

PERFECTING MANAGEMENT ACCOUNTING IN THE FURNITURE INDUSTRY THROUGH THE ABC METHOD

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Abstract:

Management accounting is a very good tool for the managers of the entities concerning management and cost control within an entity. A good cost management may certainly be considered an increasing element in the performance of an economic entity. In the previous researches on per order method we have shown that this method is useful and applicable in furniture industry, but we have withheld the technical limits specific to a classic cost calculation method. The main objective of this paper is to observe the applicability of Activity Based Costing (ABC) method of cost managing in an entity in the furniture industry. Also, we want to emphasize its advantages in cost management compared to the order method. The case study presented in this article proves that the ABC method represents a true improvement method for the management accounting, offering powerful tools in the process of cost distribution. The research features a detailed cost calculation through the order method and the ABC method for the particularities of furniture industry in Romania.

Keywords: *ABC costing method, the order method, furniture industry, cost accounting, accounting, case study*

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