THE BUDGETING OF THE PUBLIC SERVICES AT THE REGIONAL LEVEL OF THE POSTAL NETWORK

SERVICIILE PUBLICE ŞI BUGETAREA LOR LA NIVEL DE CENTRU REGIONAL REȚEA POŞTALĂ

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Abstract: *Approaching the matter of budgeting of the public services through postal services, in the current economic context, we tried to capture the key aspects of this vast subject, but of real importance.*
In the market economy, postal services creates its own environment, which is under a constant threat to competitors. It has operated as a financial autonomous public service, only in the context of a monopolistic economy.
*The topics covered in this article refer to the universality of postal services, the economic importance of postal services, the types of the used budgets and their drawing up, the cost calculation method used, we have analysed cost - volume - profit on the work Regional shopping Centre Postal Network X. We took into account the calculation of the indicators, information provided by the projec*ted revenue and expenditure budgets, marking the fixed to variable costs, not taking into account the distribution.

Keywords: *service, public, postal, universality, economics, budgets, methods, cost, volume, profit.*

Currently the economies of many countries are built around service activities, each state developing their own tertiary capacities. Being considered engines of development, services play an important role in the strategies of the direction of future approaches. This emphasis on services can be explained by a multitude of issues, their development have both a purely economic justification (reflected in the stimulus of growth) and

social, cultural, natural (by activities in all their forms, geared to the public, nature protection and the quality of life).

Worldwide service economies are already a present reality, the tertiary sector holding, on average, over half of employment and gross domestic product globally. Within the EU, there is a significant number of population employed in services and the tertiary sector contribution to gross domestic product community. It is therefore obvious, the changes of the structure of economies based on the predominance of service activities and in obtaining work in using aggregate results.

In our country the development of the services gets the valences of an economic growth, it can be considered "the engine" of it. The emphasis on economic development seems natural and necessary, but essential in this direction is to identify different and useful developmental pathways. The development of the services as a viable solution for the upward evolution of the economy is a real basic strategic orientation. Preparing for the strategic direction requires proper assimilation of the concepts, content and service implications.

Human needs are varied and numerous and they are amplified to the level of the development of a society and culture of each grade. Therefore, the development and diversification have been favored by the general progress of society which determined new necessities for the population, needs that public power was tempted to satisfy the general interest. State intervenes on behalf of the public interest to ensure the satisfaction of needs through direct provision of important or very poor public services, or act to stimulate and sustain private sector. For these reasons, the general public interest can be understood differently from one state to another or even within the same state from one stage to another. It is considered that the number of public services is in direct proportion to the degree of civilization and in an inverse proportion to private initiative. Public services have diversified and expanded in all spheres of social life, although they were subject to major constraints, particularly by applying the principle of freedom of trade and industry.

The extension of public services was required by the failure of the economic and social control mechanisms. This has led to calls for increased interventionism and the creation of new public services. In that context, there is only one arbitrator, but a manager of certain social activities. The development of standards is complemented by the most diverse benefits

designed to meet certain needs of society, political power needs which are considered of general interest.

The idea of public service that meet certain social activities must depend on the nature of the pursued objectives and interests, get out of the search market and profit rules to be managed by specific criteria. Thus, it is facilitated the access for all to certain goods and services and this makes an important contribution to balancing the economic, social and cultural society.

The public service, the modern sense, emerged in the early twentieth century, under the influence of lawyers as, the basic foundation of the public law and includes three specific elements: satisfying needs of public character, a specific activity which is subject to a legal regime derogating from common law (public regime inspired by continuity, equality and mutability, the work often protected monopoly), there is a body that implements it. Gradually, the concept has been extended to other meanings, falls under the analysis of economists, sociologists, environmentalists, etc.

Outlining the concept of public service had the following consequences: a marked distinction between the public and the private service and the transformation of the image of the state which particular legitimizes itself the benefits it provides.

In the last thirty years of public service the reform was a major concern for governments, social partners and international bodies. This reform is related to redefining the state role in the context of globalization and liberalization and responds to criticisms of the effectiveness and efficiency of public services. In all processes of reforming the public services can be found in one form or another decentralization and privatization. Thus, to determine the administration to be more oriented towards the citizen has become a central aspect of product change and the path followed must be strongly oriented towards performance. Such guidance is also focused on an increased responsiveness in the public sector and establishes standards of public services in order to transform the services from "recommended goods" into "experienced goods" and then into "searched goods".

The classification of the activity of national economy includes the activities of services, social services (along with services for health, education and religious services), postal services and telecommunications. They are also included in the group of intermediary services. So, the postal services are public services of general interest that arose from the need for

communication of personal or official needs, not economic need. The need for remote communication has existed for many centuries, and the ways of communication have depended on many factors, including imagination and technical means disposed by man. As much as we look through history, it's hard to find a way to communicate more widespread than the use of postal services. In Romania the development of the postal services followed the historical and economic evolution closely. Thus, at the end of the first decade of the new millennium, postal operators face stiff competition from electronic media sector. It forces them to adapt their businesses to better, to meet users' needs and to increase efficiency. With the ongoing process of market opening in postal services, traditional postal operators face growing competition from new entrants. In response to these developments, postal operators have improved efficiency by restructuring operations, which led to control costs and better service quality. Community framework for EU postal services is set by the Directive 97/67/EC, as amended by Directive 2002/39/EC (the "Postal Directive"). In February 2008 the Council adopted Directive 2008/6/EC of the European Parliament to modify the Postal Directive (which is called the third postal directive). It establishes a deadline for full market opening until 31 December 2010 for most Member States (it is in volume, 95% of EU postal markets) and 31 December 2012 for other Member States. The Third Postal Directive establishes the legal basis for such internal market for postal services.

Globally, postal services are organized by the Universal Postal Union. It was founded on 09.10.1874, and Romania is a founding member. UPU is a forum for cooperation, its role is to coordinate postal services around the globe, providing a connection between all mail and shall be responsible for ensuring the continuity of postal traffic. One of the UPU's current concerns is the implementation and development of universal service in postal services by establishing common standards of quality, efficiency and accessibility. In this respect, it provides: reshaping the opportunities offered by new technologies, new user requirements and new institutional and administrative options, ensuring universal service by providing services that allow users to send and receive messages and goods to and from any point of the world; improving the quality of international postal network by providing safe, and postal services of high quality, increasing efficiency and providing affordable network users by improving market knowledge and optimal development of products, obtain the maximum benefit from

technological change, economic and regulators in the sector, supporting and improving cooperation between providers.

The Romanian Post is the entity responsible for fulfilling the obligations resulting from Romania's accession to the Universal Postal Union, and so it must ensure the necessary conditions for the integration of national postal services of the international system, in line with the latest technology in the field.

The comprehensive general reform process carried out during the transition from centralized economy to the market economy places the company in a new complex situation which has to be dealt with permanently, a company in the new environment of complex issues that need to address at all times. Economy firms services include analysis of any organizations that produce goods and services, viewed through the prism of the goals which they set and the means it uses to achieve them. The company must operate effectively in an uncertain environment, sometimes at random, actions and attitudes that would ensure that self-regulation based on the existing risk mitigation services in every market.

Expression of the necessity to meet social needs, along with traditional branches of economy, service sector puts its stamp on other departments, on how to exploit human resources and natural materials with a contribution to the economic and social progress. Services are activities that meet specific individual or social needs without result in products of its own.

The growth trend in the role of services in socio-economic life of developed countries is demonstrated by contemporary realities. The evolution was characterized by an increased supply of services corresponding to a similar evolution of need for services.

Increased demand for services is due to: better financial situation throughout the population, increased demand for services, leisure and sports activities, due to increased income and leisure time, development of sophisticated technologies (PCs, multimedia, entertainment systems, security systems).

In general, it is considered that as a country comprising a large part of the population as employed in services, the development has a higher level. As the effectiveness of values (intangible) of the goods or labor, social services meet specific individual needs, the largest share of production in social spending those having a work life in general.

The value of services is made only in exchange for sale - purchase, thus indicating that of the exchange value. Production and exchange overlap in services that may be material (exchangeable) and intangible (when it is not in the scope of work and is only use-value). Experts on services as a utility buys or uses the beneficiary, not a product, but a certain utility, which provides certain advantages (not materialized, in most cases, a good material) designed to meet individual needs or social .

The importance of postal services in the economy

Situated at the confluence of communications, advertising and transport, postal services is, together with the other transport services, logistics and communications, a key sector of the EU economy. Postal services provide social benefits that cannot be quantified economically. They are an important means trough which individuals can communicate with each other and receive information, and it is considered a service of general economic interest. Postal sector is evolving significantly, and at the end of the first decade of the new millennium, postal operators face stiff competition from electronic media sector. This forces them to adapt their businesses to better meet consumer needs and increase efficiency. With the ongoing process of market opening in postal services, traditional postal operators face growing competition from new entrants. In response to these developments, postal operators have improved efficiently by restructuring operations, which led to control costs and better service quality. Restructuring mail management processes led to the development of new products and concepts, or resulted from it.

Hard correspondence is accompanied increasingly more multi-channel distribution facilities and customer tailored solutions. An example is the evolution of hybrid mail services which are currently offered by most of the postal operators. Some postal operators are going even further and enter adjacent markets by developing services for their customers. The development of new, value added, is a reaction to the threat of electronic mail and the opportunities arising from the technology development.

Postal services are a crucial element of the European single market policy, an important sector of the EU economy, an increasing contribution to the Union's GDP, and were included in the Lisbon Strategy for Growth and Jobs. Postal reform began in 1992 with the Green Paper on the single

market for postal services had a significant impact on the provision of postal services and postal sector. Postal Directive and its implementation by Member States have led to better quality services and guaranteed to provide a universal service available to all users.

A universal postal service and high quality at an affordable price is guaranteed in the European Union at least five times a week, with very few exceptions due to geographical conditions.

Because of its commercial and regulatory provisions of the postal directive and progressive market opening, market competition develops written correspondence. Market shares of competitors in the segment rose significantly letters. The market opening and the introduction of competition are key tools for creating jobs and achieving better services for consumers. However, a serious competition has yet to occur, and barriers identified (or forthcoming) in the way of market access must be addressed effectively.

Stimulated by the progressive opening of the market, which provides postal directive, and the challenge of competition, the Romanian Post Office has continued to modernize its operations and undertook efforts to increase efficiency. Accordingly, the Company is moving even more to offer postal services, to meet market needs and take the customers into account.

After analyzing the portfolio of services currently offered and being lanced by the Romanian Post National Company SA has selected the following segments potential medium and long term growth: correspondence, service and competitive financial services markets. The analysis took into account the potential of each market segment, the current position of the Company and the existing internal capabilities and of course the potential that can be accessed to increase revenues for each segment.

For mail services, restructuring measures have better coverage objectives of customer expectations by improving quality and customer orientation and securing strategic customers in the context of the forthcoming liberalization of postal services and involves the following actions:

- an improved management of our major sales department by reorganizing and adjusting internal processes so as to enable their effective control and securing strategic customers;
- to improve the quality of mail service through operational excellence program that includes automated transit centers, fleet renewal and

strengthening of structure and control by establishing a Directorate of Operations at national level;
- the development and launch of a priority mail to meet the requirements of the Regulatory Authority for Administration and Communications (ANCOM).

Other series of measures aimed at strategic reorientation of the Romanian Post National Company SA is to improve the competitive position of the segments which are already open to competition.

The measures for the financial services segment includes the following:
- the development of the distribution of financial services - credit cards, deposits, insurance;
- to increase the portfolio of suppliers that collect bills, rates, etc. and to improve the quality of the counter services;
- creating Network Development Department with responsibility for strategic portfolio management services distributed through the postal network subunits.

The budgetary allocation of resources and responsibilities is established for each center of activity. The budget is the forecast ciphered of the damage of the resources and insurance responsibilities for achieving business objectives in a cost and sizing in an expression of financial goals, income, expenditure and performance of the organization, which allows assessment of economic efficiency by comparing their results with the budgeted level .

Budgets are used for planning, coordinating and controlling business operations. Their role is crucial in forecasting, because they represent the company's objectives expressed in value or quantity. The budgets prepared by other departments in the company (production, sales, purchasing, payroll, etc.) are ultimately coordinated by the financial department to make face to face with the necessary funds for procurement requests. Company budgets are based on assumptions of certain levels of production and sales volume and also on predicting the future which are likely to show how the company's financial records are and if they have made provisions planned.

Financial planning system may contain three types of budgets, namely: the financial plan for general guidance on long-term (3-5 years), annual budgets, business-specific economic activities (supply, production, sales, advertising, investment, administration), cash budget, balance sheet and income statement forecast.

The systemic relationship between these types lies in their preparation of the successive budgets, financial policy is adopted from the company on a longer period of time (five years) to achieve strategic objectives, and its annual implementation in specific budgets activity and eventually all of them reflect the likely state treasury, the company's assets and profitability.

Guidelines define budgets vocation and future image of the company, describing the products, projects, merger, acquisition, development, manufacturing of new products or to conquer new markets.

Specific budgets have inflows and outflows of funds estimates, the business activity is related to the budget period, advertising, control, etc. They are running budgets overall company policy.

To estimate the economic and monetary situation, resulting from the application of specific budgets, the income to develop, balance and treasury budget forecast. Some of these budgets are binding, meaning that prohibit financial officers and managers of the company exceeded budget forecasts. These are government budget and investment budget. The others are indicative budgets (operating budgets, cash budget).

Companies prepare and use three basic types of budgets: *operating budgets, cash budgets and capital budgets.*

The stages of budgets drawing ups in postal units

Postal Network Regional Center X is a branch of the National Company Romanian Post, preparing proposals for budgets, forecasting revenues and expenses and sub-chapters on two proposals that we submit the Budget, the Economic Department of the Company, which analyses and if it is not overstated, they approve.

The types of budgets that are proposed and submitted to the Company, are within a year - the income and expenditure and investment budget is part of the budget revenue and expenditure, prepare everything for a period of one year. Monthly, the treasury budget is drawn up by each County Office of Regional Postal Network, the Company shall submit to the Economic Department, which examines it and approves it. Given the nature of the business of redemption, The treasury budget is flexible, it can be changed weekly or more often, because you cannot accurately predict, within a month, the receipts and settlements in the subunits.

In preparing the proposals for the budget before CNPR Economic Department, it must be taken into account a number of factors that may affect the budgets of the branch, positively or negatively, namely:

- increase or decrease in benefits next year
- an increase or decrease fees to benefits
- expected inflation for the next year
- an increase or decrease in the expenditure next year.

In drawing up the proposals for the Regional Network X Postal projected revenue and expenses for 2011 was analysed the fact that although the number of benefits will increase next year and revenue is growing because more and more of them are collected Alphyra on devices, revenues are recorded in the balance of the Romanian Post National Company SA, not accounting Regional Office, which requires a calculation of revenue growth of 114.65%, lower than the increase of 122.15% during 2009/2010.

However, this increase will affect the cost benefits of the Regional Centre Postal Network X, labor and other expenses necessary for the supporting materials.

Factors that were considered in preparing proposals for the budget revenue and expenditure forecast for 2011 are:

- for revenue:

• increasing the benefits to the correspondence by establishing and developing a hybrid mail production center;
• the presentation of dividend warrants by the SIF;
• the increase of the pensions commission from 0.07% to 1.03%;
• the decrease of the pensions commission to MND, MIRA and SRI, from 1.35% to 1.30%;
• loss of income from child allowances over 7 years by abolishing allowances Banc Post and turning them into grants Mail, for a fee of 1.30% of the value;
• increasing the release subscriptions;
• decreased revenues from "other arrangements" by failures to receive revenues from fixed and mobile phone bills, electric bills through the postal agents and factors, the invoices being received by Alphyra terminals, direct revenues will account for the balance Company;
• The inflation forecast of 5.7%;

- expenses:

▪ the payroll which were taken into account were salaries, bonuses, increasing the minimum wage, class differences from November and December 2010, the first holiday to be granted to classes of employees according to seniority throughout the year;
▪ material costs were determined based on proposals made by the departments of the Regional Centre and sent to the specialty of the Company for approval;
▪ if the rent expense increases as a result of higher euro there is an obligation to renegotiate the contract at the end;
▪ cost of services provided by third parties will increase as result of outsourcing maintenance service to all subunits of the Regional Centre and the postal network as a result of increasing X euro;
▪ social-cultural expenditures were set at 2% of payroll;
▪ RK and RC costs are referred to the costs incurred for 2010 and indexed with the inflation index;
▪ expense vouchers, to calculate their average nominal value of a meal ticket in 2010 was 8.72 lei/ ticket;
▪ inflation forecast of 5.7%.

Cost - volume – the profit costing method

Costing is a key component of managerial accounting, having as its general objective the determination of costs, pre-registration costs of production activity, the execution of works, services, determine the actual cost, bounded on each carrier cost or sector, determining deviations between actual cost and the cost of default, their analysis and determining analytical results.

The diversification of production and sales, as aspects of the organization, operation, equipping and even results asked for cost alternative, represent an option other than full cost. The alternative is partial costs only include expenses closely and directly linked to the volume of activity. We refer to variable costs that depend on the time of their bearing on the particular costs that may be a product, order, work, service, etc.. Both categories of expenditure do not exist, if there is activity, so they are incurred solely for the manufacturing, services or execution of the work.

On the other hand, the relation cause - effect is the most coherent and deeply analysed through fixed and variable costs.[1]

Methods of accounting and costing can be classified according to several criteria:

- according to their appearance in time, there are: classical and advanced methods, the

classical methods are the overall method, the orders method, the phase method they are also the category standards or cost approach, direct costing method, Georges Perrin (GP) method, and machine-hour rate PERT method.

- after the whole category of the unit cost methods there are: total or absorptive

methods (full-costing) and partial or limiting methods, total methods are those that take into account when calculating unit costs, all costs incurred production process (ordering method, the method phases); partial calculation methods take into account when calculating unit costs, only certain expenses incurred in the production process (direct costing method).

In economic theory and in practice has required the analysis of cost - volume – profit encountered as the critical point or threshold of profitability. This type of analysis is an effective tool in risk analysis as the threshold of profitability can be defined as a measure of flexibility in relation to fluctuations in the company of his business.

The result of the company is the subject to unforeseen events that accompany work in all areas. In economic theory, the concept of "risk" is most often substituted by "flexibility". Regardless of economic or financial valences mainly be attributed, flexibility can be defined by the company's ability to adapt and respond effectively to environmental changes.

The correlation between cost, volume of production (sales) and profit is a powerful management tool that allows managers to quickly and easily take reasoned decisions regarding the planning and the conduct of economic consumption and expenditure control behavior over a short period of time. This calculation is an application of management and seeks to examine the relationship between costs, volume, profit at different levels of activity. It is a short-term decision, examines the evolution of the total revenue, total

[1] Caraiani Chirita, Mihaela Dumitrana, *Accounting and Management Control*, InfoMega House, Bucharest, 2004, pag.148.

costs and operating profits as are the changes in the production, sale price, the unit variable cost and / or fixed costs of a product or service. Different information is used on all stages of making decisions. It is necessary that the information used to be qualitative, certified and transmitted to the manager in due time. However, not all management information can be helpful for the taking of a management decision. It is useful only as a piece of relevant information, the one which can influence the manager's decision.

This analysis is relevant when changes are proposed in the activities of low scale. In short-term changes may affect the existing cost structure and may change the level of fixed costs. In this case the conclusions of analysis are no longer relevant. Short-term decisions which apply CVP concern: the choice of sales, pricing policies, accepting or not accepting special orders. Managers use cost analysis - volume - profit, to see how they will be affected if the total costs and total revenue change production levels, such as the production will be increased or reduced if the sales price, how to move forward costs, price sales and production levels if the company expands. Examining the results of these possibilities and alternatives, cost - volume - profit illustrate potential returns, thus guiding the planning managers.

Modern business management is able to take rational decisions that will produce optimum results only if it is the fact that fixed and variable costs are always a certain correlation with the volume of activity, namely the degree of capacity utilization and the sale price of production. This correlation is expressed by means of indicators such as breakeven, activity threshold optimal coverage factor, the rate of the margin of safety.

In the management accounting system to calculate the breakeven point in terms of type of products manufactured there are used three methods:

1. the equation method;
2. the marginal contribution method;
3. the graphic method.

1. *Equation method* provides the most general approach for a cost - volume - profit.

Income statement is expressed as the following equation:

$$(PV \times Q) - (CVU \times Q) - CF = PE, \text{ where;}$$

PV - selling price; Q - quantity of units produced (and made) sold; CVU - unit variable cost; CF - fixed costs; PE - operating profit;

Revenues - Variable costs - Fixed costs = Operating Profit

The critical point, the result is, by definition, zero. Equating to zero results in the previous equation we get:

(*PV x Q) – (CVU x Q) – CF = 0,*

$$Q\ (PV - CVU) = CF, \text{ where } Q = \frac{CF}{PV - CVU}$$

If you can start at a certain level, already known, the turnover may be more directly useful to determine the breakeven value (minimum number of business), without going through the quantitative stage.

In this case we have used the following formula:

Minimum business turnover = fixed costs / 1 - (Variable costs / Turnover)

Equation 1 - (Variable costs / turnover) is the marginal contribution rate relative to the actual turnover (= marginal contribution: turnover) and is called a PV rate (rate of profit - volume - profit report - turnover). This report also indicates whether it is possible to make additional income by increasing the turnover of their profits.

Where - starting at a given level of turnover - is not intended to determine the breakeven point, but the turnover level to ensure a profit, then proceed as follows:

$$\text{The necessary turnover} = \frac{\text{Fixed costs + Profit Expected}}{\text{Marginal contribution rate}}$$

Companies cannot use records of costs, may lead to a simplified way of fixed and variable costs required by a rough calculation of breakeven point as follows: variable costs are considered only if firms trade commodity consumption and production companies only if the consumption of materials and manufacturing wages. The total cost of less then these positions. The remaining costs are, roughly, the amount of fixed costs.

With the break-even point can be calculated turnover required to achieve a certain rate of profit. If a manager wants to achieve and maintain the company at a certain rate of profit, he can find out by the break-even volume of activity ensures that target. The relationship for calculation is:

$$CA_{Rp} = \frac{CF}{Rc - Rp}, \text{ where:}$$

CARp - turnover necessary to achieve a certain rate of return;
Rp - profit rate;
Rc - marginal contribution rate.

Cost - volume - profit commercial activity postal units

By consulting the data provided by projected revenue and expenditure budgets, we have analysed cost - volume - profit for the business, to see how they have influenced the total costs and total revenue change if sales volume and whether this activity is generating additional revenue Postal Network Regional Center X. For this, we calculated the specific indicators of this analysis, namely: the break-even, the coverage factor, the rate of safety margin, the margin of safety. The calculation of the indicators we took into account information provided by projected revenue and expenditure budgets, marking fixed to variable costs, distribution without care.

These indicators were calculated using the equation method and the method of marginal contribution, knowing that they have sold 10 million pieces, a number of commercial goods, generating a total revenue of 124.861.000lei, with a total cost amounting 115.468.000lei .

Knowing:
- the unit selling price PVu = 124.86 lei;
- the unit variable cost CVu = 11.54 lei;
- the fixed costs CF = 92.374.400lei;
- the total marginal contribution CM = 101.767.400lei;
- the marginal contribution rate Pv - Cv = 0.40%;
- the uniform marginal contribution CMu = PVu - Cvu = 113.31 lei;
- the marginal contribution rate unit = CMu / PVu = 0.91%;

In calculating the threshold of profitability, the operating profit is zero and the income is expressed as the following equation:

$$(PVu \times Q) - (CVu \times Q) - CF = PE \Rightarrow Q = \frac{CF}{PVu - CVu},$$

$$(124{,}86 \times Q) - (11{,}54 \times Q) - 92.374.400 = 0 ;$$

$$113{,}31Q = 92.374.400 \Rightarrow Q = 815.236buc.$$

This break-even point is expressed in units of product, where it will sell more than 815,236 pieces, there will be a loss if it sells 815,236 units of

commercial goods, it will reach break-even, and if he sells more than 815,236 pieces of commercial cargo, will make a profit.

The marginal contribution method, breakeven expressed in number of units is calculated as follows:

$$CMu \quad x \quad Q \quad = \quad CF \quad + \quad PE \quad \Rightarrow \quad Q \quad = \quad \frac{CF + PE}{CMu} = \frac{92.374.400}{113{,}31} = 815.236 \text{ buc.}$$

The turnover at the breakeven level can be calculated using the formula:

$$CA^* = \frac{CF}{CM\%} = \frac{92.374.400}{0{,}91} = 101.510.330 \text{ lei}$$

Predicting a profit worth 95.11 million lei from the target operation, we calculated how many pieces of product would be sold to achieve this profit:

$$(Pvu \text{ x } Q) - (Cvu \text{ x } Q) - CF = PET \Rightarrow$$

$$Q = \frac{CF + PET}{Pvu - Cvu} = \frac{92.374.400 + 95.110.000}{124{,}86 - 11{,}54} = 1.654.615 buc.$$

To generate revenues from the exploitation of a profit target can be calculated as follows:

$$V_{ET} = \frac{CF + PET}{CM\%} = \frac{92.374.400 + 95.110.000}{0{,}91} = 206.026.813 \text{ lei., where:}$$

Q - number of units sold; CF - fixed costs, PET - operating profit target; CMu - marginal contribution per unit.

To find out what the impact on operating profit after income tax, net profit is calculated as the difference between operating profit and income tax. Using the equation, we have:

$$PNT = PET - (PET \text{ x } Ci) \Rightarrow PNT = (PET) \text{ x } (1 - Ci),$$

$$PNT = 95.110.000 - (95.110.000 \text{ x } 0{,}16) \Rightarrow$$

$$PNT = 95.110.000 \text{ x } 0{,}84 = 79.892.400 lei$$

$$PET = \frac{PNT}{1 - Ci} = \frac{79.892.400}{0{,}84} = 95.110.000 \, lei, \text{ where:}$$

PNT - net profit target; PET - operating profit target; Ci - tax rate;

Since the break-even does not pay any income tax, this tax does not affect the threshold of profitability.

The coverage factor was calculated using the formula:

CA^{*} - *Cv = Mpcv* $\Rightarrow$ *Mpcv = 101.510.330 – 23.093.600 = 78.416.730 lei*

$$Fa = \frac{Mpcv}{CA} x100 = \frac{78.416.730}{124.861.600} x100 = 62,80\,\%,$$ where:

It may be noted that the company can cover its fixed costs and make profits. Calculating the rate of safety margin as:

$$RMs = \frac{CA - CA^{*}}{CA} x100 = \frac{206.026.813 - 101.510.330}{206.026.813} x100 = 50,72\%,$$

where:

CA - total turnover; CA * - turnover threshold level of profitability;

Expressing the rate of safety margin, in absolute terms, determine the safety range, the difference between turnover and turnover at the threshold level of return:

Ms = CA - CA^{*} = 206.026.813 – 101.510.330 =104.516.483lei.

Analysing the safety margin rate can be concluded that economic activity may lower the company to enter the area without loss. An equal decrease in the rate of safety margin will ensure the balance point, then any decrease over this factor will lead to losses.

Following analysis of indicator values cost - volume - profit, for commercial activity, it can be concluded that the Postal Network Regional Center X has a proper financial management, which gives a balanced structure of society and ensure proper implementation of its functions. The company possesses the resources needed for the future development in the context of continuing economic and financial balance, but it has to take into account the changes and the mutations that occur in the market, which are continually growing.

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