. Мы говорим о затратах, когда выражаем в стоимости потребление использованных или изношенных элементов бизнес-процесса, то есть рабочих ресурсов, объектов труда, рабочей силы и услуг. Затраты и расходные материалы тесно связаны, но мы должны отдавать себе отчет в том, что эти две статьи не являются одинаковыми, поскольку не все затраты всегда являются расходами и наоборот. Также фактом является то, что все расходы в конечном итоге станут расходами, возможно, просто не в одном и том же отчетном периоде, а некоторые расходы никогда не будут расходами, например, уплаченные штрафы.

Ключевые слова: финансирование, затраты, материал, маржа, оборотные ресурсы, объекты труда, рабочая сила, услуги.

Introduction

The basis for monitoring business costs in bookkeeping are natural types of costs and they are:
• Material costs (account class 40)
• Labor costs (account class 47)
• Depreciation expense (account class 43)
• Cost of services (account class 41)

All costs are monitored according to natural types on separate accounts, but in a single account class, namely in class 4. In addition to natural types of costs, we also know reservation costs, interest costs and other costs. In the fourth class of the account framework, there is also a cost transfer account, which allows us to transfer costs either to inventory or to expenses.

Research question and methods of work

We set the following research question: **What does the financing of the natural type of costs depend on?**

With the methods of description, compilation. deduction and calculation we will give the companies advice for financing the natural costs..

Material costs

Material costs are divided into purchased raw materials, material, semi-finished products and components, purchased energy and purchased small inventory, the useful life of which does not exceed one year. The initial value of the material is determined based on the purchase price of the material, which consists of the purchase price, import and other non-refundable purchase duties and direct purchase costs.

The purchase price of the material is determined by the suppliers, i.e. their selling price reduced by possible discounts, which may already be expressed on the invoice or approved later. The cost of the material arises when it is consumed in the production or business process and is measured in physical units that depend on the type of material.

The consumption of direct material in the company is determined by the product bill of material or by the recipe, while the consumption of indirect material is determined by the technological process. When the physical units are multiplied by the purchase price of the material, we get the cost of the material. Since in many cases we use several different suppliers of material for our company, as a rule the prices also differ, which in turn makes it difficult to reduce the stock.

There are several methods of material inventory reduction to solve these problems. Methods of reducing material stocks:

- First in first out method
- Last in first out method (this method is no longer allowed since 2006)
- Method of moving average prices
- Method of weighted average prices
- Constant price method Analyzing margin

Company X allowed us to see their purchase and sale prices of goods, which allowed me to analyze the margin of each item. We soon realized that they vary greatly, namely between 5% and 100%, with an average of around 30%. Since we couldn't explain these variations ourself, we contacted the company again and tried to find the reasons for such differences. The company informed us that the company operates in a very saturated market, so it has to adapt strongly to every change in the market and monitor every step of its competitors.

Thus, based on the competition, they set their selling prices. Once these are somehow established, the company can create approximate calculations for the purchase prices, i.e. for the selling prices of its potential suppliers. After an agreement has been reached with suppliers on the selling price of certain items and, of course, on possible rebates or quantity discounts, which are more than occasional in long-term cooperation, the company also has information on their purchase price.

Therefore, the company has two pieces of information, namely its purchase and sale price, which is currently available on the market for the same items. The company no longer has any influence on the purchase price, which already includes all possible discounts, but it can still influence the selling price. This must by no means be based on the highest possible margins, but must be acceptable in the eyes of customers and thus enable sales and potential revenues for the company.

When the company establishes its sales prices and, of course, makes sure that no sales price, despite the possible better price of competitors, will not be lower than the purchase price, but that a low margin will also be suitable, it can calculate the margin for an individual item.

Labor cost

The cost of labor is one of the basic operating costs and one of the main categories of the profit and loss account. The cost of labor represents the entire cost of an employee for the employer. The cost is obtained by adding mandatory duties to the gross payment, for which the employer is the obligee and the payer. Labor costs thus consist of gross wages of employees, wage compensation in accordance with legislation, benefits in kind, gifts, awards, severance pay and tax benefits, as well as contributions from all the aforementioned categories. Labor costs were analyzed on the basis of pay slips. For a given month, we found that the company had EUR 12,595.16 in gross costs including salaries. Of this, EUR 8,798.81 was transferred to the transaction accounts of the company's employees, while the remaining EUR 3,796.35 was transferred by the company to the state for contributions and taxes. In the company, in addition to the fixed part of the salary, the employees also have a variable part, which can reach up to EUR 500 per month, and a percentage of success for past work, which also varies and depends on the performance of the individual. The director and store manager do not have a variable part of the salary, only a certain percentage of success.

Depreciation costs

The cost of depreciation depends on quite a few factors, namely the method of depreciation, the useful life of the fixed asset and the depreciation basis. The useful life is defined as the lifetime of the fixed asset. This, in turn, depends on physical and technical use, on economic aging and on legal and other restrictions on use. The age can also change over time, for example, for the company to upgrade the machine with new parts and thereby extend its life. Depreciation base is the value from which depreciation is calculated. In most cases, this is the purchase value of the asset, which also includes all the necessary costs to put the machine into operation. We start calculating depreciation on the first day of the following month when the machine is available for use.

Depreciation rates are determined by the company itself, but must be in accordance with accounting standards and independent of the provisions of tax regulations. In Slovenia, the law on corporate income tax for the amortization method prescribes the straight-line amortization method and the maximum annual depreciation rate for certain assets (buildings 3%, equipment and vehicles 20%, research equipment 33.3%, computer equipment 50%...).
In company X, they use different depreciation rates for fixed assets. A 10% rate is used for a construction container. 20% rate for cutting machine, truck, mini excavator, drill, pump, sprayer, saw, mixer, hammer, car, ladder, telephone, office furniture, forklift, video surveillance system... 25% depreciation rate is charged by the company on the cutting machine, aggregate, sander, stand for construction, wheelbarrow, mason's pulley, demolition hammer, truck, concrete mixer, chainsaw, combined sign board, road barrier... Mouse, keyboard, monitor, laptop are depreciated at the highest rate of 50% , printer…

The total value of fixed assets in the company X amounts to EUR 141,262.04, and on 31.12.20XX, the current value of fixed assets amounted to EUR 18,980.22. In 20XX, some fixed assets were finally written off, and the total written-off value for 2014 was EUR 122,281.82.

Cost of services

These costs represent the costs of services that other companies provide for our company and that these costs do not have their own tangible form. For accounting, it is considered that the majority of services are consumed at the same time or in the same period as they were performed. Among the costs of services, we take into account all work that is performed through a contract, an author's contract or through student work. These three types of services differ significantly in terms of taxation, both for the employer and for the contractors.

Company X divides all services into construction and craft work.

Construction works include:
- Ground works
- Concrete works
- Masonry works
- Carpentry works
- Sewage works

Craftsmanship includes roofing, carpentry and carpentry. When preparing offers, the company also takes into account various unforeseen works (the possibility of additional collapse of larger parts of the building, windows, walls, etc., which was not foreseen in the contract). When determining the prices of services, the company pursues such a strategy as to cover in the price the cost of the machine, the cost of fuel, the cost of labor, the cost of depreciation for all earthworks. For all other works or services, the price of the service must cover the cost of the material, the cost of labor, the cost of transportation, the cost of material disposal. When the costs listed above are covered in the price, the company also sets a margin for the service, which in the final stage represents the company's profit on the provision of services.

The amount of the total price of services is affected by various factors, which at the same time affect the higher costs of materials, labor, fuel, etc.

These factors are:

• Quantity discount for a larger square footage of the space, for a larger number of services in the offer... E.g.: if the company performs services on 100m2, this immediately represents a 5% discount, than if it performed services on 10m2.

• The distance of the construction site from material dumps, from material suppliers... The greater the distance of the construction site from the supply points, the higher the transport costs and thus the higher the price of the service.

• Access to the construction site Is it possible to drive to the construction site with a heavier or lighter truck. • Bearing capacity of the road surface Certain roadways have legal restrictions on driving depending on the massiveness of the vehicle and load, if the regulations do not allow the driving of a heavier vehicle, this significantly increases the cost of transport, as the lighter vehicle has to access the construction site several times, which in turn increases the final price of the service.

• Land category for earthworks such as excavations, the company follows the official classification for the soil category. There are 5 officially classified categories, the 1st category means that the soil is soft, loose, the 5th category is described as "living rock".

• Occupancy of the company's capacities Given that it is a smaller company, it sometimes happens that the demand is greater than the offer that the company can provide. At that time, the director sets higher service prices, because if the customer chooses him, he has to slow down or schedule work so that they carry out work on all construction sites. This brings additional costs, which it covers with higher service prices and at the same time operates with a profit.

The calculation of sales price

Example 1: Allocation of costs and calculation of the sales price for earthworks

The cost tof machine	0,5 €
The cos tof fuel	2,9 €
Labour cost	2,2 €
Cost of depreciation	0,3 €
Total cost	5,9 €
Fixed cost coverage amount	0,5 €
Sales price	6,4 €

The final sales price of earthworks is 6,4 EUR.

Conclusion

In this article, we tried to get as clear a picture as possible of how the financing of costs in the company is carried out. In addition to the costs, we also presented the determination of the sales price and the resulting margin with which the costs are financed by natural types. The answer to the research question is, that the financing of the natural type of costs depends not only on calculations. When determining selling prices, it is also important to study the competition, it is necessary to make long-term agreements with our suppliers, on the basis of which we can expect higher discounts and consequently increase our margin, since we have a lower purchase price with an unchanged selling price.

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