

Key Aspects of Accounting for a HoReCa Furniture and Advertising Decor Manufacturer

Conf. Univ. Dr. CALOTĂ Traian-Ovidiu¹, STROESCU Denisa Cristina¹

¹Titu Maiorescu University, The Faculty of Economic Sciences,
Calea Văcărești no.189, Bucharest, Romania,
email address: traian.calota@prof.utm.ro, stroescudenisacristina@gmail.com

Abstract

This paper explores the specific features of accounting applied within a Romanian microenterprise – Kaustik Producție S.R.L., specialized in the manufacturing of customized HoReCa furniture and advertising decor. According to Ristea et al. (2010), accounting is “a system for collecting, processing, and interpreting information regarding the economic and financial situation of entities,” with the essential role of supporting management decisions. The study highlights how accounting becomes a strategic tool in managing a made-to-order production company, where each project involves specific technical and financial solutions.

The first part of the case study analyzes the accounting treatments related to unique orders, illustrated through a detailed case study covering all stages – from procurement to recording revenues and expenses. It also presents the main economic flows, accounting monograph, cost indicators, and operational performance evaluation.

The next part conducts an economic and financial analysis of the company for 2022 and 2023, examining key indicators such as profitability, liquidity, solvency, and asset turnover. The results reflect a balanced financial structure, good cost control, and sustainable self-financing capacity.

The paper is aimed both at accounting professionals and entrepreneurs who wish to understand the role of accounting information in supporting managerial decisions and optimizing economic performance in a niche production company.

Key words: management accounting, HoReCa furniture, advertising display, accounting treatments, financial and economic analysis, microenterprise, direct costs

1. Introduction

In a world where business development and management are crucial, and the competitive environment is constantly evolving, financial and accounting management must be rigorous [2]. According to [4], accounting “represents the universal language of business, the means by which an entity's economic activity is expressed in monetary terms.” It provides an accurate picture of a company's performance, resources, and financial position. This paper aims to highlight the specific accounting treatments of a manufacturing company, namely Kaustik Producție S.R.L., which operates in the field of custom HoReCa furniture production and personalized advertising decor.

The furniture manufacturing industry faces various challenges that require adaptation and strategic responses. Sustainability-related challenges affect every stage of research,

development, production, and supply chain processes. Companies must pay close attention to their corporate social responsibility activities. Consumer preferences are shifting towards eco-friendly products. Additionally, the anthropometric characteristics of users are evolving, necessitating new furniture design strategies, fostering product innovation, and promoting inclusive design [12].

For example, studies have shown that interior design directly impacts profitability and success in the hospitality sector. Therefore, maintaining a high standard of interior design is considered essential to create a unique experience that meets guests' needs, provides quality services, and ensures economic efficiency for owners [9]. Furthermore, the unique characteristics of advertising in the hospitality sector have been categorized into various forms, leading to the conclusion that successful advertising requires careful consideration of the sector's particularities, integrating multiple elements into a cohesive strategy [8].

Kaustik Producție S.R.L. represents an excellent example of a Romanian microenterprise that combines creative design with manufacturing, providing inventive solutions for large events and commercial spaces. Given that products are custom-made, offering a high level of quality and a complex manufacturing process, accounting must be organized in a system highly adapted to the specific order [11]. Therefore, economic-financial and accounting analyses are essential for evaluating the company's profitability, sustainability, and efficiency [10].

This paper is structured into two main chapters addressing the specific accounting aspects within Kaustik Producție S.R.L., including case studies, accounting monograph, and an analysis of direct costs for a received order. The second chapter presents the company's economic-financial analysis for 2022 and 2023, helping to observe performance evolution. The study targets both individuals interested in the precise application of accounting principles in this technical and creative field and those seeking to understand financial analysis that underpins sustainable business decisions.

2. Methodology

The methodology of this study is based on the analysis of actual accounting documents and the application of accounting treatments according to national regulations (OMFP 1802/2014; Law 82/1991). According to [7], "accounting methodology refers to the set of procedures and methods used to collect and process economic and financial information."

A case study of a custom furniture order by Kaustik Producție S.R.L. was conducted, including a complete accounting monograph. Additionally, a two-year (2022–2023) economic-financial

analysis of the company was performed using key liquidity, profitability, and efficiency indicators. Thus, the paper combines theoretical elements with practical aspects to highlight the applicability of accounting information in managerial decision-making.

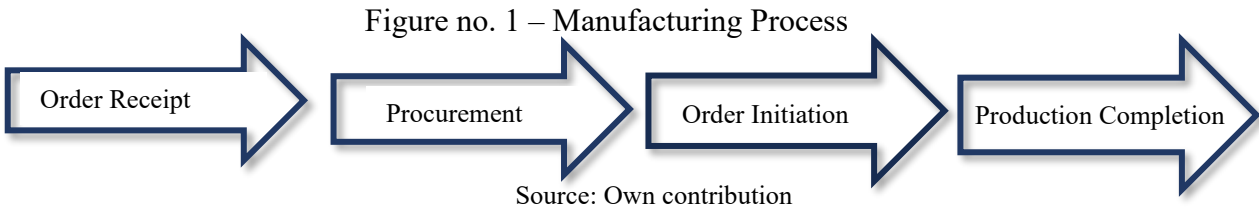
3. Specific Accounting Treatments for Kaustik Producție S.R.L.

This research provides a detailed view of the accounting treatments applied in the Romanian microenterprise Kaustik Producție S.R.L., active in custom furniture production for the HoReCa sector and advertising decor. The company combines creative design with production rigor and requires an accounting system adapted to individual orders.

The study begins with a general presentation of the company, including identification data, business history, and associated CAEN codes. It emphasizes that the company’s activity, based on unique and customized orders, necessitates strict accounting control adapted to each project. The organizational structure is functional, divided into specialized departments: design, printing, electrical, wrapping, CNC, carpentry, and welding.

A significant part of this study is dedicated to the manufacturing process, which is described in clear stages: from order receipt, design, procurement, and production, to the delivery of the finished product. Each involved department has clearly defined responsibilities, and the process is accompanied by supporting documents such as contracts, invoices, consumption slips, and receipt notes.

According to [10], “the production process is a fundamental component of an industrial enterprise’s activity, and controlling production costs ensures the basis for effective managerial decision-making.”



Next, the main financial indicators of the company are analyzed, such as the evolution of domestic and external purchases, net profit, and the structure of turnover. It is observed that revenues decreased in 2023; however, expenses also decreased, resulting in maintaining a positive profit. Purchases are predominantly made domestically, and finished products represent nearly the entire company turnover.

Table 1 – Distribution of Purchases

No.	Indicators	2022	2023
1	Domestic Purchases	1.984.962 lei	2.422.952 lei
2	Foreign Purchases	5.000 lei	3.000 lei
3	TOTAL	1.989.962 lei	2.425.952 lei

Source: Own contribution

Own Source Based on Supporting Documentation

The practical component of this chapter is represented by a case study concerning the order for the production of an oak bar received from French Revolution S.R.L. The entire accounting flow is tracked: from issuing the estimate and contract, to purchasing materials, recording expenses, consumption of raw materials, repairs, energy, salaries, and invoicing. A complete accounting record is also presented, including the accounts used, journal entries, and calculations of VAT and corporate tax.

According to [5], the analysis of direct costs represents “a method of recording resources consumed to obtain products, aimed at evaluating the efficiency and profitability of the production process.”

Table 2 – Expenses Related to the Production of the Oak Bar

Production-Related Expenses	Account Code	Amount	Share
Raw Material Expenses	601	14.545 lei	21,14%
Consumable Material Expenses	602	250 lei	0,36%
Salaries Expenses	641	45.500 lei	66,14%
Energy Expenses	605	8.500 lei	12,36%
Total		68.795 lei	100%

Source: Own contribution

Indicators such as gross margin, profit rate, the share of direct costs, and direct labor productivity are calculated. The results reflect a high efficiency of the cost structure and a strong utilization of resources. Direct salaries represent the largest share of production costs, indicating a strong focus on high-quality manual labor.

Case Study: HoReCa Furniture Production

At the beginning of March 2024, the company presents a balance sheet (Appendix 1).

On March 4, Kaustik Producție S.R.L. received an order for an oak bar. On the same date, the company sends a quote to the client, including estimated costs of 120,000 RON + 19% VAT. The client accepts the amount and provides the initial files required for production.

On March 5, the contract and annex with the client French Revolution S.R.L. are signed. The delivery term is 30 days from the payment of the advance by the client. On the same day, the advance invoice is issued for 60% + 19% VAT, and the company receives the payment.

On March 6, suppliers are contacted to order 20 sheets of oak wood. The price per sheet is 350 RON + 19% VAT. Since the company is a regular client of “Holver S.R.L.”, delivery occurs on the same day. The company also contacts the supplier for screws from “SEA România S.R.L.”. The price per box of screws is 45 RON, and 10 boxes are ordered. An employee will pick up these materials. On the same day, another employee goes to “MamBricolaj S.A.” to purchase consumable materials, valued at 250 RON + 19% VAT, paid in cash.

On March 7, production of the bar begins. The raw materials and consumables purchased on March 6 are issued for consumption.

On March 12, the company receives the invoice for the office rent from “Grant Rent Imob S.R.L.”, amounting to 35,000 RON + 19% VAT.

On March 22, production is completed earlier than planned. The company contacts the client French Revolution S.R.L. to announce the completion of the bar. Due to the high volume of work, a new quote for additional costs is issued. The client accepts the new quote, amounting to 150,000 RON (excluding VAT), and the company issues the corresponding invoice. On the same day, the finished product is delivered at production cost, and the invoice is paid via bank transfer.

Issue Advance Invoice

4111	=	%	85.680 lei
Customers/French Revolution S.R.L.			
		419	72.000 lei
		Advance payments from customers / French Revolution S.R.L.	
		4427	13.680 lei
		Output VAT	

Receipt of Advance Invoice, according to bank statement

5121	=	4111	85.680 lei
Cash at bank in lei		Customers	

Table 4. Placing the order for raw materials Oak wood 650 lei × 20 sheets = 13,000 lei, VAT 19%

%	=	401	15.470 lei
		Suppliers / Holver S.R.L.	
301			13.000 lei
Raw materials / oak			
4426			2.470 lei
Input VAT			

Screws 45 lei × 10 boxes = 450 lei, VAT 19%

%	=	401	535,5 lei
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		Suppliers / SEA România S.R.L.	
301			450 lei
Raw materials / screws			
4426			85,5 lei
Input VAT			

Acquisition of consumable materials

%	=	401	297,5 lei
		Suppliers / MamBricolaj	
302			250 lei
Consumable materials			
4426			47,5 lei
Input VAT			

Consumption of oak sheets

601	=	301	13.000 lei
Expenses for raw materials		Raw materials/oak	

Raw materials/screws

601	=	301	450 lei
Expenses for raw materials		Raw materials/oak	

Consumables materials

602	=	302	250 i
Expenses for raw materials		Consumables materials	

Table 6. Receipt of the invoice related to rent

%	=	401	41.652 lei
		"Suppliers/Grant Rent Imob"	
612			35.000 lei
Rent expenses			
4426			6.650 lei
Input VAT			

Issuing a new payment estimate and the sales invoice, delivering goods, and collecting the receivable

345	=	711	62.795 lei
Finished goods		Revenues associated with the costs of the completed production	

Issuing invoice for delivered goods

4111	=	%	178.500 lei
Clients/French Revolution			
		7015	150.000 lei
		Revenue from the sale of finished goods	
		4427	28.500 lei
		Output VAT	

Reversal of advance invoice

4111	=	%	-85.860 lei
Customers/French Revolution			
		419	-72.000 lei
		Advance payments from customers/French Revolution	
		4427	-13.680 lei
		Output VAT	

Delivery of goods

711	=	345	62.795 lei
Revenues associated with the costs of the completed production		Finished goods	

Collection of receivable

5121	=	4111	92.640 lei
Cash at bank in lei		Customers/French Revolution	

4. Economic-Financial Analysis

According to Petcu et al. (2023), economic-financial analysis “aims to measure the performance and financial balance of an entity through indicators of liquidity, solvency, profitability, and asset turnover.”

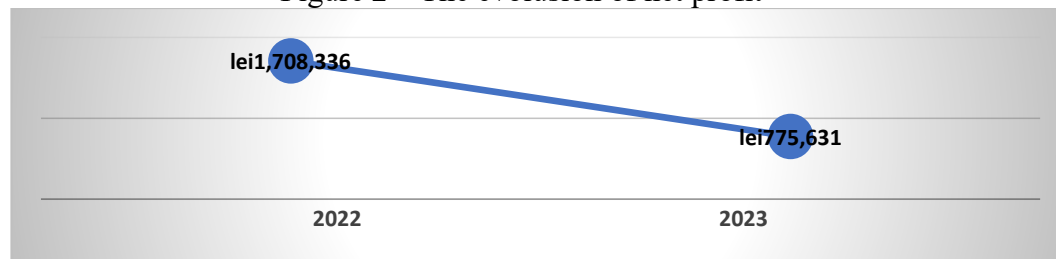
Table 3. Performance and financial balance

No.	Indicators	2022	2023
1	Total Income	4.958.395 lei	3.967.421 lei
2	Total Expenses	3.250.059 lei	3.191.790 lei
3	Net Profit (1-2)	1.708.336 lei	775.631 lei

Source: Own contribution

There is a noticeable decrease in profit as a result of a much sharper decline in revenues during the analyzed period.

Figure 2 – The evolution of net profit



Source: Company data processing

Table 4. Goods

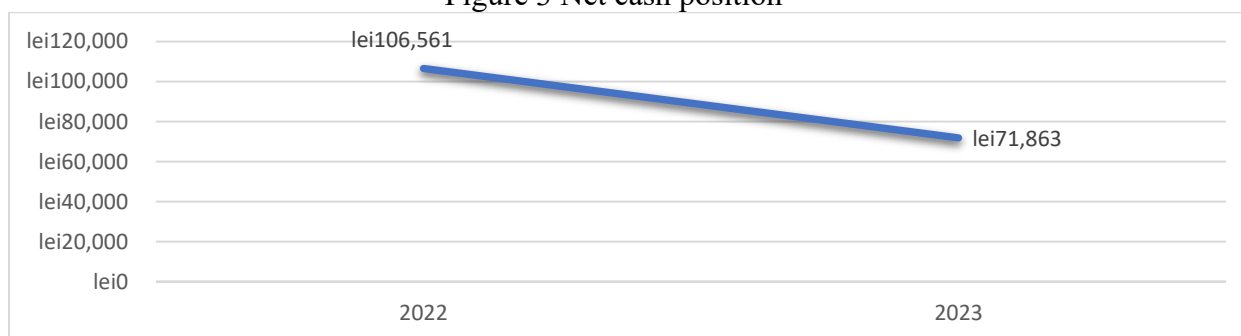
No.	Indicators	2022	2023
1	Sale of finished goods	4.948.133 lei	3.969.868 lei
2	Sale of goods	9.084 lei	2.025 lei
3	Discounts granted to customers	5.671 lei	5.425 lei
4	Revenue (1+2-3)	4.951.546 lei	3.966.468 lei

Source: Own contribution

Continuing the study, we will focus on evaluating the financial situation of Kaustik Producție S.R.L. by analyzing the economic indicators for the years 2022 and 2023. The main components of the financial structure are examined: assets, liabilities, equity, liquidity, and solvency. A decrease in total assets and turnover is observed in 2023; however, the company manages to maintain a stable financial balance, with positive working capital and a net cash position indicating sufficient funds to carry out current operations.

Gherghina (2022) emphasizes that maintaining a balance between permanent and temporary resources ensures the financial stability of an entity, contributing to the continuity of its operations.

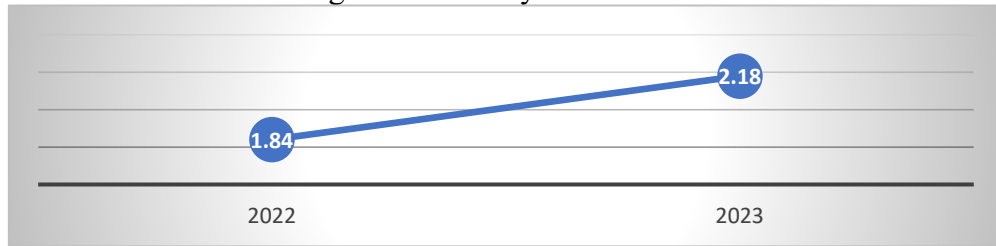
Figure 3 Net cash position



Source: Own contribution

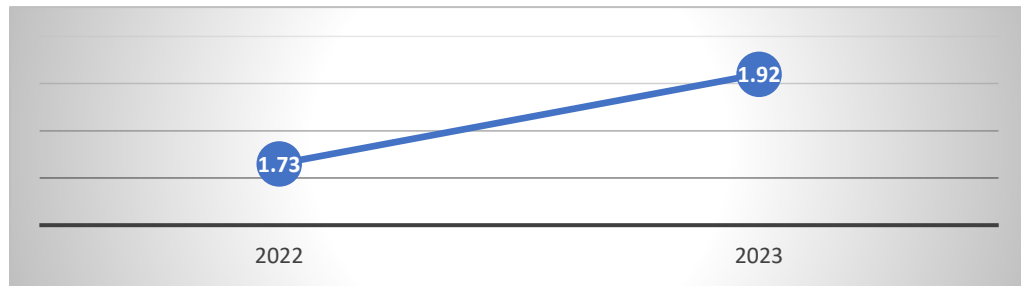
Both overall solvency and liquidity are above the critical threshold, indicating that the company has sufficient resources to meet its short- and long-term obligations. Additionally, there is an improvement in the efficiency of total asset utilization; however, a slowdown in the turnover of current assets signals a potential temporary bottleneck in converting inventories and receivables into revenue.

Figure 4 Solvency ratio



Source: Own contribution

Figure 5 General liquidity



Source: Own contribution

The analysis of operational activity shows a concerning increase in the collection period for receivables, which could negatively affect liquidity. However, this is partially offset by extended payment terms to suppliers, which helps maintain a positive cash flow.

In conclusion, Kaustik Producție S.R.L. is in a sustainable financial position, prudently managing available resources and maintaining a good degree of autonomy. The analysis demonstrates that, despite declines in certain indicators, the company’s financial strategy allows adaptation to risks and continuity of operations.

The SWOT analysis conducted for Kaustik Producție highlights strengths (flexibility, quality, own team), as well as weaknesses such as dependence on one-off orders and limited production capacity [6]. Opportunities are identified, including partnerships with architects, while external threats include economic instability and rising raw material prices.

Table 5. SWOT analysis

<p>Strengths</p> <p>Flexibility in production</p> <p>Experience in different fields (advertising design and HoReCa furniture)</p> <p>Own qualified and responsible team</p> <p>Use of high-quality materials</p> <p>Stable relationships with domestic and international suppliers</p>	<p>Weaknesses</p> <p>High costs due to customization</p> <p>Limited production capacity</p> <p>Lack of a visible network in regional areas</p> <p>Dependence on orders for HoReCa furniture</p>
<p>Opportunities</p>	<p>Threats</p>

Partnerships with interior design firms and architects	Increase in raw material prices
Accessing non-reimbursable European funds for modernization	Economic instability
Growth of the HoReCa market in our country as well as in Europe	Strong competition
Development of digital marketing/promotional strategies	Changes in legal regulations regarding product safety
	Reduction of production budgets due to periods of crisis

Source: Own contribution

4. Conclusions

The present study aimed to analyze the accounting treatments and the economic-financial performance of a Romanian company engaged in customized production – Kaustik Producție S.R.L. By integrating theoretical aspects with a practical case study, it demonstrated how accounting accurately reflects economic reality and supports management decisions.

The accounting treatments applied to one-off orders involve increased complexity, making accounting an essential tool for cost control, pricing, and profitability evaluation. The detailed accounting monograph highlighted the correct application of legal regulations and the rigorous organization of economic flows.

The economic-financial analysis showed that, despite some revenue declines, the company maintains financial balance, has a good self-financing capacity, and exercises effective control over its resources. Indicators such as solvency, liquidity, and working capital confirm the stability and sustainability of its operations.

In conclusion, the study emphasizes the role of accounting not only as a legal obligation but also as a strategic tool for analysis and decision-making within a competitive economic environment.

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Web Resources

<https://kaustik.ro/>

https://ceccar.ro/ro/?page_id=39

<https://www.ceccarbusinessmagazine.ro/>

<https://www.risco.ro/>

Legislation

*** Law no. 31/1990 on commercial companies, with subsequent additions and republishings

*** Law no. 82/1991 on accounting, with subsequent additions and republishings

*** OMFP no. 1802/2014 for the approval of accounting regulations regarding individual annual financial statements and consolidated annual financial statements

*** Order no. 2634 of November 5, 2015 regarding financial-accounting documents (valid from 01.01.2016); individual and consolidated annual financial statements (valid from 01.01.2015)

*** Order no. 227/2015 regarding the Fiscal Code, with subsequent amendments and additions

*** Government Decision no. 1 of January 6, 2016 for the approval of the Methodological Norms for the application of Law no. 227/2015 regarding the Fiscal Code, with subsequent amendments and additions