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**“PERMISSION FOR  
DEFENCE”**

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## INTRODUCTION

**Actuality of the final qualifying work.** For a steady economic situation it is necessary to aim at increase in production efficiency. For this purpose the organization needs to carry out the regular analysis of activities for acceptance of management decisions. Initial information which is obtained from a number of technical and economic indicators, one of which is cost value, is necessary for the analysis and decision making. Cost value of construction works can be considered the main sign of effective work of the organization. All parties of economic activity and result of use of production resources are visible. Carrying out the analysis of cost value, it is possible to determine its tendency to growth or fall, to see a deviation from the plan, to reveal deviations of the actual expense from planned targets and to determine allowances for cost value reduction.

President of the Republic of Uzbekistan Shavkat Miromonovich Mirziyoyev said that: “We need to develop stable common and auxiliary networks, reduce overheads and costs, improve localization and reduce imported goods and ensure the production of goods at affordable prices”<sup>1</sup>

The product cost is considered one of the main economic indicators characterizing production business activities of the organization. It reflects not only all parties of these activities, but also effectiveness of use of resources, rationality of production organization, work and management. The value of product cost exerts a great influence in creation of profit, funds and allowances. Cost value and pricing in the construction organizations have the feature. In case of signing of the contract of the construction contract of the party first of all determine the cost of works. For cost determination is calculated the estimated cost of construction works. It includes material cost, the equipment, compensation of workers and remuneration the contractor.

There is a special feature in the formation of the cost of work in

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<sup>1</sup> Report of the President of the Republic of Uzbekistan Sh.M.Mirziyoyev at the expanded meeting of the Cabinet of Ministers of the Republic of Uzbekistan of January 14, 2017. <https://mfa.uz>

construction organizations than other manufacturing enterprises, Before a construction, at a stage of signing of the contract, the estimate where job cost and the profit of the organization are pledged is created. Most often the cost of works specified in the estimate, fixed therefore the entity, having increased expenses, will reduce the got profit, and can remain and at a loss. Therefore it is so important to control the expense level and cost value of a construction.

**Subject of the final qualifying work.** The subject of this work is scientific issues related to improving the accounting of expenses in construction organizations and determine cost of object.

**Object of the final qualifying work.** Object of the final qualifying work LLC “DDMAX TRANS SERVIS”.

**The aim and tasks of the final qualifying work.** The aim of the final qualifying work is to conduct a study of accounting of expenses in construction and to determine cost of object. To achieve the objectives of the study, it seems advisable to solve the following problems:

- to study standard regulation of accounting of expenses in construction organizations;
- to determine structure and classification of expenses in a construction;
- to establish an accounting treatment for material expenses;
- to investigate the accounting of labor costs;
- to study accounting of expenses in construction and determine cost of construction object;
- to study methods for calculating costs of construction works;
- to estimate the procedure for accounting for overhead costs in construction;
- to analysis of the factors to reduce product cost;
- to determine the opportunities for reducing its cost by analyzing product cost.

**Structure and size of final qualifying work.** The final qualifying work include introduction, three chapters, conclusion and offers, lists of used literature.

# **CHAPTER 1. THEORETICAL BASES OF THE ORGANIZATION OF ACCOUNTING OF EXPENSES AND CALCULATION OF PRODUCT COST**

## **1.1. Concept "outgoings", "costs" and "expenses" of the entity and their classification**

In economic literature and regulating documents such terms as "outgoings", "costs", "expenses" are often applied. Outgoings are the total "losses" of the entity connected with accomplishment of certain transactions. This term is used, as a rule, in the economic theory. It is meant that outgoings include both obvious (settlement), and imputed (alternative) outgoings. Obvious (settlement) costs are the actual costs expressed in cash caused by acquisition and expenditure of different types of economic resources in a production process and product circulations, goods or services. Alternative (imputed) costs mean a lost profit of the entity which it would receive in case of the choice of production of alternative goods, at the alternative price, in the alternative market, etc. It is necessary to understand as costs obvious (actual, settlement) costs of the entity, i.e. the cost estimates of resources used by the organization in the course of the activities.

Expenses the proved and documentary confirmed costs performed (suffered) by the taxpayer are recognized. Reasonable expenses are understood as economically justified costs which assessment is expressed in cash. Documentary confirmed expenses are understood as the costs confirmed:

- the documents processed in accordance with the legislation of the Russian Federation;
- the documents processed according to the business customs applied in a foreign state in the territory of which the corresponding expenses were made;
- and (or) the documents indirectly confirming the made expenses (including the customs declaration, the order on a business trip, travel documents, the report on the performed work according to the agreement).

Expenses any costs are recognized provided that they are made for

implementation of the activities directed to income acquisition.

Recognition of expenses in financial accounting happens in the presence of the following conditions:

- the expense is made according to the specific agreement, the requirement of laws and regulations, business customs;
- the expense amount can be determined;
- there is a confidence that specific transaction will be resulted by reduction of economic benefits of the organization.

For the purposes of financial accounting all expenses are divided into two primary groups:

- expenses on regular types of activity;
- other expenses.

Expenses on regular types of activity depend on the activities performed by the organization. So, in the organizations which object of activity is provision for a fee in temporary use (temporary ownership and use) of the assets according to the lease contract on regular types of activity expenses which implementation is connected with these activities are considered as expenses. In the organizations which object of activity is provision for a fee of the rights arising from patents for inventions, industrial designs and other types of intellectual property on regular types of activity expenses which implementation is connected with these activities are considered as expenses. In the organizations which object of activity is participation in the authorized capital of other organizations on regular types of activity expenses which implementation is connected with these activities are considered as expenses.

Expenses on regular types of activity also cost recovery of the property, plant and equipment, intangible assets and other depreciable assets performed in the form of the depreciation charges is considered.

Other expenses include the following:

- the expenses connected with provision for a fee in temporary use (temporary ownership and use) of assets of the organization;
- the expenses connected with provision for a fee of the rights arising from patents for inventions, industrial designs and other types of intellectual property;
- the expenses connected with participation in the authorized capital of other organizations;
- the expenses connected with sale, disposal and other write-off of a property, plant and equipment and other assets other than a money (except foreign currency), goods, products;
- the percent paid by the organization for provision to it in use of a money (the credits, loans);
- the expenses connected with fee, rendered by credit institutions;
- contributions to the provisions created according to accounting rules (doubtful debt allowances, under impairment of investments in securities, etc.) and also the allowances created in connection with recognition of the conditional facts of economic activity;
- penalties, a penalty fee, penalties for violation of conditions of agreements;
- compensation of the losses caused by the organization;
- the losses of last years recognized in reporting year;
- the amounts of receivables on which the term of limitation period, other debts, unreal for collection expired;
- exchange differences;
- amount of a price reduction of assets;
- money transfer (fees, payments, etc.) connected with charity expenses on implementation of sporting events, rest, entertainments, actions of cultural and educational nature and other similar actions;
- consequences of force majeure of economic activity (natural disaster, fire, accident, nationalization of property, etc.);

- other expenses<sup>2</sup>.

For the correct organization of the cost accounting on production on subjects to planning and accounting, reasonable regulation, planning, the organization of control of costs, carrying out the detailed analysis for the purpose of acceptance of the necessary management decisions connected with efficiency of use of resources of the organization, costs of production classify by the following signs:

- to economic content - on costs of labor instruments, objects of the labor and costs of live work;
- to the relation to engineering procedure of production – on the main and overheads;
- to a reference method on objects of production and calculation - on direct and indirect;
- in relation to production volume - on conditional and variables and conditional and constants;
- to participation in a production process - production and extra production (commercial).

Classification of costs by economic content is necessary for determination of a ratio in costs of production of the live and substantiated work in case of production of separate types of products and also for productivity analysis of work and establishment of influence of the level of various production factors on it.

The main costs are directly connected with a production cycle of production and its servicing. Carry the costs connected with preparation, production development, production cycle to the main (including losses from defect, costs for improvement of quality of products) and also expenses on servicing of a production process.

Superimposed costs are connected with production organization and management. They include expenses and costs for production management (the salary of chiefs of shops of the main, serving productions and also heads,

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<sup>2</sup> Financial Accounting, Maire Loughram, pub. Lambert, 102-page, 2014, USA

specialists and employees together with assignments on social needs, rent expenses, heating of rooms, etc.).

Classification of expenses for direct and indirect is used in heterogeneous productions (mechanical engineering, light industry, agricultural industry).

Direct are expenses which are directly connected with production of one type of products (works, services) and included in unit cost in a direct order. For example, raw materials consumption on production of specific products, etc.

Indirect expenses as well as straight lines, belong on product cost (works, services), but an indirect way, i.e. by distribution between separate types of products (works, services). General production and general running costs, works and services of auxiliary productions, etc. concern them.

Variable expenses are costs which size changes in direct ratio to change of physical production volume. Conditional variable costs are costs which size depends on production volume, but this dependence isn't directly pro rata. Operating expenses of machines and the equipment concern them the salary of a managerial personnel as a part of general production expenses.

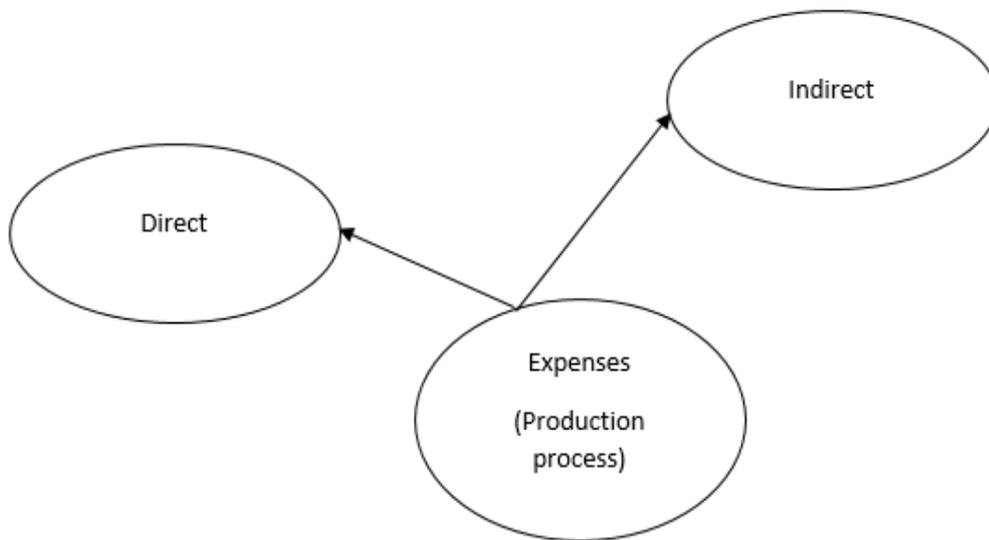
Conditional fixed expenses are costs which practically don't depend on production scope change. Administrative and managerial expenses and also a part of general production expenses (the amount of a charged depreciation on buildings, constructions, machines and the equipment, etc.), a part of costs to sell (products promotional expenses) concern them.

Production expenses are connected with production of products and form its production cost value. Extra production expenses are the expenses of the organization connected with shipment and sale of products (expenses on sales activities of the producer)<sup>3</sup>.

For practical use in a management system allocate with forming of costs classification of costs taking into account an expense type – under articles of calculation and cost elements.

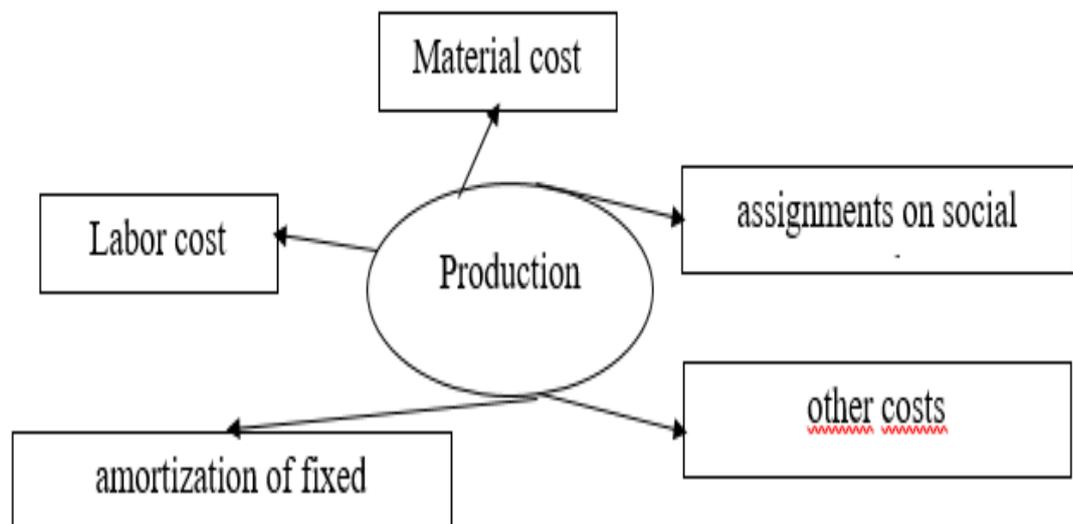
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<sup>3</sup> Financial Accounting, Maire Loughram, pub. Lambert, 102-page, 2014, USA



**Graph 1. Classification of expenses in the production process<sup>4</sup>**

The list of articles of calculation, their structure and methods of distribution are determined by industry methodical recommendations about questions of planning, accounting and calculation of product cost (works, services) taking into account nature by types of products, works, services and structure of production.



**Graph 2. Expenses of production<sup>5</sup>**

<sup>4</sup> graph was made by author,2018

For the purpose of the analysis of all variety of the costs entering product cost two complementary classifications are applied:

- step-by-step;
- calculation.

All costs that make up the cost of production are grouped in connection with their economic content by the following elements:

- material costs;
- labor costs;
- assignments on social needs;
- amortization of fixed assets;
- other costs.

## **1.2. The essence of the calculation of the cost of production: principles, object and methods**

One of the most important tasks of managerial accounting is calculation of product cost.

The product cost represents the current costs of the entity expressed in cash on production and sales of products and it consists of the costs connected with use in products production process (works, services) of economic resources (natural, material, labor, etc.).

The product cost is the generalizing indicator characterizing all parties of economic activity<sup>6</sup>. The product cost is not only economic category, but also a qualitative index since it characterizes the level of use of all resources (the variable and fixed capital) which are at the disposal of the entity. In size and dynamics of this indicator it is possible to judge the level of management, planning, job management, technological level of production, etc.

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<sup>5</sup> Graph was made by author, 2018

<sup>6</sup> Financial Accounting, Maire Loughram, pub. Lambert, 102-page, 2014, USA

As the economic category product cost performs a number of the major functions:

- accounting and control of all costs for release and sales of products;
- base for forming of wholesale price for products of the entity and determination of profit and profitability;
- an economic case of feasibility of an investment of real investments on reconstruction, modernization and expansion of operating plant;
- determination of the optimum sizes of the entity;
- economic case and acceptance of management decisions, etc.

In the production cost of production find their expression:

- the share of fixed assets which is worn out in a production process (depreciation charges);
- the consumed current assets;
- a share of live work and a part of products for society (a social insurance, the pension fund and etc.

Costs attributable to product cost in financial accounting are regulated by industry instructions on questions of planning, accounting and calculation of product cost (works, services).

Depending on what costs join in product cost in domestic economic literature traditionally allocate its following types:

- include direct costs and general production expenses; characterizes shop costs for production of products;
- production – consists of shop cost value and general running costs; confirms the costs of the entity connected with production;
- complete cost value – the production cost value increased by the amount of business and sales expenses. This indicator integrates the total costs of the entity connected both with production, and with sales of products.

The word "calculation" means calculation of product cost. In modern economic literature calculation is determined as the system of economic

calculations of cost value of separate types of products (works, services). In the course of calculation production costs are commensurate with quantity of the turned-out products and unit cost is determined. The calculation task – to determine costs which have per unit of their carrier, per unit of products, the order, service, work, held for sale and also internal consumption.

Resulting effect of calculation is leaving of calculations. Depending on the purposes of calculation differentiate planned, estimate and actual calculations. All of them reflect expenses on production and implementation of unit of a specific type of products by calculation articles. Planned calculation is constituted for planning period on the basis of the regulations and estimates acting at the beginning of the period.

Estimate calculation is calculated when designing new productions and designing of again mastered products in the absence of consumption rates. The actual (reporting) calculation reflects set of all production costs and sales of products. It is used for control over the implementation of plan targets on decrease in cost value of different types of products and also for the analysis and dynamics of cost value. Carry separate products or groups of products, semi finished products, works and services which cost value is determined in the course of the production cost accounting to objects of calculation. On certain objects of calculation analytics of production costs are kept<sup>7</sup>.

Calculation of product cost (works, services) can be subdivided conditionally into three stages:

- calculation of cost value all issued production in general;
- determination of actual cost by each type of products;
- determination of unit cost, the performed work or the rendered service.

Calculation of product cost is necessary process in case of production management. Containing, in the modern systems of calculation information allows

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<sup>7</sup> Financial Accounting for MBAs, J. John, Wild, D. Peter, Cambridge Business pub. 326 – page, 2004, USA

not only to solve traditional problems, but also to predict economic consequences of such situations as:

- feasibility of further production;
- establishment of an optimal price on products;
- optimization of a range of products;
- feasibility of updating of the operating technology;
- quality evaluation of work of a managerial personnel<sup>8</sup>.

Data of the actual calculations are used for the subsequent planning of cost value, for reasons for cost efficiency of implementation of the new equipment, the choice of modern engineering procedures of holding actions for improvement of quality of products, verification of construction projects and reconstruction of the entities. By results of calculation it is possible to make the decision on carrying out repair independently or with use of services of third parties. Calculation will be organized according to certain principles.

1) The invariance of the accepted cost accounting methodology on production and calculation of product cost within a year.

2) Completeness of a recognition of all economic transactions and documentary confirmation of the made expenses properly the processed source documents.

3) The correct reference of expenses on the accounting periods. At the same time it is necessary to be guided by an accrual basis. Its essence consists that transactions are reflected in financial accounting at the time of their making and aren't lashed to cash flows. The income and expenses received (suffered) in the accounting period are considered as income and expenses of this period irrespective of the actual time of receipt (or payments) a money. The income and expenses which aren't relating to the accounting period aren't recognized income (expenses) of the accounting period even if money on them arrived or is listed in this period.

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<sup>8</sup> Financial Accounting for MBAs, J. John, Wild, D. Peter, Cambridge Business pub. 326 – page, 2004, USA

4) Differentiation in accounting of current costs on production and capital investments.

5) An opportunity to confirm production orientation of costs.

6) Establishment of accounting items of costs, objects of calculation and calculation units (group and reflection of costs on structural divisions, products types, elements and expenditure items).

In many cases accounting items of costs and objects of calculation match. Accounting items of costs are places of their origin, types and whether groups of uniform products. The place of emergence of costs in managerial accounting call structural units and divisions of the entity in which there is an initial consumption of production resources (workplaces, crews, shops, etc.).

7) Choice of a cost accounting method and calculation of product cost<sup>9</sup>.

The following coding is provided for the separate file of the construction organizations:

*60000 - Construction;*

*61000 - Contractor, mounting and other specialized constructions organizations;*

*62000 - Capital repairs organizations;*

*63000 - Repair of buildings and structures;*

*64000 - Steam service organizations;*

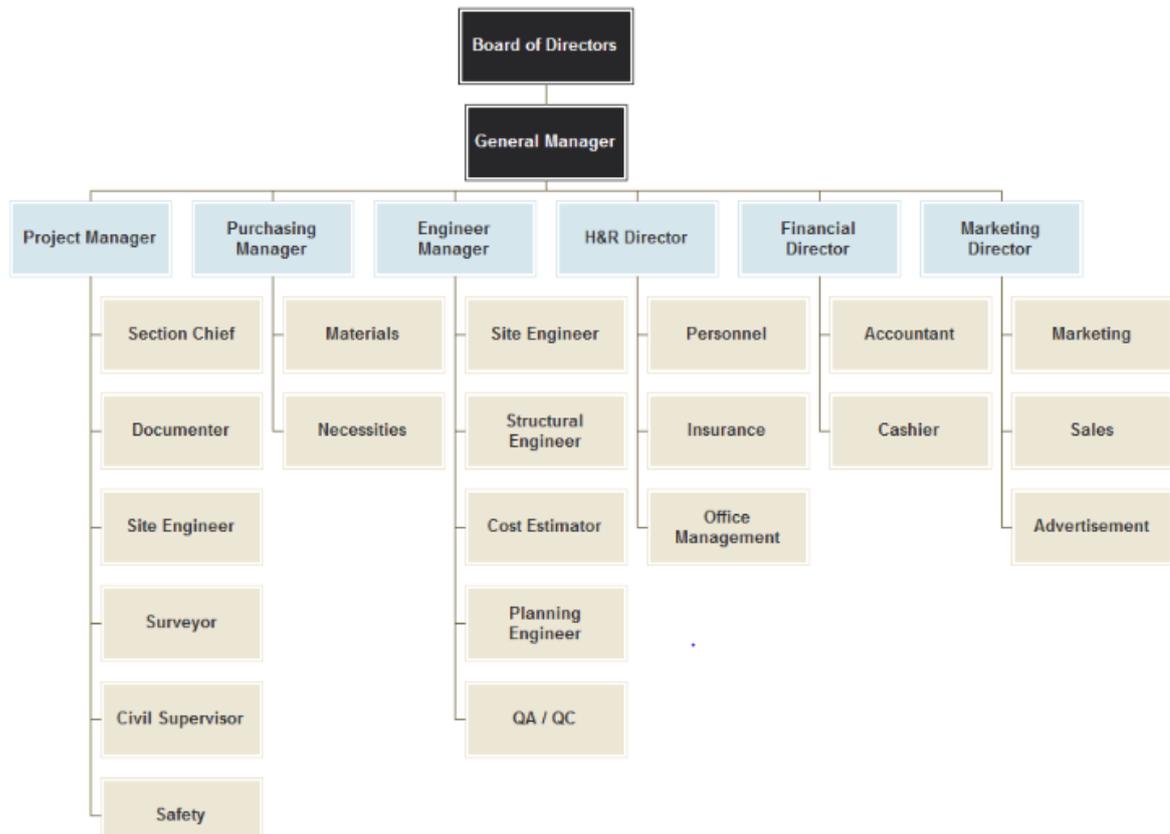
*65000 - Project and search organizations;*

*69000 - Construction departments.*

The construction blank is a graphical depiction of the roles and structure of the organization. Using an org chart, staffs and stakeholders can clearly recognize the operational relationships, so that they know how does the company work. Generally, a construction company contains basic function units including:

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<sup>9</sup> Financial Accounting for MBAs, J. John, Wild, D. Peter, Cambridge Business pub. 326 – page, 2004, USA



**Graph 3. Basic function of company<sup>10</sup>**

Construction organizations are the most important to develop our economy. Investment is entered through construction organizations to our economy. The main achievement of our business success is the creation of new opportunities for the economy of our country, starting work, changing existing support, optimizing, expanding, using and doing the same.

### **1.3. Organizing of accounting in construction organizations on basis of Legal regulation**

Legal regulation of construction includes a large list of issues, among which the most important are: The order and conditions of licensing; Features of taxation of construction activities; regulation of contractual relations in construction; Features of construction activities carried out under state order;

<sup>10</sup> Financial Accounting for MBAs, J. John, Wild, D. Peter, Cambridge Business pub. 326 – page, 2004, USA

issues of land, environmental and environmental legislation in the course of construction activities; responsibility of organizations and officials for violation of the procedure for the implementation of construction; and others.

The normative acts regulating construction activity at the republican level include: - The laws of the Republic of Uzbekistan;

- Decrees of the President of the Republic of Uzbekistan;
- Normative acts of the Ministry of Construction of the Republic of Uzbekistan;

As the investor the legal entity or physical person or consolidation of the legal entities investing the capital in creation new and reproduction of already operating property, plant and equipment acts. They independently determine amounts and the directions of capital investments, sign contracts with other subjects of investing activities, control target use of own and borrowed funds allocated for financing of a construction. The investor develops conditions of construction contracts of an object, makes the decision of rather organizational forms of a construction for the purpose of determination of the designer, contractors, suppliers by the announcement of the biddings or private offers, performs financial credit relations with participants of investment process. The investor can act as the customer, the creditor, the buyer of a construction object and also to perform functions of the builder. Customers are the physical persons and legal entities authorized by the investor which realize investment projects, that is plan and finance construction of objects, will organize their operation. They are allocated with rights of possession, uses and orders of capital investments for the period and within the powers established by the agreement and (or) the public contract. The customer constitutes title lists of buildings, provides objects under construction with the design estimates, the equipment, construction materials, energy resources, a personnel of an operating personnel, resolves issues of withdrawal of the parcel of land under building, carrying out design and exploration work and financing of a construction. Its functions also include

conducting financial accounting of the costs made in case of a construction, the correct determination and a recognition of an inventory value of the objects put into operation. The customer signs the contract, as a rule, with the all-construction organization which acts as the prime contractor. The contract organization performs a part of installation and construction works by own forces, and attracts to accomplishment of special works on a contractual basis as subcontractors the specialized organizations, coordinates and will organize their joint operation and bears responsibility for quality and timely commissioning of objects under construction. The subcontract organizations carry out separate types of specialized works or performs a construction of special buildings and constructions and bear responsibility for timely and high-quality accomplishment of these works. Also the customer within the contract for implementation of the investment project signs agreements the project organizations on designing of a construction and with suppliers of construction materials and the equipment for a construction.

Various entities and the organizations. Each participant makes the specific contribution to the creation of products of a construction. The customer, having capital investments, plans and finances. The project organizations develop documentation. The construction organizations perform capital projects. The industrial entities are provided with the equipment, construction materials, designs, details and other material resources. The commissioning organizations carry out the process of start-up, adjustment, setup on an operating mode and the test operation of the equipment and technical systems.

### **Conclusion for the chapter 1**

The task of calculating a buccaleposition is based on the specificity of the work done by direct linking, mounting, fitting, expansion, finishing, welding, spinning and spinning. Conducting this work in compliance with the design and estimate documentation, as well as the compliance with the established requirements and guidelines, accurate and timely documentation of workflows, the

synthesis and analytical calculations on the basis of information, the exact calculation of the value of the completed work, accurately evaluating and calculating the value of the completed work, keeping the report on the basis of the calculation of the income tax rate, timely implementation of the current account deficit is the most important task of the budget.

## **CHAPTER 2. ORGANIZING OF ACCOUNTING FOR EXPENSES IN CONSTRUCTION ORGANIZATIONS**

### **2.1. The need of accounting for expenses of production in construction organizations**

In the conditions of modernizations of economy business entities should carry out their activities on the basis of market demand and supply. Business entities should use the "Regulations on the procedure for the production and sale of products (works, services) and the procedure for concluding financial results" <sup>11</sup> in their activity.

Proper and timely formalization of production costs in documents ensures efficient management of accounts. At the same time, the analysis of enterprise production activity based on data increases the capacity to plan future activities. 2010 - Analytical account on "Basic production" 2310 - "Auxiliary production" is specifically mentioned separately for each product item and location. This is an analytical account card. 2510 – “General production” account is used in registration 12. The 12th registration is in chess form, and the sum of the economic circulation on the corresponding graphs is written. Costs for sex registration are summarized after reflecting the cost of the workshop and the total number in the registration record.

2010 - analytical scopes of each item of the "Basic Production" account are calculated on the cost items. The following scores are used in accounting for each transaction that occurs during the production process:

- 2010 - "Basic production";
- 2310 - "Auxiliary production";
- 2510 - "General production";
- 2610 - "Manufacturing brake";
- 3110 - "Pre-paid lease payment";
- 3120 - "Other expenses";

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<sup>11</sup> Approved by the Cabinet of Ministers on February 5, 1999, Resolution 54

8910 - "Future expense and repayment reserve".

All the main production costs are grouped according to the types of production prepared in the 2010 "basic production" scorecard to ensure the calculation of production elements and calculations.

The principal production scores are directly related to production, work and service costs, as well as auxiliary production costs, loss of defective product and service management, direct costs associated with the application.

2010 - "Basic production" account credit exposes the real cost of finished products, work and rendered services.

**Table 1**

**Basic production connects to these following accounts in business activity (LLC "DDMAX TRANS SERVIS")<sup>12</sup>**

№	Business transactions	Dt	Ct	Sums
1	Material expenses	2010	1010	95780000
2	Wages (calculated)	2010	6710	7895000
3	Amortizations	2010	0210	470145
4	Electrical expenses	2010	6010	810900
5	Social insurance	2010	6520	78950

The principal production scores are directly related to production, work and service costs, as well as auxiliary production costs, loss of defective product and service management, direct costs associated with the application. 2010 - "Basic production" credit exposes the real cost of finished products, work and rendered services. Expenses related to the cost of the product (work, service) for auxiliary production are grouped in the Schedules 2300 "Auxiliary Production Accounting"

2300 - "Assistant Production Accounting" scores are used to account for the following auxiliary production:

Assistance with different kinds of energy (electric power, gas, etc.);

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<sup>12</sup> Table was made by author, 2018

Implementation of transport services;  
Repair of fixed assets;  
Instrumentation, stamps, construction details;  
Production of stones, sand and other non-ferrous materials;  
Preparation and processing of grease materials;  
salting, stinging and preserving of agricultural products (at a commercial enterprise);  
special clothing and footwear repair, sewing and so on.

Also, in these scores, according to NAS 21, costs for research and experimental design divisions that are on the balance of business entities may also be taken into account.

2300 - Calculation of auxiliary production account is based on the direct costs related to the production, service and rendering of goods, as well as associated with the auxiliary production indirect costs and damages from unacceptable products.

2300 – “Auxiliary Production” revisions are credited to the following account: 0200 - "Depreciation of fixed assets";

0500 - Amortization of intangible assets;

1000 - "Material Accounts";

1100 - "Calculation of the number of breeding and feeding animals";

1610 - "Material Costs";

2510 - "Production Costs";

2610 - "Invalid product in production";

2810 - "Ready-made warehouse";

3110 - "Expenditure Accounting";

3210 - "Extension of Extended Expenditure";

4860 - "Scores received on the allegations";

6010 - "Suppliers of goods and payments to contractors";

6500 - "Calculation of payments to insurance and public trust funds";

6710 - "Comparison with labor compensation staff";

6970 - "Debt to accountants";

6990 - "Other liabilities"

6110 - "Monthly subscription fees for separate divisions"

9390 - "Other operating income".

2300 - "Auxiliary production" account indicates the actual cost of the finished goods (work, service) produced.

Auxiliary production in agricultural enterprises serves as the main business. Starting from the ground, the earth is being planted, planting, cultivating, harvesting, harvesting, and transmission, as well as assisting in the warehousing and all other activities. The auxiliary manufacturers include: auxiliary enterprises, which carry out the necessary repair works for repair shops, maintenance of fixed assets, car park, power supply, water supply, heating, gas supply and business .

The auxiliary production network is closely linked to the production throughout the year. The network is used for all subjects on a monthly basis in the plan.

If the auxiliary production networks serve one another, the cost of the plan will not change.

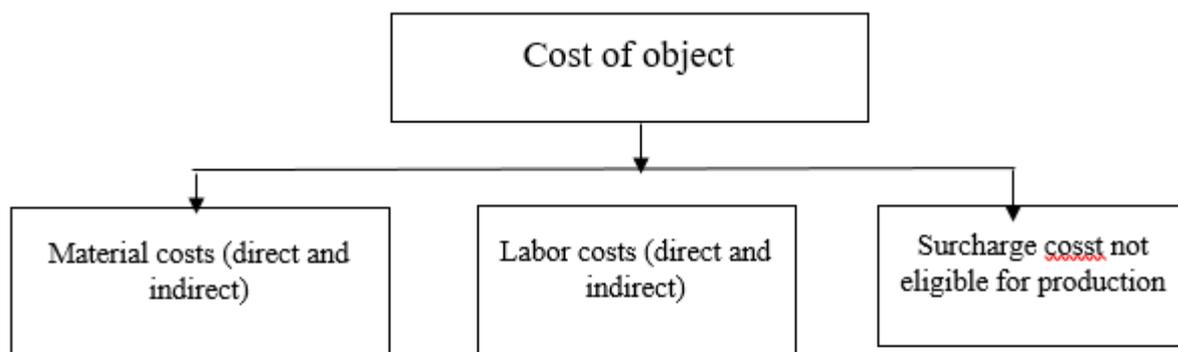
For plant and livestock farmers, industrial enterprises and other businesses, the cost of the plan, estimated at the end of the year, is estimated to be the real cost after the actual cost of auxiliary production has been determined. The auxiliary scheme 2310 will cover all expenses within the year. Expenses will be written to debit side 2310. The following table describes the classification of expenses (table 2).

The accounting standards of accounting, the national standards used in Uzbekistan, and the "Cost Estimates Charter" are summarized in accordance with the following criteria: The cost of the construction site depends on the production costs associated with direct production, the technology of production and the conditions created with its construction.

**Table 2****Classification of expenses<sup>13</sup>**

<b>№</b>	<b>Classification</b>	<b>Types of cost</b>
1	Depending on the economic role of the manufacturing process	Basic and surcharges
2	Depending on the value of the product produced	Direct and indirect
3	Relative to the volume of production	Variable and permanent

The cost of the object of construction is connected directly to the production, the production technology and the conditions associated with its construction are included.

**Cost which is belong to object<sup>3</sup>**

The cost of capital and overhead expense includes the reduced names of calculating substances and allows the subject administration management to focus on these dimensions:

- the main costs are the cost of raw materials and materials, directly related to the production process, the calculation of salaries to the main production workers, the cost of machinery and equipment, and similar expenses;
- overheads include the costs of maintaining and managing the production, maintenance and maintenance of the facility. In the practice of management calculations, this benefit does not include high costs, depending on the costs

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<sup>13</sup> Created by author, 2018

associated with the calculation and distribution of costs. This cost includes complex costs, consisting of elements that do not coincide with the elements of several economic entities. That is, the cost of combined costs, the cost of administration and management of products. Direct and indirect expenses separation according to the method of addition of the finished product:

- directly costs associated with the production of certain types of products and are included in the consolidated account in accordance with the original documents, directly to the cost of those products. includes the cost of inclusion, rather than distribution;
- the indirect loss is related to the production of the product in a few packages, and is taken into account in the aggregate account based on the original documentation.

Auxiliary production at construction organizations is understood to mean the activities of ancillary and service production units, directly or indirectly involved in the construction work. These include:

- workshops for building materials, details, designs and devices;
- divisions providing energy diversity services;
- transport service providers;
- subdivisions carrying out repairs;
- designing of construction works, subdivisions that conduct experimental design works;
- structural, medical, sanitary-hygienic, catering services for construction workers.

It is possible to disassemble an account with a account of 2500 "General production" in accordance with the designation specified in the accounting policy of the admin organization. The following is a summary of the following points, which will be reflected in the accounts system:

- a) storage facilities and equipment storage and exploitation;
- b) amorphous separation equipment of the main inventory and non-fertile assets;

- c) the maintenance of the main source of production;
- d) insurance of property in production;
- d) heating, closing and storage of the development buildings;
- e) the leakage of the property used for production purposes;
- j) Development of the service for the development of a multi-functional workforce and social insurance;

The main characteristic is that of many (direct) and (indirect). Direct expense is expense incurred that varies directly with changes in the volume of a cost object. A cost object is any item for which you are measuring expenses, such as products, product lines, services, sales regions, employees, and customers. Here are several examples of direct expenses:

- The materials used to construct a product for sale;
- The cost of the freight needed to transport goods to and from a manufacturing facility;
- The labor incurred to produce hours billable to a client;
- Labor and payroll taxes paid based on the number of units produced
- production materials consumed during the manufacture of goods;
- The commission and payroll related to the sale of goods or services;
- Direct expenses are typically listed within the cost-of-goods-sold section of the income statement.

However, commission expenses are sometimes categorized lower down, in the selling and administrative expenses section of the income statement.

When the income statement is revised to only include direct expenses in the cost of goods sold, this is called contribution margin income statement.

There are many more types of expenses that are not direct expenses

- they are called indirect expenses because they do not vary with changes in the volume of a cost object.

Synthetic account of major production costs in construction companies is carried out in 2010 under the "Basic Manufacturing" bureau. Within this

framework, separate analytical scripts for each building site expense account will be opened. Construction works are determined by inventory in the construction organizations in the case of step-by-step demolition of the unfinished construction cost (cost) at the end of the reporting period. Incomplete production cost (cost price) shown in the inventory register is indicated as the residual at the end of the reporting period in the analytic account (construction object) opened to the "Basic Production" in 2010. In this case, the actual cost (sales price) of the stage of work to be demounted to the customer will be deducted by adding the debit turnover amount to the remainder of the 2010 "Main Production" billing for the facility and by dividing the residual balance by the end of the reporting period. Basic production costs are the 10th journal order, which is the basic dimensions of synthetic and analytical calculations. The order of this magazine is opened on each building site (analytical account). In addition, the construction organization keeps track of the ten-day magazine-order to collect data on all construction costs. This aggregated magazine order illustrates the orderly collection of account data for major production costs by analytical accounts (construction sites). In the debit card of the main book, the data presented on the consolidated data should correspond to the sum of the sum of the corresponding expenditure items listed on all construction objects (analytical accounts) in the 10th journal-order. Auxiliary production at construction organizations is understood to mean the activities of ancillary and service production units, directly or indirectly involved in the construction work. These include:

- building materials, details, designs and accessories (woodworking materials, workshops or workshops for concrete, bricks, granite stones, bitumen, asphalt and other materials);

- Subdivisions providing various types of energy (electricity, steam and others);

- translators services (auto shops, garages, workshops);

- repair subdivisions;

- Designing of construction works, subdivisions of pilot construction works.

The synthetic account of subsidiary production costs is in the heading 2310 "Auxiliary Production". In the case of this can be deducted from materials, wages, social insurance, depreciation, various services and other costs incurred in the auxiliary production, in accordance with the requirements (1000, 6710, 6520, 0200, 6000, 6990 and others). data are collected. 2310 "Auxiliary Production" credit expense reflects the write-off of finished goods, semi-finished products, construction materials, designs, equipment and supplies, as well as the total cost of services rendered from auxiliary production. There may be incomplete production workshops on the production of special building designs and accessories.

In this case, the 2310 "Auxiliary production" will have the residue. In other cases, the amount deducted from this budget will be deducted from other similar bills, which will be broken down. The breakdown of the auxiliary production 2310 is reflected in the following accounting records:

(1) when receiving finished products from auxiliary production:

Debit 2810 "Ready-made warehouse" Credit 2310 "Auxiliary production"

(2) Received semi-finished products from auxiliary production:

Debit 2110 "Semi-finished products" Credits 2310 "Auxiliary production"

(3) Purchase of building materials, constructions, equipment and agricultural equipment from auxiliary production:

Debit 1000 "Supplies" Credits 2310 "Auxiliary Production"

(4) When acknowledged as a capital investment for auxiliary production costs: Debit 0890 "Other Financial Subsidiaries" Credit 2310 "Auxiliary Production"

(5) Auxiliary Production Expenses Debt 2010 "Basic Production" Credits 2310 "Auxiliary Production" .

(6) Auxiliary production costs are included in the cost of operating expenses: Debt 9400 "Calculation of current expenses" Credit 2310 "Auxiliary Production"

Auxiliary production costs are deducted from the cost of main production costs by distributing its separate items directly to the cost of a particular construction object or by allocating them according to the accounting policy.

Construction organizations may carry out a total cost-related expense account in accordance with the procedures set out in their accounting policies at the 2500 "General production costs" system. The following special charges will be reflected in the system, which include:

- a) the cost of storage and retrofitting of construction machinery and equipment;
- b) Depreciation charges for fixed assets and intangible assets related to production;
- c) repairs of production facilities;
- c) costs of property insurance in production;
- d) heating, lighting and storage of production premises;
- e) the cost of renting property used for production;
- f) other costs of cumulative production.

During the reporting month 2510 data are collected on the cost of "General Production cost" and other appropriate loan funds, with data on the above mentioned cost items. At the end of the month, the costs incurred by this bureau will be deducted from the cost of main production (2010 account) and auxiliary production (2310 account) in accordance with the rules set out in the Construction Accounting Policy. According to the procedures, the remaining costs of the overhead disposal costs should be distributed among the appropriate construction sites.

General production costs are the costs associated with the management of basic and auxiliary production, service and production arrangements.

Accounting for general cost of production in accordance with the plan of accounts is carried out on account 2510 «General production». This account is intended for generalization of information on maintenance costs of main and

auxiliary enterprises of the enterprise. Specifically, this account may include the following charges:

- costs of storage and use of machinery and equipment;
- Depreciation charges for full recovery of fixed assets and costs of their repair;
- insurance costs of production property;
- heating, lighting and storage of production premises;
- Rental costs for production facilities, machinery and equipment and other leasehold improvements;
- Producing manufacturers engaged in manufacturing services pay;
- other similar expenses for similar purposes.

General production costs include services and costs for the enterprise network management in each enterprise. The period expenses includes the cost of managing and servicing all aspects of the game. Government spending is limited to those costs. The set limit is a limit and can not be spent more. It is always under control by the supreme body and by the finance to reduce it. The remaining amount will be returned to the state budget. Gross production costs, general production costs can not be written off directly to crops or products. Expenses are included. Because the total production costs are based on the cost of some of the households and those who serve one of the branches within the network. The total production scheme is one of the most widely distributed accounts. Therefore, the economy is characterized by a wide range of industries, ranging from agriculture, livestock, industrial production and other sectors. For each network, a separate subset is opened, which will be written down to the expenses for the network. The network, which accounts for itself, will be distributed in accordance with the established procedure at the end of the year. There is no residue in the account that takes into account the total production costs.

In addition to the above expenses, special expense accounts are written down to the debit side.

- transport services:
- moving from one territory to another;
- water and fuel transport for tractors and combines;
- transportation of hardworking people to the field slab;
- livestock breeding costs from one place to another.

Dt 2510, Ct 1000, will be used when producing materials for a wide range. At the end of the current year or at the end of the year, the total production costs are to be deducted from the main production net Dt 2010, Ct 2510 will be deducted from the next year's expenditure 2310, Ct 2510, and natural disaster losses (tax) will be deducted from Dt 9720. Expenditure for total production costs will be set.

## **2.2. Accounting for period expenses in construction organizations ( LLC "DDDMAX TRANS SERVIS")**

Synthetic account are general about their economic and sources as well as for cost accounting designed. The data of analytical accounts are intended to be used to calculate the economic resources and their sources not only in monetary values, but also in natural and time labor standards. Accounting analytics on analytical accounts can not be implemented. Analytical calculations are carried out on cards that are opened specifically for types of funds. Period expense is used to record through 9400 account. 9410 - "Sales expenses"; 9420 - "Administrative expenses"; 9430 – “Other operating expenses ”. The assets of these budgets are related to the time spent on the enterprise, and at the end of the reporting year, corresponds to the sum of the total sum 9910 "Final financial result". In other words, the expense of the current period will reduce the company's profit at the end of the reporting period.

Documents relating to the maintenance, repair and use of vehicles serving administrative personnel are important documents in the calculation of the time costs. In the course of providing services related to the use of communication means used in managerial activities, contracts with partners, invoices, bank

statements, receipts and documents confirming payment for their installation, repair and communication services is used. Subsidy allocated to cover the expenses 9690 - "Other expenses on financial activities" shall be reflected in the account. When retrieving the subscription, it is stated in Account 9590- "Other income from financial activities".

Costs related to the sale of products (works and services) during the reporting period are taken into account at the account of 9410 "Sales Expenses" account, and at the end of the reporting period 9910 "Final Financial Results" will be deducted from your account. Management and maintenance costs are accounted for at the Debt of 9420 "Administrative Expenses" at the end of the reporting period, and at the end of the reporting period, 9910 "Final Financial Results" will be deducted. Other operating expenses will be credited to the account "Other Operating Expenses" at the account for the reporting period and at the end of the reporting period will be written off to account 9910 "Final Financial Statement".

9410-9440 "Period expenses" account is a transit account that does not have an account. At the end of the reporting period, the total amount of expenses collected at this account is deducted from the account 9910 "Final Financial Results".

**Table 3**

**Accounting for period expenses of LLC “DDMAX TRANS SERVIS”<sup>14</sup>**

№	Period Expenses of LLC“DDMAX TRANS SERVIS”	2017 year	2018 year	Account
1	Administrative expenses	76235,77	88393.85	9420
2	Other operating expenses	526861,45	106880,92	9430

We can notice from this table that Administrative expenses have been increased for 12158,08 sums, and also other operating expenses have been decreased for 419980,53 sums.

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<sup>14</sup> Created by author,2018

The period expenses account in the LLC “DDMAX TARNS SERVIS”<sup>15</sup>

We can notice that 76% of the period expenses are administrative expenses, 24% expenses belong to other operating expenses.

The salary of managers is reflected in the form of expense on the debit side, as well as the increase in the salary obligation on the credit side. The outgrowth of key management assets is also driven by the increase in management costs in the same debit and credit enhancement as a means of escalation of administrative means. Since the main instruments are an asset, their depreciation is a contagious scion, which increases in passive interest rates. Lease payment for administrative building is referred to on the payroll account, 6910. All accounts are executed in the same order and at the end of the sum 9400 are written down to the final financial statement of the account 9910.

Reduction of the period expenses will have a great impact on raising the level of profitability of the enterprise. Reducing the number of administrative staff and staff, replacing business trip airfare tickets to rail tickets depending on the degree of availability, reducing the number of business trips in the currency can reduce operating costs. The following may be recommended for reducing the expenses of the period:

- reducing expenses for non-production jobs and services;
- prevention of judicial expenses, control over the proper and timely conduct of work;
- Reduce other expenses, save resources and use them wisely.

it is desirable to reduce the costs of traveling administrative personnel to rewards, reduce sanitation rates, reduce the number of summer vacations, and save on materials, fuel and electricity and other natural resources. It is also important to ensure that employees have the right to organize their labor activity, plus the dismissal of employees who are unreasonably self-interested in their profession, and to check that their work is properly, fully, accurately and timely. , skilled work

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<sup>15</sup> Created by author,2018

with the skilled cadres also contributes to reducing the costs of the time. Reduction of the time spent on the work contributes to improvement. Not all appliances can be used at maximum, even when the new ones are properly formed. Therefore, in addition to mechanization and automation of technological processes it is necessary to pay great attention to the organization of work on scientific basis.

Reduction of costs will help to increase the business capital. Periods of expenses need to be properly planned and accounted for. It is important to analyze these costs to disclose the cost of excessive costs of determining ways to economize. Analyzing the execution of the period expenses is crucial to improving the overall performance of the enterprise to increase production profitability. It should take analytical and technical efforts to further reduce costs. Costs vary depending on factors that are not enterprise-dependent. For example: the cost of the resource changes the cost of different services, regardless of the business opportunity. Costs will be drastically reduced when introducing resource saving technology. Continuous downsizing costs serve as a major tool to maximize profits.

Accounting for the process of construction (creation) of fixed assets includes the following stages: a) Accounting for construction in progress; b) Accounting for completed construction. Incomplete construction - the developer's costs for the construction of construction projects from the beginning of construction to the commissioning of facilities.

Uncompleted construction production includes unfinished work on organizations, their lines, start-up complexes and objects that are objects of cost accounting.

Incomplete production consists of the costs for the production of construction work performed by own forces, as well as the cost of the work of subcontractors, accepted and paid by general contractors for the period from the beginning of the execution of the construction contract. The actual cost price of the construction work performed on its own is taken into account on a separate sub

account of the "Main Production" account and is determined by the total amount of the construction organization's expenses for the production of such works. The contractor may, prior to handing over to the customer the construction object as a whole, take into account, in the unfinished construction work, the contractual value of the works performed for the individual elements or work stages, if the financial result is determined by them.

### **2.3. Comparative analysis of calculating methods the prime cost of product (LLC “DDMAX TRANS SERVIS”)**

The construction companies will have to calculate the cost, cost price and real cost of construction. The plan or standard cost is usually calculated before the start of construction. The true cost will be determined when the construction is completed and delivered to customers. The calculation of the plan, standard and actual costs of construction works for several purposes, namely:

- (1) the amount of actual expenses that should be spent on construction work;
- (2) uncompleted construction cost;
- (3) prime cost of construction works;
- (4) the sum of the expected financial result (profit or loss) expected and actually realized.

Similarly, the actual costs of construction work are crucial in identifying the costs associated with prime cost or standard costs and adopting appropriate management decisions on these deductions. Therefore, the actual cost of construction work is one of the necessary steps to be taken to finalize the construction process. The real cost of construction can be calculated in different ways. In practice, the most common methods are order, process, and percentage (percentage of completion). Any construction work that is executed in an orderly fashion is considered a cost item. The actual cost calculation is carried out after the transfer of the object (work) to the customer based on the account data collected at the account of 2010 "Main Production" opened for the construction object (order).

The aggregate data indicated on the invoices of the separate correspondent on the debit at this bureau will be the basis for replenishment of the corresponding cost items of the card.

**Table 4**

**Real cost of construction work and calculations of the plan (normative) cost of deductible calculating card, LLC “DDMAX TRANS SERVIS”<sup>16</sup>**

<b>№</b>	<b>Expense article</b>	<b>The Plan (normative) methods</b>	<b>Real</b>	<b>Difference</b>
1	Material expenses	38457900	49475900	+11018000
2	Wages expenses	17890000	15344000	-2546000
3	Social insurance	555000	525000	-30000
4	Amortization	1730000	1670000	-60000
5	Auxiliary production expenses	7200000	10144000	+2944000
6	General production expenses	54750000	78057800	+23307800
7	<b>Total prime cost</b>	<b>173987900</b>	<b>133010990</b>	<b>-40976910</b>

In the separate columns of the calculation card, their plan or regulatory quantities and the deviations from the expenditure items are indicated. Card details allow accurate planning of the cost of construction work or an assessment of the correctness of the standards, defining the reasons, guilty persons and other aspects of avoiding the plan or regulations, as well as taking appropriate management decisions . Processed processes are used to determine the cost of processes such as design, construction, construction, installation, testing, and commissioning. The real cost of each process is its true cost. The sum of this real cost is calculated as the incomplete construction cost for the next process. In the cases provided for in contract contracts, the actual cost of the completed process shall be calculated in accordance with the orderly order. These calculations are considered as the basis for accounting for the value of the transferred value as the selling price.

<sup>16</sup> Created by author,2018

Partial method (or percentage of completion method) is used when contracting contracts are to be awarded to customers based on the percentage of completion. The construction completion percentage is calculated by the end of the reporting month by the actual cost of going to the cost estimate of construction work and by 100%. The actual cost of the construction work based on this calculation will be considered as the cost (sales price) of the works submitted to the customers.

The normative method of calculating the prime cost of product is a component of the cost accounting method. The advantage of this method is the simplicity of calculations. The following are some of the weaknesses of this method:

- Absence of norms for control over the amount of used resources and control over them;
- The reasons for the abusive, guilty, lack of opportunity to identify and analyze the place;
- Calculation of costs in the production process can only be carried out at the end of the reporting period.

The difference between normative costs and real costs in the normative procedure is called deduction. The normative costs corresponding to a single product include the following elements:

- direct normative costs;
- normative amount of direct material costs;
- normative working hours (direct labor costs);
- standardized working hours;
- variable coefficient of variable production costs;
- normative coefficient of continuous production costs.

Using this method has the following advantages:

- Establishment of normative calculations of prime cost of production unit;
- Keeping records of operating norms and expenditure deductions;

- Establishment of norms and norms on each type of expenditure.

This method presupposes the mandatory initial calculation of normative calculations for each item that is calculated at the beginning of the reporting period based on operating costs. Normative calculations will also be updated with renewed norms and regulatory costs for implementing organizational and scientific and technical measures.

Thus, the normative method of product cost estimation allows to accurately calculate the actual cost of production, taking into account the features of cost accounting at enterprises, which also allows for a thorough analysis of the deficiencies in the cost, and to identify the detected defects and their causes. This means that this method is cost-effective for controlling and managing costs.

The ordered method of cost accounting can be used for both private and small production, as well as in experimental production and repairs.

The essence of the ordering method is that for the smallest group of one or several products, separate expenses are calculated on each order.

The ordered method of calculating costs and calculating the cost has the following characteristics:

- Used at separate orders, as well as when producing one-time products;
- The cost of this method is determined by the time of the order being executed, not at the time of the specific report (one or two, one, year).
- It can use an order card to find additional analytical information. The cost of this order card will be assessed on the appropriate accountability centers. In international practice, financial and economic activity of enterprises may be based on a cost-benefit method, which may be based on a cost-benefit formula (marginal income).

Full cost costs are included into the product cost on a constant and volatile basis, indirectly and indirectly incurring all expenses incurred by the enterprise. Expenses directly incurred by the product are first distributed to the liability centers and then to the product cost in proportion to the chosen basis.

The full cost savings calculator is widely used in the country and complies with the requirements of the normative documents on financial accounting and taxation and traditions in Uzbekistan. However, this method does not take into account the changes that occur in the cost of the product unit as the volume of production increases.

Particular attention should be given to the method of cost accounting on marginal cost, in the current market economy. In accordance with this method, the cost of the product is not included in the cost of the enterprise, but part of it - variable costs. This method does not include the cost of the product at the expense of the cost and is intended to minimize the profit of the period in case of such costs. Therefore, the greater the difference between the selling price of a product and the amount of variable costs, the higher the level of marginal earnings and profitability. In addition, constant and volatile expenditure division plays a crucial role in managing and analyzing the business, including the concept of the concept of assortment, declaring the closure or the collapse of malicious activity. The main advantage of this method is the combination of constant and variable costs. Managing these expenses allows you to solve the following key tasks:

- Defining the lower limit of the product or order price;
- Comparative analysis of product's productivity;
- Identify easy product development and sales programs;
- Distinction between product or service of their products and their purchase abroad;
- Ensuring that production technology is economically viable;
- Establishment of reserves of the company's competitiveness and safety point etc.

Technological methods of calculating the prime cost of production at the enterprises and the reasoning of production are justified. At present, businesses are able to take into account the cost of simple, processed and ordered methods. In the analytical scopes of each item of the account 2010 "Basic Production" are

calculated on the cost items. Analytical accounts will be opened on technological process of products processing.

In the method of summarizing the expenses (simple method), the product's cost is determined by the individual parts of the product or the process of their preparation. This method is typically used when producing the same product. The method of deducting the cost of the additional product is that the products produced from the production are basic, supplemental and dependable. In order to determine the prime cost of the product, the product and waste will be excluded from the total cost of the predefined prices. The method of proportionate distribution of costs is used to calculate the cost of production, provided that the product is manufactured at the same time. This utility is mainly used for the production of mixed products. At the same time, the cost accounting is based on a group of products, and the costs within the group are economically justified, sometimes proportional to the individual types of products. If the method of compounding is not always possible to apply either of the methods listed above, or if the cost of the product is based on a reasonable basis, some of them represent an interconnection.

involves the detailed accumulation of production costs attributable to specific units or groups of units. For example, the construction of a custom-designed piece of furniture would be accounted for with a job costing system. The costs of all labor worked on that specific item of furniture would be recorded on a time sheet and then compiled on a for that job. Similarly, any wood or other parts used in the construction of the furniture would be charged to the production job linked to that piece of furniture. This information may then be used to bill the customer for work performed and materials used, or to track the extent of the company's profits on the production job associated with that specific item of furniture. process cost accounting involves the accumulation of costs for lengthy production runs involving products that are indistinguishable from each other. For example, the production of 100,000 gallons of gasoline

would require that all oil used in the process, as well as all labor in the refinery facility be accumulated into a cost account, and then divided by the number of units produced to arrive at the cost per unit. Costs are likely to be accumulated at the department level, and no lower within the organization.

Given these descriptions of job costing and process costing, we can arrive at the following differences between the two costing methodologies:

**Table 5**  
**Differences between the two costing methodologies<sup>17</sup>**

Uniqueness of product	Job costing is used for unique products	Process costing is used for standardized products
Size of job	Job costing is used for very small production runs	Process costing is used for large production runs.
Record keeping.	Much more record keeping is required for job costing, since time and materials must be charged to specific jobs	Process costing aggregates costs, and so requires less record keeping.

In situations where a construction company has a mixed production system that produces in large quantities but then customizes the finished product prior to shipment, it is possible to use elements of both the job costing and process costing systems, which is known as a hybrid

**Table 6**  
**The analysis of the product unit of LLC “DDMAX TRANS SERVIS”<sup>18</sup>**

	Cost			Square (M <sup>2</sup> )	Cost of the product unit
	Initial	Current	Total		
Material cost	1086	9578	11750	20000	0,58
Adding cost	1110	18000	19110	26000	0,73
Total	2196	27578	30860	X	1,31

<sup>17</sup> Created by author,2018

<sup>18</sup> Created by author,2018

Simple method of calcification. This method is used in enterprises that are in the normal production, which are incomplete or inadequate production. In this method, the total cost of production costs for the reporting period is determined and these costs are proportionately distributed between certain types of products proportionally to the specific indicators (average plan cost, labor costs, material costs, etc.).

An analysis of the cost of an improved product unit allows each individual product to calculate both material costs and added costs. Bellow we give these table.

### **Conclusion for the chapter 2**

We have made the following conclusions when analyzing the current state of the necessity of creating a new mechanism of business management in the qualitative business of this graduation and the creation of various forms of ownership in the modernization of the economy.

1. Accounting is the main source of information for the management process and is the main provider of information for managers. In our opinion, accounting should not be the source of information on management in the management system, but rather as a means of controlling its position. Therefore, accounting should provide the necessary, accurate and accurate information about the activities of economic entities.

2. Management accounting should be provided primarily by the operational management personnel. In our opinion, the management account serves to manage an enterprise or firm, develop, account and control the business. One of the main objectives of the management account is to deliver timely and accurate information to the management apparatus on the costs and revenue generated by the individual departments of the entity. The management account should provide appropriate proposals for future actions and actions to be taken.

## **CHAPTER 4. ANALYSIS OF THE FACTORS TO REDUCE PRODUCT COST**

### **3.1. The importance of calculating prime costs for construction works**

The prime cost indicator takes a central place in the general system of indicators, reflecting the efficiency of production activities in the business entity and its separate units. Because the cost of the prime cost is the sum of the costs that it organizes. Cost-effectiveness of organizations is calculated from the most cost-effective process. Because it is understood as a complex of activities of the undertaking of the undertaking, though it involves the occurrence of incidents and transactions occurring during the production process.

The problem of the effective use of cost management in the practice of management of subjects has been widely discussed between economists of foreign countries and scholars of the country for many years. The summary of the expense accounting is as follows: "Cost accounting is the quantitative deduction (in terms of quantity and value) of the events occurring in the process of delivery of goods, works and services (works, services) to the consumer - the activity of the relevant business entity, It is an understood activity to record, group, and analyze the boundaries of the cost of the finished goods.

The main focus of production costs accounting is the control over the production activity of the subject and management of expenses for the implementation of this activity. One of the important tasks of the management account is to calculate costs and calculate product cost. In foreign countries, various methods are widely used.

is an important subtopic of cost accounting. Standard costs are usually associated with a manufacturing company's costs of direct material, direct labor, and manufacturing overhead. Rather than assigning the actual costs of direct material, direct labor, and manufacturing overhead to a product, many manufacturers assign the expected or standard cost. This means that a manufacturer's inventories and cost of goods sold will begin with amounts reflecting the standard costs, not the

actual costs, of a product. Manufacturers, of course, still have to pay the actual costs<sup>19</sup>. As a result there are almost always differences between the actual costs and the standard costs, and those differences are known costing and the related variances is a valuable management tool. If a variance arises, management becomes aware that manufacturing costs have differed from the standard (planned, expected) costs. If actual costs are greater than standard costs the variance is unfavorable. An unfavorable variance tells management that if everything else stays constant the company's actual profit will be less than planned. If actual costs are less than standard costs the variance is favorable. A favorable variance tells management that if everything else stays constant the actual profit will likely exceed the planned profit. The sooner that the accounting system reports a variance, the sooner that management can direct its attention to the difference from the planned amounts. If we assume that a company uses the inventory and that it carries all of its inventory accounts at standard cost (including Direct Materials Inventory or Stores), then the standard cost of a finished product is the sum of the standard costs of the inputs:

1. Direct material
2. Direct labor
3. Manufacturing overhead

$$\text{Total Expenses} : \text{Production capacity} = T$$

This formula can be used to calculate the average cost of a single product by dividing the total cost of the firm found in the production volume, the average cost of a single unit product.

An increase in the production volumes in the current period will result in a reduction in the amount of unrecoverable expenses per unit of product, as well as

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<sup>19</sup> Managerial Accounting 15th Edition, Ray Garrison, Eric Noreen, 302-page, USA, 2016

the change in the cost of the variable. Characteristics of the standard-cost system are as follows:

First, it focuses on the full cost the full cost calculation, secondly, it is intended to take into account all types of costs, namely variable and indirect costs, on the basis of the approved norms and their differences. In Standard-Cost System, specific regulatory costs (standard-cost pages) are made for total products, including single unit products, computations and calculations. In our understanding this document is called normative calculations, planning, calculating card. The standard cost page is created by each type of product. It specifies the name of the product, the normative amount, the regulatory value, and the amount of normative costs. The consumed materials and their quantities are taken from the recipe, technological cards. Normative appraisals are taken from the rating scale for the firm. The amount of normative expenses is calculated by multiplying the normative amount of materials at a standard price.

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This leaflet also calculates the costs of direct (variable) labor costs. The amount of these normative expenses is calculated by multiplying the normative period of work going on in the production of the product.

General economic expenses shall be based on norms fixed for indirect (indirect) and indirect (fixed) economic expenses<sup>20</sup>. At the same time, changing

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<sup>20</sup> Managerial Accounting 15th Edition, Ray Garrison, Eric Noreen, 301-page,USA, 2016

aggregate operating costs are based on an hourly rate of return per hour, while unobtrusive economic expense is based on the amount of these expenses (amounts) fixed for the reporting period. The normative amount of fixed and indestructible economic costs of the same way is determined by the standard working hours and the average amount of economic expenses (norms) per normative hour.

**Table 7**

**The Indirect material expenditure norm<sup>21</sup>**

<b>Group of Materials</b>	<b>Amount of normative</b>	<b>Normative value</b>	<b>The norm of the total cost</b>
X-material	150	0,06	9,00
Z-auxiliary material	5	3,00	15,00
Y-details	1	25,00	25,00
<b>Total</b>			<b>49,0</b>

We can notice from this table that normative of variable economic expenses - 6 000 sums per hour for direct business hours. One month direct working hours norm 1000 hours; indefinite total household expenses - up to 10,000 sums per month. monthly production volume – 100 m<sup>2</sup>.

**Table 8**

**The direct labor costs for production<sup>22</sup>**

<b>Operation</b>	<b>By the standard time</b>	<b>Normative</b>	<b>The norm of the total cost</b>
X – material	0,5	10,00	5,00
Z – auxiliary material	0,3	10,00	3,00
Connecting component	0,1	8,00	0,80
Checking and control	0,2	7,00	1,40
<b>Total labor cost</b>			<b>10,20</b>

<sup>21</sup> Table was made by author,2018

<sup>22</sup> Table was made by author,2018

Monthly total amount of total household expenditure is  $10000 + 6 \times 1000 = 10000 + 6000 = 16000$  sums. The standard amount of overhead business hours per hour is  $16000: 1000 = 16.00$  sums.

**Table 9**

**The Standard cost page<sup>23</sup>**

<b>Type of expenses</b>	<b>Sums</b>
Direct material expenses	49,00
Direct labor expenses	10,20
Total general cost per hour working hours	16,00
The standard cost of a unit product	75,00
Normative cost of total product	75000

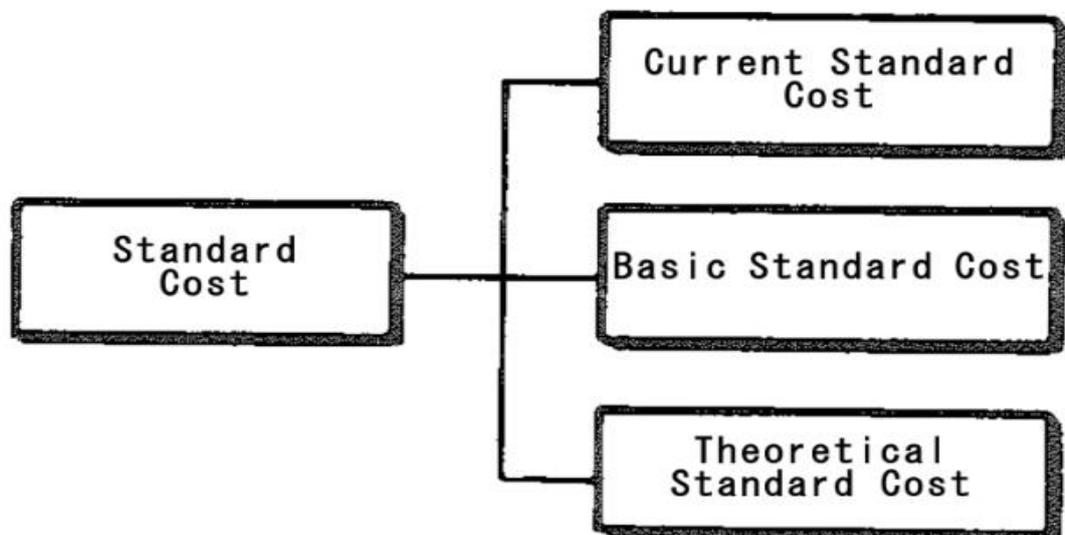
The standard cost sheet is the basis for a firm decision to determine the product's value. Control accounting keeps track of the materials, inventories, sales volume, profit or loss, both on the standard and actual values, as well as the discrepancies between them. All expenses are reflected in the calculation of the "Incomplete Production", "Total Costs of General", and the deduction from the normative value in the special accounts opened for that purpose. If real costs are above the standard, they are negative, and deductions reflect on the debit side of the accounts. If real costs are lower than the standard, they are positive and will be reflected on the credit side of the disbursement account.

One of the advantages of standard-cost system is its time-savings. The availability of the regulatory framework makes it much easier to find the sum of the total costs. In standard-cost system full cost of goods production is fully compensated. This is a commonly accepted principle of the standard cost-benefit calculation, as well as the requirement that taxation be reflected in the complete cost of an incomplete

<sup>23</sup> Table was made by author,2018

production and finished goods. It also fits in with the concept of reflecting the cost of all assets in the financial statement. This method of the international account is widely used in foreign countries and has a large number of its supporters.

In contrast to the "Standard-cost" method, only direct and indirect costs, labor, and financial costs are included in the cost-coding method of Direct-Costing. is not included in the cost of the unobtrusive total cost of the household, which is directly attributable to the financial results of the firm. Supporters of this method believe that indirect costs are not directly related to the production process, but are related only to a specific reporting period, and will arise in time.



**Graph 4. Content of Standard cost<sup>24</sup>**

Thus, it is the most characteristic feature of Direct Costing, which is a direct allocation of expenses directly indirect costs. The price is calculated exclusively on direct costs and is taken into account. Indirect costs are additional costs incurred by the firm that are directly covered from the profit of the firm and are reflected in the account. Decision-making on the "cost-to-sell" direct costing or the other is based on the direct sales results. This means that the financial results of the firm's

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<sup>24</sup> Managerial Accounting 15th Edition, Ray Garrison, Eric Noreen, 302-page,USA, 2016

operations are expressed in terms of sales.

Direct cost allows the company to calculate the benefits of the financial account in its entirety. That is, in this method, the true cost of the products produced, placed and sold is calculated consistently and without sequential calculation. This, in turn, will allow the faster determination of the financial result in the first month of the following month, two weeks prior to the financial results based on the "Realization" calculation. In direct costing system, as mentioned above, direct indirect costs of the business are expenditures and direct financial results. Separate costs for these expenses, as well as the separate accounting of other profits, permit the determination of financial results (profit or loss) on separate types of activities, including sales, economic, incidental and other events and circumstances. In addition, Direct Costing reflects the profit, net profit as well as the indices. This procedure of formation and accountability of financial results is also very convenient for both the owner and the state regulatory body.

It is these advantages that lead to the rapid introduction and spread of direct costing to the practice of countries of the world. But the Direct Coaching method is not a disadvantage. There are aspects that this method does not fully compromise with firm and corporate owners and administrators. In particular, taking into consideration the costs directly and indirectly, costs time, some of them are uncertain, especially in defining pricing. Moreover, entrepreneurs do not always want to cover all the costs and expenses directly from the profit, and try to reduce the taxable profit. Therefore, the closure of direct costing method is carried out in many countries directly at the request of public authorities. One of the most important areas of the modernization of the management account, "Standard cost" and "Direct-costing", is to introduce them to the responsibility centers and to set up management oversight of various centers on this basis. The development of national production and its approximation to international standards require a thorough study of the accounting and analysis systems of developed countries with a high degree of market economy. It is these advantages that lead to the rapid

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But the Direct Coaching method is not a disadvantage. There are aspects that this method does not fully compromise with firm and corporate owners and administrators. In particular, taking into consideration the costs directly and indirectly, costs time, some of them are uncertain, especially in defining pricing. Moreover, entrepreneurs do not always want to cover all the costs and expenses directly from the profit, and try to reduce the taxable profit. Therefore, the closure of direct costing method is carried out in many countries directly at the request of public authorities. One of the most important areas of the modernization of the management account, "Standard cost" and "Direct-costing", is to introduce them to the responsibility centers and to set up management oversight of various centers on this basis.

The development of national production and its approximation to international standards require a thorough study of the accounting and analysis systems of developed countries with a high degree of market economy.

Absorption costing is a cost method of expensing all costs associated with manufacturing a particular product and is required for external reporting. Some of the direct costs associated with manufacturing a product include wages for workers physically manufacturing a product, the used in producing a product, and all of costs, such costs used in producing a good. Absorption costing includes anything that is a in producing a good as the cost base.

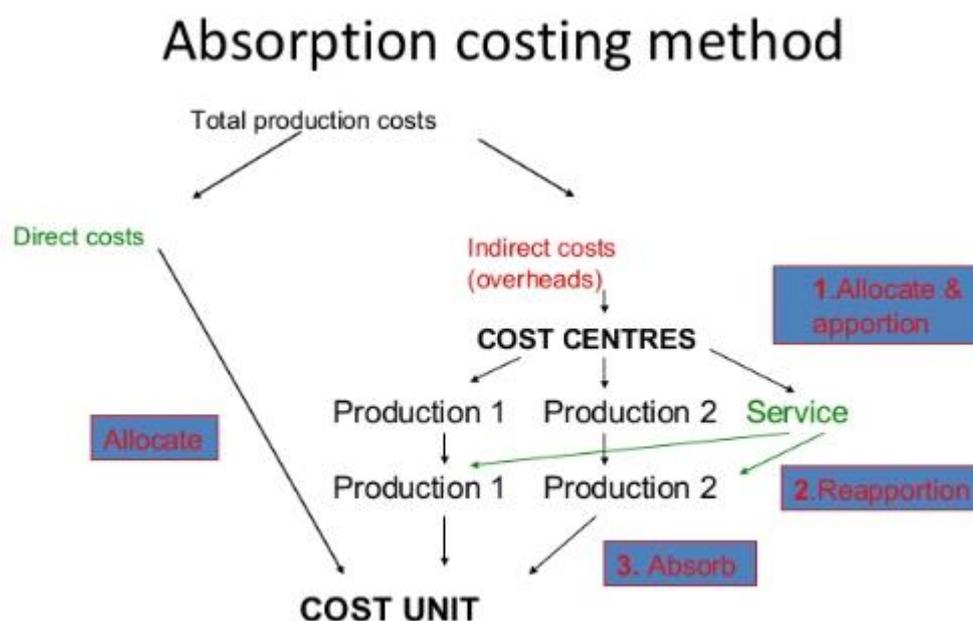
The Activity Based Costing (or AVS) method represents the expense account for the business. This method is aimed at reducing the costs of many resource activities. Expenditure management will be focused on reducing costs and improving product quality by reducing business activities.

The AVS System Method is as follows:

1. Identification of the main activities of the enterprise;
2. Determine the factors affecting the cost of a particular activity;
3. Establishment of responsibility centers for each activity;

#### 4. Orientation of expenditure on product-based activities.

The AVS system analyzes performance indicators, such as inventory evaluation, decision making and control.



Slide 13

**Graph 5. Absorption costing method<sup>25</sup>**

The main feature of the AVS system is the allocation of costs in terms of product unit, party (batch), and in the form of aggregate expenditure.

The advantages of this system are:

- emphasizes deep analysis of the costs of the management account;
- plays an important role in the correct calculation of unused capacity;
- Assessment of labor productivity;
- There is an opportunity to determine the level of profitability of a particular product.

In general, it is advisable to apply the methods of calculation of production costs used in the practice of foreign countries in the practice of Uzbekistan.

<sup>25</sup> Graph was made by author.2018

### 3.2. Determining the opportunities for reducing its cost by analyzing product cost

Reduction in production costs in the market economy is an important factor in the conditions of modernization economy. The value of the channel is crucial to determining profit. Therefore, improvement of production costs analysis is a requirement of time. From the present-day analysis of production costs in the product cost, many studies have been lagging behind.

The methods and approaches used to analyze production costs are quite outdated. The basis of market relations in the Republic of Uzbekistan is the necessity to improve the analysis of all spheres in the field of analysis, including the cost of production, in the current conditions of integration into the global economic integration.

The method of chain linking is important in the context of sensitive analysis methods. Cost estimates play a major role in reducing product cost. In the reduction of the prime cost of the product, the analysis is that it helps to identify the origin of material costs and save material resources. Costs or savings of material resources are the result of the difference between the actual sum and the actual amount.

$$M = \sum_{i=1}^k M_i P; \quad I=1, \dots, k,$$

M - material costs for the plan, k - amount of product,  $M_i$  - measurement of material consumed in a unit unit, P -the actual quantity of product.

The dependence of material costs on the output of the product is determined by the following formula:

$$\Delta G = G! \frac{\Delta V}{100}$$

G-Changes in material costs, depending on the size of the product, in thousand soums, G! - planned amount of material expenses corresponding to the

planned amount of goods, thousand rubles;  $\Delta N$  - Percentage of execution of the plan on the volume of goods.

If we apply this formula to the "DDMAX TRANS SERVIS" LLC, we will have the following information:

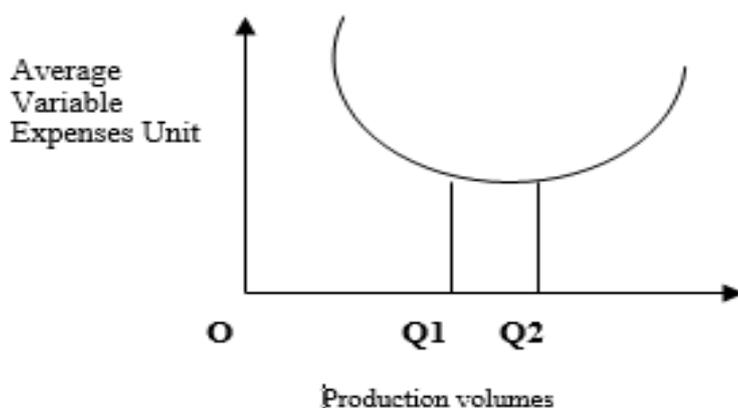
$$G=360980 \times (118,8:100)=428844,24$$

As you know, there is an understanding of the analysis of production costs in the foreign practice as an analysis of harmfulness, which is crucial in determining the optimal boundaries of operating costs and determining the degree of profitability.

The objective of the non-contingency analysis is to know what financial results will be like when the production capacity changes. Harmful analysis is based on profitability, expense, and profit ratio for a short period of time. The economist's sales have been determined to be theoretically dependent on the total income, expenses and production volumes.

In the economic model of costs, production volumes and profitability, the curve of general expenditure and the overall revenue side are given.

Q1 and Q2 are the costs of production volumes. But after Q2 resources are used more intensively, resulting in a lack of resources, which is the negative effect of the scale.



**Graph 6. The total expenses and total revenue curve<sup>26</sup>**

<sup>26</sup> Graph was made by author, 2018

The point of weakness indicates how much the sales volume will reduce before the company starts to lose.

In economics, marginal cost is the change in that arises when the quantity produced is incremented by one unit, that is, it is the cost of producing one more unit of a good. Intuitively, marginal cost at each level of production includes the cost of any additional inputs required to produce the next unit. At each level of production and time period being considered, marginal costs include all costs that vary with the level of production, whereas other costs that do not vary with production are considered fixed cost. For example, the marginal cost of producing an automobile will generally include the costs of labor and parts needed for the additional automobile and not the fixed cost of the factory that have already been incurred. In practice, marginal analysis is segregated into short and long-run cases, so that, over the long run, all costs (including fixed costs) become marginal.

$$MC(Q) = \frac{dC}{dQ}$$

The marginal cost can be a function of quantity if the cost function is non-linear. If the cost function is not differentiable, the marginal cost can be expressed as follows.

$$MC = \frac{\Delta C}{\Delta Q}$$

Marginal costs can also be expressed as the cost per unit of labor divided by the marginal product of labor.

$$\begin{aligned} MC &= \frac{\Delta VC}{\Delta Q} \\ \Delta VC &= w\Delta L \\ MC &= \frac{w\Delta L}{\Delta Q} \end{aligned}$$

Marginal cost of production includes all of the costs that vary with the level of production. For example, if a company needs to build a new factory in order to produce more goods, the cost of building the factory is a marginal cost. The

amount of marginal cost varies according to the volume of the good being produced. Economic factors that impact the marginal cost include information asymmetries, positive and negative externalities, transaction costs, and price discrimination. Marginal cost is not related to fixed costs. Marginal cost is an important factor in economic theory because a company that is looking to maximize its profits will produce up to the point where marginal cost (MC) equals marginal revenue (MR).

### **Conclusion for the chapter 3**

It is desirable to improve the knowledge base of the sub-category work, salary, responsible person, accessibility mapping, responsibility report. This can be done through the generalization of the knowledge of the pill and the shift .In general, we can say that it is important to use the capacious production capacities and to reduce the pandemic of the product. There are two ways in which a business owner can use his or her own resources. The latter is to increase the value of the artificial income of the product and the second to increase the value of the product. The first method, namely pricing, can be mainly the result of the current state of the economy and the situation, but the best and most effective method of obtaining benefits in the economy and poverty is to reduce the pace of production. This, in turn, is an important factor in the further development of a business venture in the future.

## CONCLUSION AND OFFERS

Nowadays one of the most actual issue is to order accounting of expenses and to accurate calculation of product cost determination. This requires the creation of an effective system for monitoring production costs of enterprises. Therefore development of suggestion for improvement of accounting for expenses and calculation of construction works in the construction organizations remains to one of current problems. Accounting is the main source of information for the management process and is the main information provider for managers. In our opinion, accounting should not only serve as a source of information on management structures in the management system, but it should also be a means of control over the situation. Therefore, accounting should provide the necessary, timely and accurate information about the activities of economic entities. Accountability is the main source of information for the bug fixes and is the primary provider of information for the management. In our view, accounting can not only be used as a source of information in the control system of production, but also serve as quickly.

1. Accounting is the main source of information for the management process, and is the primary provider of information for managers. In our view, accounting should not only serve as a source of information about management structures in the management system, but also should be a means of controlling the situation. Therefore, accounting should provide accurate, timely and accurate information on the activities of economic entities;

2. Calculation of construction costs is one of the most important tasks of calculation of project cost which is based. Therefore it is important correct to calculate costs for raw materials and materials and to manage costs. Actually, the used expense budgets not necessarily reflect costs for some production processes.

3. It is desirable to improve the accountability of the operating accounting in terms of their work, salaries, responsible persons, cost centers, and accountability centers in developing operational information and reporting costs. It becomes by

summing of data on daily changes.

Instead we can tell that important effectively to use costs of production, thereby reducing product cost. There are two methods which the entities can increase the profit. First, this increase in profit at the expense of an artificial value addition of a product and increase in profit for the cost reduction account of a product. The first method, namely an advance in price, can be result of some circumstances and circumstances of economy, but the most effective and in an efficient manner increases in profit in any economic situation is decrease in product cost. It, in turn, is an important factor in the correct and perspective organization of future accounting entities.

Thus, we hope that the final qualifying work will help at least some of the conclusions made in the work of construction companies in our country, to formulate an effective management system for businesses operating in various industries, to facilitate cost accounting and to choose optimal cost estimation methods.

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