

# **COST ANALYSIS ON FARMS - LIMITS AND DETERMINANTS**

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## **Abstract**

Cost analysis is a basic premise for good financial management of every company. The aim of the research is to determine the costs in vegetable farms. In today's globalized world, production costs play a key role in every company. They define the company's potential, determine its possible limits and its activity. The research was conducted by questionnaire survey administered to a representative sample by economic size categories. The sample used in the field survey was representative of five economic size categories, 60 farms operating in the NE and SE development regions, 30 from each region and 5 from each county. The 5 farms in each county were identified according to economic size (below 100 thousand SO; 100 - 250 thousand SO; 250 - 500 thousand SO; 500 - 750 thousand SO; above 750 thousand SO). The cost analysis determined labor costs at a sample average of 529.1 lei/ha, input costs at a sample average of 1,003.74 lei/ha, depreciation costs at a sample average of 231.03 lei/ha and finance costs at a sample average of 172.74 lei/ha and other costs at an average of 315.12 lei/ha. These results can provide useful benchmarks for optimizing the production process and increasing the competitiveness of agriculture in the context of a multitude of environmental, geopolitical and economic challenges.

**Key words:** costs, agriculture, farm management, economic optimum