



COMPOSITION OF COSTS INCLUDED IN THE PRICE OF THE PRODUCT AND THEIR DOCUMENTATION.

Rakhmatullaev Mirjalol Xatam ugli
Chief Auditor

Tashkent University of Information Technologies named after Muhammad Al-Khwarizmi

ABSTRACT

This article describes the composition of costs included in the product cost and their documentation. Also, the structure of expenses and the problematic aspects arising in the process of their documentation are covered, and suggestions are made on them.

© 2023 Hosting by Research Parks. All rights reserved.

ARTICLE INFO

Article history:

Received 30 July 2023

Received in revised form 10 August 2023

Accepted 14 August 2023

Keywords:

cost structure, product cost, international standards of financial accounting, national standards of accounting.

Introduction

Article 7 of the new version of the Law "On Accounting" of the Republic of Uzbekistan adopted on April 13, 2016 states that "assets, liabilities, private capital, reserves, income, expenses, profits, losses and economic operations related to their movement are the objects of accounting" [1] is described as. President of the Republic of Uzbekistan Sh.M. Mirziyoev wrote in his book "Critical analysis, strict discipline and personal responsibility - should be the daily rule of every leader's activity" "The first is the effectiveness of the implementation of targeted programs that show the effectiveness of the reforms. It is clear from this that it should be emphasized that indicators such as the condition of production facilities, costs and expenses, localization and profitability level, which are reflected in accounting reports, are of great importance today. These issues are the main objects of management accounting. The purpose of solving the priority task is the full systematic introduction of international financial reporting standards (IFRS) and the fundamental improvement of personnel training in this regard. decision [3] was adopted. The purpose of this decision is to improve the investment environment for foreign investments in our country, to increase the investment attractiveness of companies, to provide foreign investors with the necessary information, to harmonize the content and structure of reports with the needs of information

users, and a number of other tasks. In international experiences, the accounting system consists of components such as financial accounting and management accounting. From this point of view, today the science of accounting is also studied in terms of financial accounting and management accounting. Financial accounting is mainly the provision of information to external information users in the form of financial statements, while management accounting refers to the subsystem of providing useful information to internal information users, i.e. managers, for making decisions.

Analysis of literature on the topic

The concepts of costs, production costs, non-production costs and costs are used in the economic literature of the field. Sh.Shodmonov defined the concepts of production costs and product cost in the general economic sense as follows: "Production costs are money spent by the enterprise to purchase economic resources for the purposes of product production. The company starts its activity by purchasing material resources from the market, i.e. equipment, machines, means of transport and communication, raw materials, fuel, various materials, labor force from the labor market.

"Product cost is all costs, which the enterprise carries out during the production of goods and their continued sale" [11]. P.A. Lunin considers that "the cost is the central category of accounting" [13], and notes in his scientific work that the Russian scientists emphasized that the cost is an important indicator for finding reserves, establishing control, increasing the efficiency of production, conducting a comparative analysis, implementing pricing, and determining efficiency.

Research methodology

In this study, conclusions were drawn based on a logical analysis of the literature. Information from the web page was used. The tasks listed in the legal documents were taken as a methodological basis. English textbooks and scientific articles on cost accounting were scientifically analyzed. Mathematical algorithm, sequences were used. Grouping, comparison, analysis and synthesis, induction and deduction, statistics, economic analysis methods were used in the preparation of the article.

Analysis and results

According to the Regulation "On the structure of costs", the following costs are included in direct material costs.

- Purchased materials used in the production process, as well as spare parts for equipment repair, the value of inventories, household items and other labor tools not included in fixed assets, to ensure the normal technological process and packaging of products or other production needs;
- s components and semi-finished products that can be fired, assembled in the future or further processed at the enterprise;
- works and services of a production nature that do not belong to the main type of activity performed by external legal entities and individuals, as well as internal structural divisions of the enterprise.

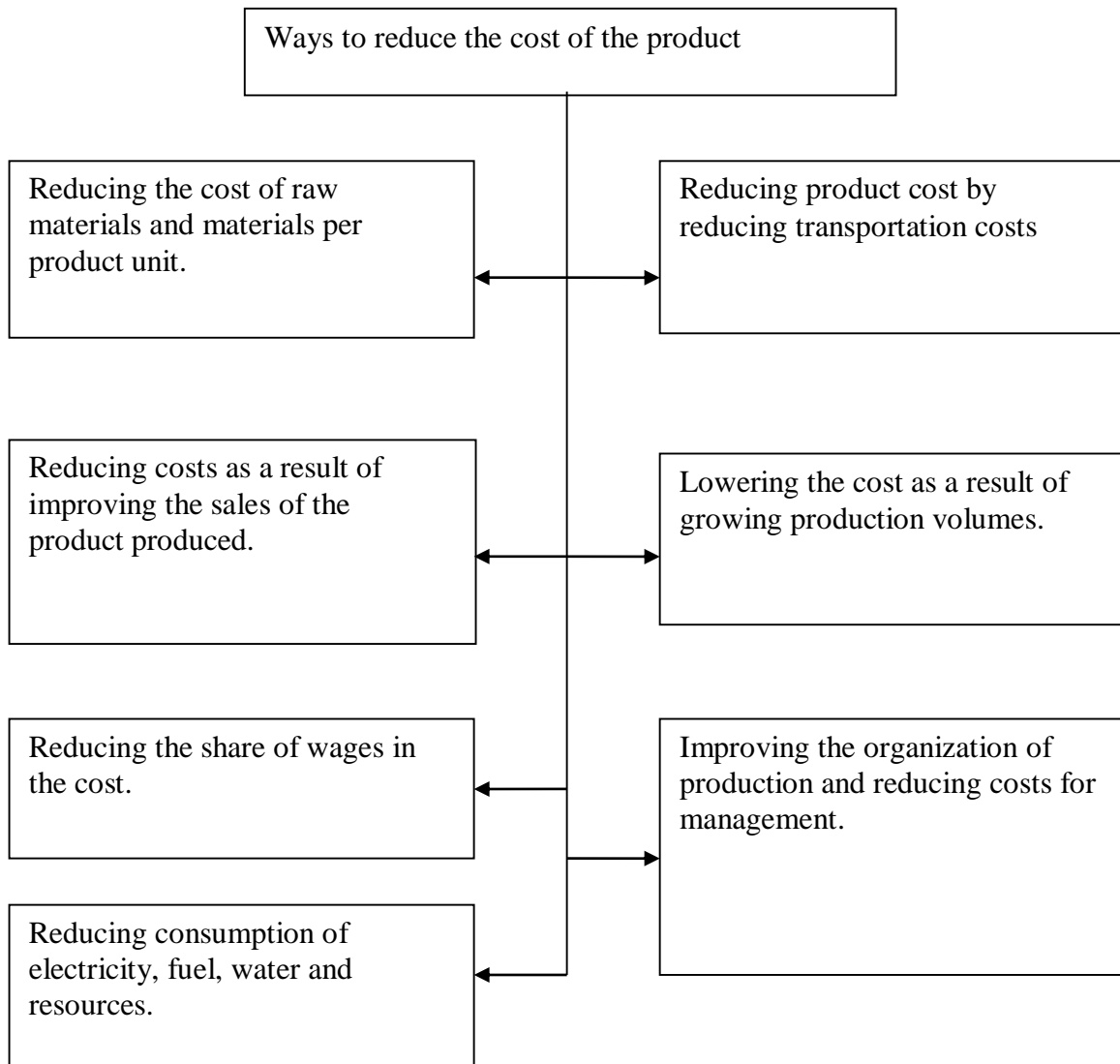


Figure 1: Ways to reduce product costs

Production activities and services include processing of products, processing of raw materials and materials, conducting tests to determine their quality, monitoring compliance with established technological processes, repairing the main means of production, etc.

Material costs have a large weight in the cost of the product. These include the following according to the "Regulation on the Structure of Costs ".

1. Raw materials and materials that form the basis of the manufactured product, purchased from abroad.
2. Purchased materials, as well as fixed assets, products and semi-finished products used in the repair of the main funds, building, structure, equipment, for the maintenance of the technological process of product production, product packaging and other production purposes, i.e. spare parts.
3. Purchased complete products and semi-finished products that require additional processing or assembly at this enterprise.

4. Production work and services performed in foreign enterprises and farms that do not relate to the main type of activity.

5. Appropriations for restoration of natural and mineral raw materials base, payments for water, etc.

6. All types of fuel purchased from abroad are used for technological purposes, transport works for the production of enterprise transport, heating of buildings, and all types of purchased energy used for production.

7. All types of purchased energy used for economic, technological and other production purposes of the enterprise.

8. Failures resulting from the shortage and violation of material resources within the norm.

9. Costs related to transportation, loading, unloading of material resources. These costs are added to the corresponding element of production costs (employee wages, labor costs, depreciation of fixed assets, material costs, etc.).

10. The costs of packing and packing purchased together with material resources obtained from suppliers are added to the cost of material resources.

11. Material resources added to the cost of the product are excluded from the cost, the value of the returned waste is the actual cost of selling them or selling them or using them.

12. "Material costs " consists of the following: purchase price, including barter exchange (without value added tax), commission payments, payments to foreign economic support organizations, brokerage services, Commodity exchange service cost, duty payments, costs related to transportation, storage and delivery by foreign organizations.

Proper accounting of material costs has a great impact on the cost of the product. For this, it is necessary to organize the account in such a way that it is possible to continuously and quickly compare the actual expenses with the norms.

Materials are released for production according to the norms established by the enterprise based on the documents that record their size, weight, and calculation. Initial documentation is developed by the material accounting team.

Correct and timely registration of production costs in documents ensures effective operation of management accounting in the enterprise. At the same time, the ability to analyze the enterprise's production activity and plan future activities on the basis of account information will increase.

It is one of the main tasks of the enterprise to correctly and completely reflect the costs included in the product cost and all the total costs in the documents.

2010-"Main production " and 2310-"Auxiliary production" is kept separately for each type of product, calculation items and place of execution. An analytical account card is kept for this purpose.

2510-"General production costs " is kept in record 12. Record 12 is in the form of a checkerboard, and the amount of business transactions on the accounts is written in the appropriate columns.

After reflecting the costs of shops and totaling information in record No. 12, the costs of shop records are summed up. The final information is written on the "Correspondence account - total of sheets" sheet, on the back side of the register. The above information serves as the basis for entry in synthetic accounts for costs in journal #10 - order.

After that, it is necessary to determine the results of costs and production activities in the entire enterprise. For this, it is necessary to summarize the production costs recorded in records No. 12 and No. 15 in terms of economic elements and expenses and determine the credit turnover on synthetic accounts. These data will be the basis for keeping the general ledger.

Production costs for the enterprise are summarized in journal order #10. This log is based on the principle of order chess log. Credit accounts are arranged in columns, debit accounts in rows. That is, the

system of production costs of synthetic accounts should match the results when the columns and rows are arranged in rows. All information is collected, the turnover amounts of loan accounts are determined and transferred to the general ledger.

If the costs included in the cost of the product are reflected in the documents, different documentation methods are used to account for the consumption of materials by cost items. More inventory and partition methods.

Accounting calculates the cost of materials used based on the initial documents in which the materials released to its ex are recorded within the limits of the established norms in relation to the volume of the planned product in the inventory method. Deviations from norms are taken into account.

The inventory method of accounting for materials is used if there is always a balance of unused materials at the beginning or end of the month. Based on this, the actual consumption of materials is calculated by deducting the balance of these materials. For this purpose, at the end of each accounting period (shift, week, month), an inventory of unused materials is carried out. After that, the cost of materials is determined; the starting balance is added to the shipped materials and the final balance is subtracted.

The batch method is also used to account for the consumption of materials, where they are accounted for each opened batch of materials.

Accounting for production and purchased finished goods based on initial documents can be only for materials that are directly transferred to the cost. If the enterprise produces several different products from the same materials at the same time, then when determining the cost, the cost of materials is distributed among the calculation objects in proportion to some indicator. One of the widely used methods of distribution in some branches of industry (engineering, chemistry, light industry, etc.) is proportional distribution of the standard consumption of recalculated materials in relation to the actual number of manufactured products.

When the material costs are transferred to the cost, first the costs for them are taken into account in the places of occurrence, and then they are transferred to the cost. When production reserves are spent on production, the following is issued:

Dt "Manufacturing cost accounts"

Kt "Manufacturing stock accounts"

According to the "Regulation on the Structure of Costs", the cost of payment for labor of a production nature includes the following:

1. In accordance with the forms and systems of payment for labor used in the enterprise, wages of a production nature calculated for the work actually performed on the basis of working prices, tariff rates and allowances;
2. Remuneration paid for overtime and well-worked days and rest days given due to circumstances;
3. The value of the product to be paid in the form of quantity;
4. Incentive payments, awards, professional skill rates, monthly salary supplements and other incentives in accordance with applicable laws;
5. Payments for night shift, overtime, and weekends due to harsh and harmful working conditions;
6. In accordance with the current legislation, payments for regular vacations and additional vacations, preferential hours for teenagers, break hours for mothers with children, etc.;
7. Fees paid to employees on compulsory leave with partial retention of wages ;
8. Fees paid to blood donors, examination and blood donation, paid for holidays;

9. Payments for students of higher and secondary special educational institutions for the production practice in enterprises;

10. Fees for the work of students of higher and secondary special educational institutions working in student construction teams ;

11. Labor fee for non-residents of the enterprise for work performed according to the concluded contract ;

12. Other types of payment added to the labor compensation fund for employees participating in the production process in accordance with current laws.

13. Agricultural enterprises also reflect payments based on annual work results under the element of "Production labor costs".

In order to correctly calculate labor costs, it is necessary to allocate them in the correct proportion to the work performed on the accounts. That is, the basic wages of workers in production, which are directly related to the production of any type of product, are usually calculated based on the initial documents, according to the calculation objects, and are transferred directly to the cost:

The amount of calculated wages is taken into account in the credit of account 6710.

Workers engaged in production are given the following receipt when calculating wages.

Dt "Manufacturing cost accounts"

Kt "Payroll account with employees"

Labor costs in the 12th report on workshops (2010, 2510, 2610 to the debit of accounts), reflected in record 15 and journal warrant 10\1.

In addition to the distribution of accrued wages and bonuses, as well as the creation of reserves for vacation pay , health insurance and interest on pension funds are calculated .

Conclusions and suggestions

Based on these studies, the following conclusions and suggestions were made:

1. Increasing the competitiveness of products by reducing expenses and costs is considered an important task in our economy today. Therefore, it is very important to study the science of cost accounting in the block of economic sciences, to reveal its purpose, tasks and object.

2. Based on the study of the definitions given to the concepts of costs, production costs and costs, we can conclude that costs are a broader concept than production costs. The cost of finished goods arises as a result of the reflection of production costs in the cost of finished products (work and services).

3. Cost accounting is defined. The main issues of cost accounting and its scope of activity have been clarified. It was justified to introduce the concept of costing instead of the term calculation. Implementation of this development is important for the correct organization of cost accounting in enterprises.

The given conclusions and proposals serve to develop cost accounting standards in our country, to improve the theoretical and methodological foundations of cost accounting science.

References:

1. Accounting Law, Article 7. <https://lex.uz/acts/2931253>

2. Mirziyoev Sh.M. Critical analysis, strict order, discipline and personal responsibility should be the daily rule of every leader's activity., January 14, 2017.-Tashkent: "Uzbekistan", 2017, -26 p.

3. Decision of the President of the Republic of Uzbekistan on February 24, 2020 PQ-4611 "On additional measures for the transition to international standards of financial reporting". <https://lex.uz/docs/4746047>

4. Ignatenki N.N., Vylegzhanina E.V. Sebestoimost kak factor finansovoy rezultatnosti predpriyatiya.

5 . Lunin P.A. Three costs and self-calculation of scientific and technical production: Nauka i

nauchnoe obslujivanie

6. Uchet zatrat na proizvodstvo i kalkirovanie sebestoimosti produktsii na predpriyatiyax neftegazobyvayushchey promyshlennosti.

7. Product Costing for Decision Making in Certain Variable-Proportion Technologies // Journal of Management Accounting Research (2007) 19 (1): 51–70.

8. Abdusalomova N., 2017. "Cost Accounting and Financial Health: Analysis of Cost Reduction Policy Effect in Selected Enterprises of Metallurgy Industry in Uzbekistan," International Journal of Management Science and Business Administration, Inovatus Services Ltd., vol. 3(3), pages 33-38, March.

9. Fomina O.B. Izmenenie konceptualnykh osnov MSFO. file:///C:/Users/SamISIATM/Desktop/34%20-%20Fomina%20Fomin.pdf

10. No. 2 BHXS "Reserves" <https://finotchet.ru/articles/133/>