

ISSUES AND PROBLEMS IN CALCULATION OF COST OF PRODUCTS (WORK AND SERVICES)

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Annotation: *This article describes management accounting and the role of calculations in the operations of enterprises, means and methods of calculating product cost, as well as problems in calculation.*

Keywords: *management accounting, means of calculation, calculation methods, cost of production, product costs.*

Today, the differences between conventional (**traditional**) and modern (**innovative**) accounting practices indicate the need for a new study of management accounting. Also, the analytical and [computational methods of calculation \(standard costing, ABC costing, GPK: / Grenzplankostenrechnung: German / costing\) used in traditional calculation and their resulting](#) indicators require the development of modern computational models at a new stage in current practice. In particular, it is important to ensure the continuity of State programs programs and to create alternative cost management methods to achieve the expected results.

In developed economies, firms and companies spend almost 90% of their time working in accounting, setting up and maintaining managerial accounting. The administration of the Accounting Council under the Ministry of Trade and Economic Development of the Russian Federation and the activity of the professional organization titled “National Association of the costs of the experts” (*National Association of Cost Accountants*) in the city of Buffalo in the United States since 1919 represent the activity in this sector in the development stages.¹

¹ ? Management And Accounting Web URL: <http://maaw.info/AccountingHistoryDatesAndEvents.htm>).

It is impossible to effectively develop an enterprise without establishing a cost management mechanism. One of the main objectives of the management mechanisms is the creation and efficient use of new economic mechanisms that allow reducing the costs of each unit of production while maintaining optimal levels of quality.

Production Price Index (in %) in the processing industry²

Industries	2020	2021	2022
Composite index	111,1	110.0	112,3
Products	112,4	110,7	113,4
Food products	115,3	113	115,6
Non-food products	108,8	107,8	110,7
Service	107,1	107,7	108,4

In particular, the index of production price in the processing industry of the economy for three years requires the calculation of cost-related factors, including production costs by optimal methods. Significant increase was observed in the processing composite index (1,2%) and food products (0,3%) production industries, as well as the prices for non-food products and service (1,3%).

Literature Review.

In modern accounting practice, research is ongoing on the analysis of management accounting, and product cost structure. C.T Horngen and J. Foster note that, “Management accounting is the identification, aggregation, systematization, analysis, categorization and interpretation of the data necessary for management”.

T.P. Karpova notes that “management accounting is based on calculations, so its main content is classification of various aspects of production costs in the current and future period.”

According to Yu.A. Babayev, “management accounting at the enterprise is used to collect calculation data used by senior managers”. Sheremet (2018) interprets management accounting as follows: “Management accounting is a sub-system of accounting that provides its management personnel with information that is used to plan, manage, and control an enterprise.”

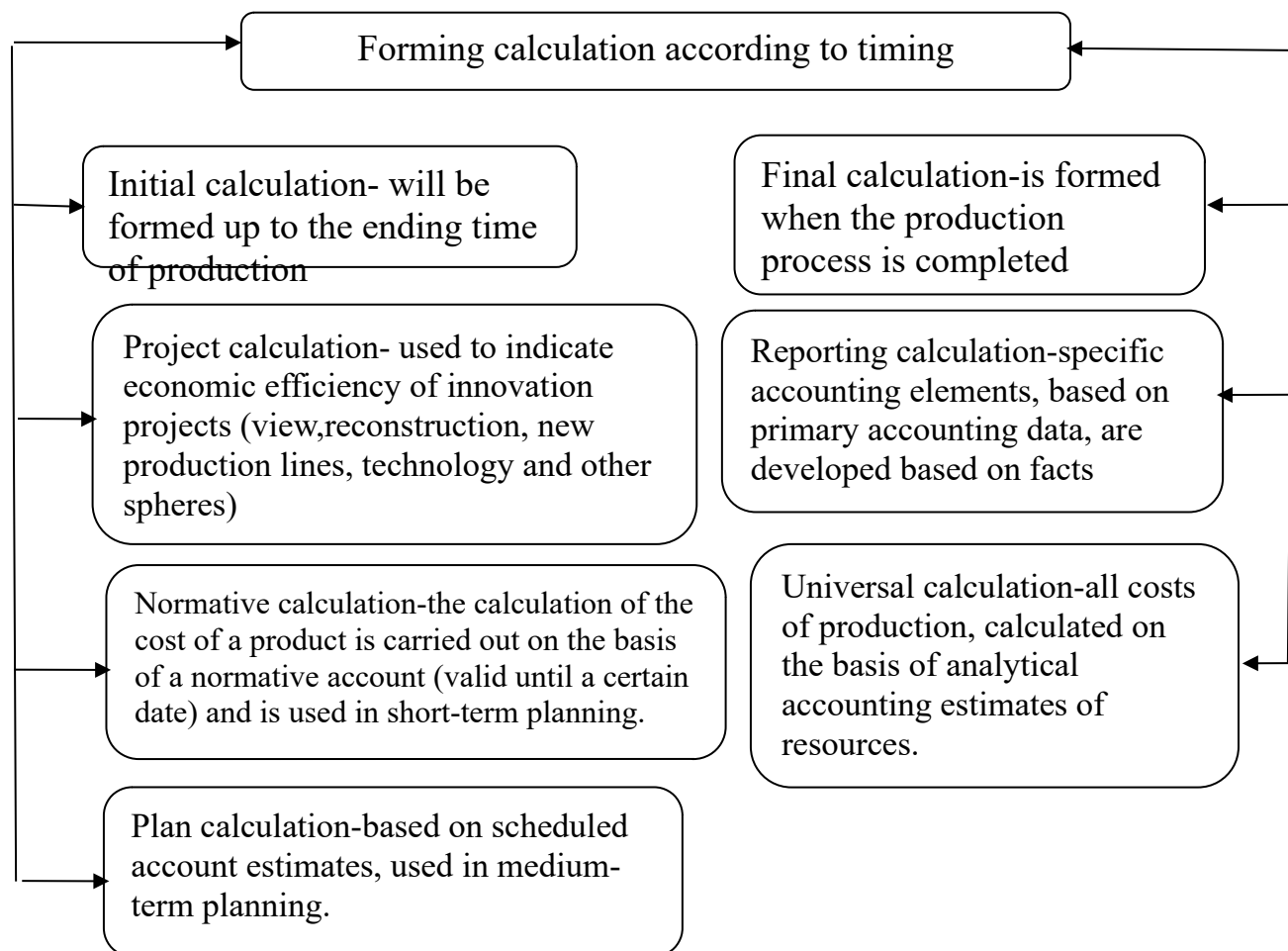
Analysis and discussion of results.

There are certain requirements for calculation methods that are employed to

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provide the administrative staff with necessary and time information in decision-making, timely control of expenditures, and processing and updating information.

Calculations are divided into 2 types depending on the compilation time: initial and final calculation.



Picture 1. Differentiation of calculations by time of compilation.

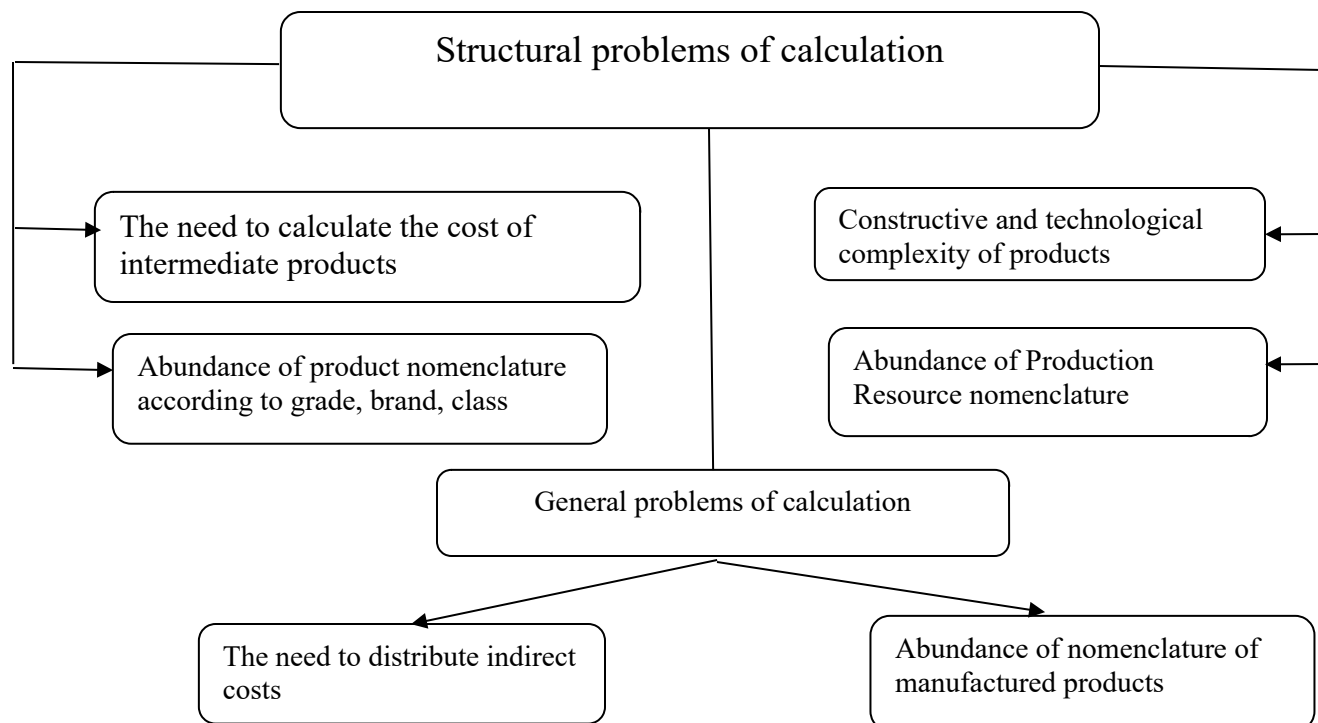
(By the author)

In order to effectively manage management tasks, it is important to regulate existing problems and errors. Errors in the analysis of decision-making in the management system include:

- Not understanding the importance of the analytical function of accounting;
- The existing system of accounting and analysis at the enterprise unable to determine the harmless volume of production;

-Insufficient attention to the analysis of deviations.

In fully identifying management capabilities, relevant problems are required to be studied. The main problems of calculation are:



Picture 2. Structural and general problems of calculation.

(Author's development)

The following is an example of a company-factory and full-cost calculation of cotton fiber by the example of Joint stock company “Beshkent Paxta Tozalash” (“Beshkent Cotton Processing”). The society is seasonal and it is impossible to determine the true value of the product until the end of the season. Accounting for the product is carried out according to the planned (projected) cost, determined on the basis of annual calculations (business plans).

The difference between planned and actual cost, determined at the end of the season, is included in the finished product account in proportion to the product balance. The main indicators of the composition of the calculation components are the **costs of raw materials and processing**.

Purchase of raw materials from farms, production, and storage are calculated within the 1510- "preparation and purchase of materials", while the costs of drying and cleaning them are noted in 2311- "Drying-treatment plants".

Debit 2311- "Drying-treatment plants"

Credit 6010- "Wealth suppliers and contractors"

Credit 3191- "Future expenditures of drying-treatment plants"

The following accounting records are made during the calculation process:

Debit 2010 – "Main production"

Credit 6010- "Payable to suppliers and contractors"

Credit 1000- "Costs of raw (processed) cotton materials"

Credit 2310- "Drying-treatment plants"

Credit 2510- "General production plant"

Credit 6710- "Salary of workers engaged in production"

Credit 0200- "Cost of amortization of fixed assets used in production"

Credit 6900- Other expenses

To determine the factory-related and overall cost of cotton fiber, a step-by-step method is used, which goes through a number of stages and phases in the production of raw materials, and the cost of all products and costs of production per each unit are calculated. The object of the calculation is the product of each completed phase. Various product companies, in turn, use this method of cost accounting if the entire process can be divided into repetitive operations.

Depending on the sector of the enterprise, calculations can be made in two options: semi-finished products included and semi-finished products excluded.

In the method that includes the semi-finished products, the product cost is calculated for each step. The final stage is the cost of all finished products.

In the other method, the semi-finished products are not included in calculation, and the cost of the finished product includes the costs of its production at all stages.

Conclusions and Suggestions.

As a result of the research on general management tactics, i.e. the organization,

production, analysis and control of decisions made in the current period, methods of calculations and problems in its formation were developed :

- Creation of “information-microcomputer” environment based on general information on the practice of developed countries, in large-scale enterprises;
- Expansion of production facilities and in accordance with the State Program on Implementation of the Action Plan “Five Priorities of Development of the Republic of Uzbekistan for 2017-2021” to encourage energy-efficient and environmentally - friendly production facilities (excluding administrative facilities) as well as introduction of relatively reduced property tax rates;
- Creation of an automated system for identifying the management efficiency of calculation methods;
- introduction of incentives for material resources, which are economically based on production levels;
- the choice of methods of calculating the marginal price corridors under the conditions of market mechanisms, using direct and indirect effects on the profit;
- Establishing direct correlation of the index of investment attractiveness of the developing environment on the basis of the market requirements with the indicators of the management accounting system, and their implementation.

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